STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCE AND CORPORATE SECURITIES

In the Matter of: Gaia Capital Management, Inc. and James C. Pursley, Respondents.	S-12-0103 ORDER TO CEASE AND DESIST, ORDER ASSESSING CIVIL PENALTY, AND CONSENT TO ENTRY OF ORDER

WHEREAS the Director of the Department of Consumer and Business Services ("the Director") has conducted an investigation of certain business activities conducted by Gaia Capital Management, Inc. and James C. Pursley (hereinafter referred to collectively as "Respondents"), and the Director has determined that Respondents did not timely file required amendments to Mr. Pursley's investment adviser representative ("IAR") license application regarding material changes, in violation of the Oregon Securities Law, Oregon Revised Statutes Chapter 59 and Oregon Administrative Rules Chapter 441;

WHEREAS Respondents wish to resolve and settle this matter with the Director;

NOW THEREFORE, as evidenced by the authorized signatures subscribed on this Order, Respondents hereby CONSENT to entry of this Order to Cease and Desist, Order Assessing Civil Penalty and Consent to Entry of Order ("Order") upon the Director's Findings of Fact and Conclusions of Law as stated hereinafter.

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

FINDINGS OF FACT

The Director FINDS that:

1. Gaia Capital Management, Inc. ("GCMI") is registered with the Oregon Secretary of State, Corporation Division, as a domestic corporation with its principal place of business in

Forest Grove, Oregon.

2. GCMI is licensed with the Oregon Department of Consumer and Business Services, Division of Finance and Corporate Securities ("DFCS") as a state investment adviser. GCMI became licensed with DFCS as a state investment adviser firm in May 2005. The DFCS license number for GCMI is #IA-976.

3. The Investment Adviser Registration Depository ("IARD") number for GCMI is #134697. Records filed with the IARD list GCMI's principal office and place of business at an address in Forest Grove, Oregon.

4. James C. Pursley is the president, chief financial officer, chief compliance officer, owner principal, and registered agent of GCMI.

5. The Central Registration Depository number for Mr. Pursley is #1383787.

6. Mr. Pursley became licensed in Oregon as an IAR to work for GCMI in May 2005.

7. Beginning in 1987, Mr. Pursley held the designation of Certified Financial Planner with the Certified Financial Planner Board of Standards, Inc. ("CFP Board"), but Mr. Pursley's certification with the CFP Board ended, and it has not been reinstated.

8. Mr. Pursley did not file an amendment to his IAR license application within 30 days after his designation of Certified Financial Planner with the CFP Board ended.

9. Around 2006, Mr. Pursley moved from Oregon to Brazil. Mr. Pursley is domiciled in Brazil and does not return to the United States on a regular basis.

10. The Respondents did not file an amendment to Mr. Pursley's IAR license application within 30 days of Mr. Pursley's change of address to Brazil.

11. Several years later, during a routine examination of the business activities of GCMI in Forest Grove, Oregon, a DFCS examiner learned that Mr. Pursley had moved to Brazil, but the Respondents had not amended Mr. Pursley's IAR license application disclosing Mr. Pursley's change of address. During the same examination, the DFCS examiner learned that Mr. Pursley was no longer a Certified Financial Planner, but Mr. Pursley had not amended his IAR license

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application disclosing that he no longer held the Certified Financial Planner designation.

12. Following the DFCS examination, Mr. Pursley's IAR license application was amended to reflect his residential address in Brazil, and Mr. Pursley's IAR license application no longer reflects the Certified Financial Planner designation.

CONCLUSIONS OF LAW

The Director **CONCLUDES** that:

13. At all times material to this Order, GCMI has been licensed in Oregon as a state investment adviser, as defined by ORS 59.015(20)(a).

14. At all times material to this Order, Mr. Pursley has been a control person, manager, officer or director of GCMI and an IAR licensed in Oregon, as defined by ORS 59.015(8)(a).

15. The Respondents failed to amend Mr. Pursley's IAR application within 30 days of the occurrence of material changes as required by OAR 441-175-0105. The material changes were Mr. Pursley's change of address, and the end of Mr. Pursley's certification with the CFP Board.

16. By failing to amend Mr. Pursley's IAR application within 30 days of the occurrence of material changes, the Respondents violated OAR 441-175-0105.

ORDER

17. Pursuant to ORS 59.245, the Respondents are ORDERED TO CEASE AND DESIST from:

a. failing to file a required amendment to a license application regarding a material change, in violation of OAR 441-175-0105; and

b. violating any provision of Oregon Revised Statutes Chapter 59 or Oregon Administrative Rules Chapter 441.

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18. Pursuant to the authority of ORS 59.995, the DIRECTOR hereby ASSESSES a CIVIL PENALTY in the amount of $5,000 (five thousand dollars) against the Respondents, jointly and severally, for violations of OAR 441-175-0105.

19. The Director will **SUSPEND** $2,000 (two thousand dollars) of the civil penalty assessed in Paragraph 18, above, so long as both Respondents comply with all terms of this Order; **PROVIDED HOWEVER**, that the suspended portion of the civil penalty shall be immediately due and payable upon a determination by the Director that either Mr. Pursley or GCMI violated any term of this Order.

20. Respondents must pay $3,000 (three thousand dollars) of the civil penalty to the Oregon Department of Consumer and Business Services at the time of execution of this Order.

21. The entry of this Order in no way limits further remedies which may be available to the Director under the Oregon Securities Law.

IT IS SO ORDERED this 19th day of December, 2012 at Salem, Oregon.

PATRICK M. ALLEN, Director
Department of Consumer and Business Services

/s/ David Tatman
David C. Tatman, Administrator
Division of Finance and Corporate Securities

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CONSENT OF JAMES C. PURSLEY TO ENTRY OF ORDER

I, James C. Pursley, state that I am a resident of Brazil, that I have read the foregoing Order and that I know and fully understand the contents hereof; that I have been advised of the right to a hearing and have been represented by counsel in this matter; that without admitting or denying the factual allegations herein, I voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter; that I understand that the Director reserves the right to take further actions against me to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law by me; and that I will fully comply with the terms and conditions stated herein.

I understand that this Order is a public document.

/s/ James C. Pursley
JAMES C. PURSLEY

State of: _____

County of: _____

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2012.

_____
Signature of Notary Public

CORPORATE CONSENT TO ENTRY OF ORDER FOR JAMES C. PURSLEY ON BEHALF OF GAIA CAPITAL MANAGEMENT, INC.

I, James C. Pursley, state that I am president of Gaia Capital Management, Inc. ("GCMI") and I am authorized to act on its behalf; that I have read the foregoing Order and that I know and fully understand the contents hereof; that GCMI and I have been advised of the right to a hearing and have been represented by counsel in this matter; that without admitting or

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denying the factual allegations herein, GCMI voluntarily and without any force or duress, consents to the entry of this Order, expressly waiving any right to a hearing in this matter; that GCMI understands that the Director reserves the right to take further actions to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law; and that GCMI will fully comply with the terms and conditions stated herein.

GCMI further assures the Director that neither GCMI nor its members, partners, officers, directors, employees or agents will engage in the activities of a broker-dealer, state investment adviser, mortgage broker, or act as a salesperson for any of these unless such activities are in full compliance with Chapter 59 of the Oregon Revised Statutes, and Chapter 441 of the Oregon Administrative Rules.

GCMI understands that this Order is a public document.

By: /s/ James C. Pursley
JAMES C. PURSLEY
Gaia Capital Management, Inc.

ACKNOWLEDGMENT

There appeared before me this _____ day of _____ 2012, James C. Pursley, who was first duly sworn on oath, and stated that he is president of GCMI and that he is authorized and empowered to sign this Corporate Consent to Entry of Order on behalf of GCMI, and to bind GCMI to the terms hereof.

State of: _____

County of: _____

_____
Signature of Notary Public

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