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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

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IN THE MATTER OF DETERMINING  
whether there has been a violation  
of the Securities Act of Washington by:

Order No. S-03-177-04-CO01

CONSENT ORDER

RACHEL MACDUFF,

Respondent.

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**INTRODUCTION**

Pursuant to the Securities Act of Washington, Revised Code of Washington Ch. 21.20, et seq., the Securities Division and Respondent Rachel MacDuff do hereby agree to this Consent Order in settlement of the matters alleged herein. On or about July 8, 2003, Respondent Rachel MacDuff, through her attorney, contacted the Securities Division, disclosed the violations enumerated below, and has cooperated with the Securities Division's investigation. In consideration of Respondent Rachel MacDuff's cooperation in this matter, the Securities Division will accept this Consent Order in lieu of further administrative proceedings in this matter as to Rachel MacDuff. Nothing contained in this Consent Order shall preclude the Securities Division from investigations or further proceedings as to any other potential respondents in this matter. Respondent Rachel MacDuff neither admits nor denies the Findings of Fact and Conclusions of Law as set forth below:

**FINDINGS OF FACT**

**I. Respondent**

1. Rachel MacDuff ("Rachel"), a resident of Bremerton, Washington, was a registered securities salesperson and investment adviser representative in the State of Washington from

1 December 2000 through December 2003. From October 23, 2000 through July 18, 2002, Rachel was  
2 employed by RBC Dain Rauscher Inc. From August 16, 2002 through February 3, 2003, Rachel was  
3 employed by First Wall Street Corp. From January 24, 2003 through December 31, 2003, Rachel was  
4 employed by First Montauk Securities Corp. Rachel is not currently registered as a securities  
5 salesperson or investment adviser representative with the State of Washington.

6 **II. Nature of the Conduct**

7 2. Throughout the mid 1990's, Rachel and her husband, Richard MacDuff ("Richard"),  
8 attended stock investment seminars held by Wade Cook Seminars Inc. ("Wade Cook Seminars").<sup>1</sup>  
9 Wade Cook Seminars promoted investment strategies involving, *inter alia*, various types of options  
10 trading. Starting in at least October 1998, Richard began to trade equities and options using strategies  
11 promoted by Wade Cook Seminars.

12 3. On or about July 24, 1998, Richard and Rachel formed a Nevada corporation, Peak  
13 Olympic Financial, Inc. ("POF") with the assistance of Wade Cook Seminars. Richard and Rachel  
14 opened trading accounts in the name of POF. On or about February 10, 1999, Richard and Rachel  
15 formed Olympic Income Group L.P. ("OIG"). POF was the general partner of OIG. Richard, Rachel  
16 and their three children were the limited partners. The State of Nevada issued a certificate of limited  
17 partnership to OIG on April 7, 1999. At about the same time, Richard and Rachel opened a bank  
18 account in the name of POF through the Wells Fargo Bank in Las Vegas, Nevada; Richard and Rachel  
19 were signatories on that account.

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22 <sup>1</sup> In October 2000, the Washington State Attorney General, the Washington State Department of Financial Institutions, and the  
23 Federal Trade Commission entered into consent decrees with Wade Cook Financial Corp. and Wade Cook Seminars Inc. to settle  
24 charges that the entities engaged in misleading advertising about the profits earned by Wade Cook and his followers from the use  
25 of his trading strategies.

1           4. Starting in approximately February 2000 and continuing at least through August 2000,  
2 Richard, Rachel, and Chris Peckham (“Peckham”) solicited investments in a pooled investment fund in  
3 the name of POF and/or OIG. Approximately 66 investors provided Richard and Rachel, through  
4 POF, a total of approximately \$687,500. The majority of the investors were residents of Kitsap  
5 County, Washington.

6           5. Investors were told that their principal was guaranteed. To evidence the guarantee,  
7 investors received signed, undated checks drawn upon the POF Wells Fargo bank account. The checks  
8 were signed by Richard and made payable to the investors in the amount of their investment. Investors  
9 were also told that a 5% monthly rate of return was guaranteed, but that actual returns were expected to  
10 be between 10% and 20% per month.

11           6. Investor funds were primarily deposited in a POF brokerage account held at Muriel Siebert  
12 & Co. Inc. Richard engaged in equities and options trading in this account. Richard’s trading strategy  
13 included buying and selling equities at a high velocity, buying and selling calls (using a strategy  
14 known as “covered call writing”), and buying and selling puts (using strategies known as “bull put  
15 spreads” and selling “naked puts”). Richard’s trading strategy incurred significant losses in the  
16 account. For the second quarter of 2000, the account suffered a loss of approximately 28%.

17           7. On or about June 8, 2000, investors were asked to exchange their “guarantee” checks for  
18 promissory notes. The promissory notes provided that investors would receive their original principal  
19 of their investment, plus 8% interest, by June 1, 2001. Richard and Rachel signed each note as  
20 borrowers and Peckham signed as a witness.

21           8. To date, approximately \$193,270 has been repaid to investors.

1 **III. Registration Status**

2 9. Peak Olympic Financial Inc. and Olympic Income Group L.P. are not currently registered  
3 under the Securities Act of Washington, RCW Ch. 21.20 et seq., as investment advisers or broker-  
4 dealers in the State of Washington and have not been previously so registered. Peak Olympic  
5 Financial Inc. and Olympic Income Group L.P. are not currently registered to offer or sell securities in  
6 the State of Washington and have not been previously so registered.

7 10. Richard MacDuff is not currently registered under the Securities Act of Washington, RCW  
8 Ch. 21.20 et seq., as an investment adviser, investment adviser representative, broker-dealer or  
9 securities salesperson in the State of Washington. Richard MacDuff was registered with the State of  
10 Washington as a securities salesperson from December 8, 2000 through December 31, 2003. He was  
11 also registered as an investment adviser representative from February 20, 2003 through December 31,  
12 2003.

13  
14 Based upon the above Findings of Fact, the following Conclusions of Law are made:

15 **CONCLUSIONS OF LAW**

16 1. The offer and/or sale of investments in the POF/OIG fund and the promissory notes, as  
17 described above, constitute the offer and/or sale of securities as defined in RCW 21.20.005(10) and  
18 (12).

19 2. Rachel MacDuff has violated RCW 21.20.040 by offering and/or selling said securities  
20 while not registered as an investment adviser, investment adviser representative, broker-dealer or  
21 securities salesperson in the State of Washington.



1 IT IS FURTHER AGREED that the advice of legal counsel has been obtained by Respondent  
2 Rachel MacDuff prior to the execution of this Consent Order and Respondent is satisfied with the  
3 representation she has received. The Respondent enters into this Consent Order freely and voluntarily  
4 and with a full understanding of its terms and significance.

5 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent  
6 Order.

7 IT IS FURTHER AGREED that Respondent Rachel MacDuff shall continue to cooperate with the  
8 Securities Division in this and any related investigations.

9 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent Rachel MacDuff  
10 waives her right to a hearing on this matter and waives her right to judicial review of this matter pursuant  
11 to RCW 21.20.440.

12 DATED this 9th day of November, 2004.

13 Approved for entry by:

14 \_\_\_\_\_  
15 /s/  
16 John W. Wolfe, WSBA #8028  
17 Wolfe Leinbach  
18 Attorney for Rachel MacDuff

19 Signed by:

20 \_\_\_\_\_  
21 /s/  
22 Rachel MacDuff

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**THIS ORDER ENTERED THIS 15th DAY OF NOVEMBER, 2004 BY:**

*Michael E. Stevenson*

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MICHAEL E. STEVENSON  
Securities Administrator

Approved for entry by:

*Martin Cordell*

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Martin Cordell  
Chief of Enforcement

Presented by:

*Andrea Y. Sato*

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Andrea Y. Sato  
Enforcement Attorney