

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 76218 / October 21, 2015**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 4237 / October 21, 2015**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16915**

**In the Matter of**

**RETIREMENT  
INVESTMENT ADVISORS,  
INC., RESEARCH  
HOLDINGS, LLC, AND  
JOSEPH WAYNE BOWIE,**

**Respondents.**

**ORDER INSTITUTING ADMINISTRATIVE  
AND CEASE-AND-DESIST PROCEEDINGS,  
PURSUANT TO SECTION 15(b)(6) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
AND SECTIONS 203(e), 203(f) AND 203(k) OF  
THE INVESTMENT ADVISERS ACT OF  
1940, MAKING FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS AND A CEASE-  
AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934 (“Exchange Act”) and Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) against Retirement Investment Advisors, Inc. (“RIA”); Research Holdings, LLC (“Research Holdings”); and Joseph Wayne Bowie (“Bowie”) (collectively referred to as “Respondents”).

**II.**

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934 and Sections 203(e),

203(f) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

### **III.**

On the basis of this Order and Respondents’ Offers, the Commission finds<sup>1</sup> that:

#### **Summary**

1. From 2006 through the first quarter of 2009, respondents Research Holdings, an unregistered investment adviser, and Bowie offered and sold interests in five private funds (the “Funds”) co-managed by Bowie, to Bowie’s advisory clients at respondent RIA, a Commission-registered investment adviser located in Oklahoma City, Oklahoma. The private placement memoranda (“PPMs”) for the Funds provided that the financial statements of the Funds would be prepared in accordance with generally accepted accounting principles (“GAAP”) and, in two instances, that they would be audited annually by an accounting firm selected by Research Holdings. Despite these provisions, Bowie and Research Holdings did not obtain financial statements prepared in accordance with GAAP or, for the applicable funds, audited financial statements.

2. Bowie and RIA valued RIA’s clients’ investments in the Funds based on the acquisition costs of the assets held in the Funds even though Bowie knew or should have known that some of the assets came to have no value or no significant value. This was inconsistent with the valuation methodology set out in RIA’s policies and procedures. As a result of this conduct, RIA overcharged fees to clients who invested in the Funds. In addition, RIA failed to maintain a copy of all business communications relating to recommendations, advice and disbursement of funds or securities and Bowie was the cause of this conduct.

#### **Respondents**

3. Retirement Investment Advisers, Inc., is an investment adviser headquartered in Oklahoma City, Oklahoma, that has been registered with the Commission since 1993. It provides investment advice to separately-managed client accounts and has approximately \$445 million in assets under management.

4. Research Holdings, LLC, is an Oklahoma limited liability company headquartered in Oklahoma City, Oklahoma. Research Holdings is the manager of five pooled investment funds: Advisor’s Realty Growth, LLC (the “Growth Fund”); Advisor’s Realty Income, LLC (the “Income Fund”); Advisor’s Realty Growth Two, LLC; Advisor’s Realty Income Two, LLC and Advisors Healthcare Fund, LLC (collectively defined previously as the “Funds”).

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<sup>1</sup> The findings herein are made pursuant to Respondents’ Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

5. Joseph Wayne Bowie, age 55, has been the President or Co-President of RIA since January 1990 and was a Co-Manager of Research Holdings from 2006 to 2013, when he voluntarily resigned the position. He resides in Edmond, Oklahoma. From 2003 through early 2010, Bowie was associated with the registered broker-dealer affiliated with the majority owner of RIA.

### Facts

6. From 2006 through the first quarter of 2009, Bowie and Research Holdings offered and sold interests in the Funds to Bowie's investment advisory clients at RIA. Beginning in the first half of 2006 through June of 2007, Bowie and Research Holdings offered and sold interests in the Growth Fund and the Income Fund. In the later part of 2007 through the first quarter of 2009, Bowie and Research Holdings offered and sold interests in the remaining three funds, the Income Two Fund, the Growth Two Fund and the Healthcare Fund. The Funds, advised by Bowie and Research Holdings, primarily invested in securities issued by limited partnerships and LLCs that in turn had issued loans to or purchased equity interests in real estate, such as senior housing, hospitals, multifamily properties, condominiums and retail, land and residential development.

7. The PPMs for two of the Funds, the Growth Fund and the Income Fund, provided that the annual financial statements of these two funds would be audited. Bowie and Research Holdings hired accountants to audit the two funds' financial statements, but decided not to complete the audit because of the cost to the investors in the funds, and advised them of that decision. Research Holdings, the manager of the two funds, and Bowie, a co-manager of Research Holdings, were responsible for obtaining audited financial statements for the Growth Fund and the Income Fund but failed to do so.

8. The PPMs for each of the five Funds state that "[t]he financial statements of the Fund for each fiscal year will be prepared in accordance with generally accepted accounting principles" and that financial statements and portfolio valuations would be provided to investors following the close of the fiscal year. Research Holdings, as manager of the Funds, and Bowie, as a co-manager of Research Holdings, were responsible for obtaining financial statements prepared in accordance with GAAP as represented. Research Holdings and Bowie did not obtain financial statements prepared in accordance with GAAP for any of the Funds. Instead, from 2006 to July 2010 Research Holdings and Bowie valued the Funds' assets at acquisition cost rather than fair value under ASC 820, the provision of GAAP that defines "fair value," despite having information at various points from 2009 through 2010 showing that some of the real estate-related securities in which the Funds invested were of no value or no significant value because of negative project and real estate market developments.

9. RIA's policy on valuation of securities provided that: "[f]or securities where ready valuation information is not available from independent sources, e.g. hedge funds, private placements, illiquid securities, derivatives or other such situations, these securities are to be reviewed and priced by Joe Bowie in good faith to reflect the security's fair and current market value, and supporting documentation maintained." RIA and Bowie did not perform any such review.

10. RIA charged clients who invested in the Funds an asset-based advisory fee on, among other things, the value of their investments in the Funds. From 2006 to July 2010, RIA billed advisory fees to

clients who invested in the Funds. The value of the clients' interests in the Funds was premised on the acquisition cost of the assets held in the Funds even though Bowie knew or should have known that some of the assets came to have no value or no significant value. This valuation of the Funds' interests was inconsistent with RIA's valuation policy. RIA ultimately charged clients an estimated \$144,243.09 more in fees than would have been permitted if it had followed its valuation policy.

11. In July 2010, Bowie emailed the third-party custodian for the Funds' investments (the "Custodian"), noting that certain investments held by the Funds were a "problem," and indicating that he would send "a list of investments to mark down to \$1 as they are in default." Later that month, Bowie instructed the Custodian to mark down certain assets that were in default, expressing concern that they were charging fees based on asset values "that are either gone or will be gone." Based on Bowie's instructions, the Custodian marked down the value of 31 of the Funds' investments to \$1, if Bowie thought the investments ultimately would be profitable, or \$0, if he thought that they would be unprofitable. Bowie made no effort to assess the market value of the investments and did not create appropriate documentation to support his valuations. Since July 2010, in an effort to support the Funds, Bowie paid significant sums to cover their expenses or capital calls from the Funds' investors and also personally guaranteed loans obtained by some of the Funds.

12. After the July 2010 write-down of assets, RIA, Research Holdings and Bowie misstated to RIA clients who invested in the Funds that the July 2010 reduction in asset values was meant to save clients fees and was not a reflection of the value of the Funds' assets.

13. Bowie sometimes used his personal email account for communications with RIA clients, and on occasion he deleted some of these emails if he regarded them as "primarily personal." Some of these emails involved the disbursement of fees and advice about client accounts. As a result, some of Bowie's email communications with his RIA clients with respect to their investments were not preserved as required under the Advisers Act.

### Violations

14. As a result of the conduct described above, RIA and Bowie willfully<sup>2</sup> violated Section 206(2) of the Advisers Act, which prohibits investment advisers from engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client.

15. As a result of the conduct described above, RIA willfully violated Section 204 of the Advisers Act and Rule 204-2(a)(7)(i) promulgated thereunder, which requires that registered investment advisers "make and keep true, accurate and current...[o]riginals of all written communications received and copies of all written communications sent by such investment adviser relating to...any

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<sup>2</sup>A willful violation of the securities laws means merely "that the person charged with the duty knows what he is doing." *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." *Id.* (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

recommendation made or proposed to be made and any advice given or proposed to be given....” Bowie caused RIA’s violations of Section 204 and Rule 204-2 thereunder.

16. As a result of the conduct described above, Research Holdings and Bowie willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-8 promulgated thereunder, which prohibit making an untrue statement of a material fact or omitting any material fact to an investor or prospective investor in a pooled investment vehicle and engaging in any act, practice, or course of business that is fraudulent or deceptive with respect to any investor or prospective investor in a pooled investment vehicle.

### **Remedial Efforts**

17. In determining to accept the Offers, the Commission considered remedial acts promptly undertaken by Research Holdings and RIA and cooperation afforded the Commission staff. Specifically, before the SEC examination, Research Holdings ceased charging fees to the final three funds offered as early as January 2010, and RIA ceased charging fees on its clients’ investments in the Funds in late 2011. Moreover, these entities previously reimbursed approximately \$29,000 to the Funds and to clients of RIA. Additionally, RIA engaged a compliance consultant.

### **Undertakings**

18. Within thirty (30) days of the entry of this Order, RIA shall provide a copy of the Order to each of RIA’s existing advisory clients who are invested in any of the Funds as of the entry of this Order via mail, email, or such other method as may be acceptable to the Commission staff, together with a cover letter in a form not unacceptable to the Commission staff. Furthermore, for a period of six (6) months from the entry of this Order, RIA shall provide a copy of the Order, via mail, email, or such other method as may be acceptable to the Commission staff, together with a cover letter in a form not unacceptable to the Commission staff, to all RIA existing or prospective advisory clients who are solicited to invest in any of the Funds during the six (6) month period. The provision of this Order to said existing or prospective advisory clients shall occur at the time said existing or prospective advisory clients are solicited to invest in any of the Funds.

19. Independent Compliance Consultant. With respect to the retention of an independent compliance consultant, RIA has agreed to the following undertakings:

a. RIA shall retain, within thirty (30) days of the entry of this Order, the services of an independent compliance consultant (the “Independent Consultant”) that is not unacceptable to the Commission staff. The Independent Consultant’s compensation and expenses shall be borne exclusively by RIA. RIA shall require that the Independent Consultant conduct comprehensive reviews of RIA’s policies and procedures relating to valuation (including, but not limited to, the valuation of client assets invested in private funds managed by RIA, Bowie and/or any of their affiliates), the maintenance of books and records, as well as communications with clients, investors and prospective clients and investors (the “Reviews”) within thirty (30) days of the entry of this Order.

b. RIA shall provide to the Commission staff, within ten (10) days of retaining the

Independent Consultant, a copy of the engagement letter detailing the Independent Consultant's responsibilities, which shall include comprehensive compliance reviews as described in Paragraph 19.a. of this Order.

c. RIA shall require that, within ninety-five (95) days from the entry of this Order, the Independent Consultant shall submit a written and detailed report of its findings to RIA and to the Commission staff (the "Report"). RIA shall require that the Report include a description of the Review performed, the names of the individuals who performed the Review, the conclusions reached, the Independent Consultant's recommendations for changes or improvements to RIA's policies and procedures and/or disclosures to clients and prospective clients, and a procedure for implementing the recommended changes or improvements to RIA's policies and procedures and/or disclosures.

d. RIA shall adopt all recommendations contained in the Report within sixty (60) days of the Report; provided, however, that within forty-five (45) days after the date of the Report, RIA shall in writing advise the Independent Consultant and the Commission staff of any recommendations that RIA considers to be unduly burdensome, impractical, or inappropriate. With respect to any recommendation that RIA considers unduly burdensome, impractical or inappropriate, RIA need not adopt that recommendation at that time but shall propose in writing an alternative policy, procedure or system designed to achieve the same objective or purpose.

e. As to any recommendation regarding RIA's policies and procedures on which RIA and the Independent Consultant do not agree, RIA and the Independent Consultant shall attempt in good faith to reach an agreement within sixty (60) days after the date of the applicable Report. Within fifteen (15) days after the conclusion of the discussion and evaluation by the RIA and the Independent Consultant, RIA shall require that the Independent Consultant inform RIA and the Commission staff in writing of the Independent Consultant's final determination concerning any recommendation that RIA considers to be unduly burdensome, impractical or inappropriate. RIA shall abide by the determinations of the Independent Consultant and, within sixty (60) days after final agreement between RIA and the Independent Consultant or final determination by the Independent Consultant, whichever occurs first, RIA shall adopt and implement all of the recommendations that the Independent Consultant deems appropriate.

f. Within ninety (90) days of RIA's adoption of all of the recommendations in a Report that the Independent Consultant deems appropriate as determined pursuant to the procedures set forth herein, RIA shall certify in writing to the Independent Consultant and the Commission staff that RIA has adopted and implemented all of the Independent Consultant's recommendations in the applicable Report. Unless otherwise directed by the Commission staff, all Reports, certifications, and other documents required to be provided to the Commission staff shall be sent to Marshall S. Sprung, Co-Chief, Asset Management Unit, Los Angeles Regional Office, Securities and Exchange Commission, 444 South Flower St., Los Angeles, CA 90071, or such other address as the Commission staff may provide.

g. RIA shall cooperate fully with the Independent Consultant and shall provide the Independent Consultant with access to such of its files, books, records, and personnel as are reasonably requested by the Independent Consultant for review.

h. To ensure the independence of the Independent Consultant, RIA:

i. Shall not have the authority to terminate the Independent Consultant or substitute another independent compliance consultant for the initial Independent Consultant, without the prior written approval of the Commission staff;

ii. Shall compensate the Independent Consultant and persons engaged to assist the Independent Consultant for services rendered pursuant to this Order at their reasonable and customary rates; and

iii. Shall require the Independent Consultant to enter into an agreement that provides that for the period of engagement and for a period of two (2) years from completion of the engagement, the Independent Consultant shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with RIA, or any of their present or former affiliates, partners, directors, officers, employees, or agents acting in their capacity as such. The agreement will also provide that the Independent Consultant will require that any firm with which he/she is affiliated or of which he/she is a member, and any person engaged to assist the Independent Consultant in the performance of his/her duties under this Order shall not, without prior written consent of the Commission staff, enter into any employment, consultant, attorney-client, auditing or other professional relationship with RIA, or any of their present or former affiliates, partners, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two (2) years after the engagement.

20. Certification of Compliance by RIA: RIA shall certify, in writing, compliance with the undertakings in Paragraphs 18-19 according to the timelines set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and RIA agrees to provide such evidence. The certification and supporting material shall be submitted to Marshall S. Sprung, Co-Chief, Asset Management Unit, Los Angeles Regional Office, Securities and Exchange Commission, 444 South Flower St., Los Angeles, CA 90071, or such other address as the Commission staff may provide, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than sixty (60) days from the date of the completion of the undertakings.

#### IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Section 15(b)(6) of the Exchange Act, and Sections 203(e), 203(f) and 203(k) of the Advisers Act, it is hereby ORDERED that:

A. Respondent RIA cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 204 of the Advisers Act and Rule 204-2 thereunder.

B. Respondent Research Holdings cease and desist from committing or causing any

violations and any future violations of Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder.

C. Respondent Bowie cease and desist from committing or causing any violations and any future violations of Sections 204, 206(2), and 206(4) of the Advisers Act and Rules 204-2 and 206(4)-8 thereunder.

D. Respondents RIA, Research Holdings and Bowie are censured.

E. Respondent RIA shall pay disgorgement and prejudgment interest as follows:

1. RIA shall pay disgorgement of \$144,243.09, consistent with the provisions of this Subsection E. Within ten (10) days of the entry of this Order, RIA shall deposit the full amount of the disgorgement (the "Disgorgement Fund") into an escrow account acceptable to the Commission staff and RIA shall provide the Commission staff with evidence of such deposit in a form acceptable to the Commission staff. In addition, within ten (10) days of the entry of this Order, RIA shall pay prejudgment interest of \$14,724.02, in the manner provided in Subsection H below. If timely deposit of the Disgorgement Fund or timely payment of the prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

2. RIA shall be responsible for administering the Disgorgement Fund. RIA shall submit to the Commission staff, within sixty (60) days of the date of entry of this Order, the Disbursement Schedule which identifies (i) each current and former advisory client that will receive a portion of the Disgorgement Fund; (ii) the exact amount of that payment as to each affected client; and (iii) the methodology used to determine the exact amount of that payment as to each affected client. No portion of the Disgorgement Fund shall be paid to any client account in which any of the Respondents have a financial interest. Any portion of the Disgorgement Fund that is allocable to any client account in which any of the Respondents have a financial interest shall be transferred to the Commission for transfer to the United States Treasury in accordance with Subsection H below. If any person or entity is due an amount totaling less than ten dollars (\$10.00), where such amount cannot be credited to a current client account or fund, RIA shall instead pay such amount to the Commission for transfer to the United States Treasury in the manner provided in Subsection H below.

3. RIA shall complete the transmission of all amounts otherwise payable to affected advisory clients pursuant to the approved Disbursement Schedule within ninety (90) days of the entry of this Order, unless such time period is extended as provided for in Subsection E.9 below.

4. If RIA does not distribute or return any portion of the Disgorgement Fund for any reason, including an inability to locate an affected advisory client or any factors beyond RIA's control, or if RIA has not transferred any portion of the Disgorgement Fund to a client because that client is due less than \$10.00, RIA shall transfer any such undistributed funds to the Commission for transmittal to the general fund of the United States Treasury in accordance with Exchange Act Section 21F(g)(3) after the final accounting provided for in this Subsection E is approved by the Commission. Any such payment shall be made in accordance with Subsection H below.



5. RIA shall be responsible for any and all tax compliance responsibilities associated with the Disgorgement Fund and may retain any professional services necessary. The costs and expenses of any such professional services shall be borne by RIA and shall not be paid out of the Disgorgement Fund.

6. Within two hundred and ten (210) days after the date of entry of this Order, RIA shall submit for Commission approval a final accounting of the disposition of the Disgorgement Fund. The final accounting shall be on a standardized accounting form to be provided by the Commission staff and shall include, but not be limited to: (i) the amount paid to each payee; (ii) the date of each payment; (iii) the check number or other identifier of money transferred; (iv) the date and amount of any returned payment; and (v) any amounts to be forwarded to the Commission for transfer to the United States Treasury. In addition, RIA shall provide to Commission staff a cover letter representing that all of the requirements of this Subsection E have been completed and that the information requested has been accurately reported to the Commission (“the certification”). Also included in the certification should be a description of any efforts to locate a prospective payee whose payment was returned or to whom payment was not made for any reason. RIA shall submit proof and supporting documentation of such payment (whether in the form of fee credits, cancelled checks, or otherwise) in a form acceptable to the Commission staff and under a cover letter that identifies RIA as Respondent in these proceedings and the file number of these proceedings to Marshall S. Sprung, Co-Chief, Asset Management Unit, Los Angeles Regional Office, Securities and Exchange Commission, 444 South Flower St., Los Angeles, CA 90071, or such other address as the Commission staff may provide.

7. RIA shall provide any and all supporting documentation for the accounting and certification to the Commission staff upon its request and shall cooperate with any additional requests by the Commission staff in connection with the accounting and certification.

8. After RIA has submitted the final accounting to the Commission staff, the staff shall submit the final accounting to the Commission for approval and shall request Commission approval to send any remaining amount to the United States Treasury.

9. The Commission staff may extend any of the procedural dates set forth in Section III., paragraphs 18-20 and Section IV., Subsection E for good cause shown. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday the next business day shall be considered to be the last day.

F. Respondent Bowie shall, within 30 days of the entry of this Order, pay a civil money penalty of \$25,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury in accordance with Exchange Act Section 21F(g)(3).

G. Respondent RIA shall, within 30 days of the entry of this Order, pay a civil money penalty of \$37,500 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury in accordance with Exchange Act Section 21F(g)(3).

H. Respondent Research Holdings shall, within 30 days of the entry of this Order, pay a civil money penalty of \$37,500 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury in accordance with Exchange Act Section 21F(g)(3).

If timely payment of the amounts in Paragraphs IV.F, IV.G, or IV.H is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717. If timely payment of the amounts in Paragraphs IV.E is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Payment must be made in one of the following ways:

1. Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
2. Respondents may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
3. Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying RIA, Research Holdings, and Bowie as Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Marshall Sprung, Co-Chief, Asset Management Unit, Los Angeles Regional Office, Securities and Exchange Commission, 444 South Flower St., Los Angeles, CA 90071.

I. Respondent RIA shall comply with the undertakings enumerated in Section III., paras. 18-20 above.

By the Commission.

Brent J. Fields  
Secretary