

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

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

ALL-IN-ONE FINANCIAL SERVICES,
INC. and GARRY A. ESTRADA,

Respondents.

Order No. S-04-206-05-TO02

SUMMARY ORDER SUSPENDING INVESTMENT
ADVISER AND INVESTMENT ADVISER
REPRESENTATIVE REGISTRATIONS AND TO
CEASE AND DESIST, AND NOTICE OF INTENT TO
ENTER AN ORDER TO REVOKE REGISTRATIONS,
ORDER RESTITUTION, IMPOSE FINES, AND
CHARGE COSTS

THE STATE OF All-In-One Financial Services, Inc.
WASHINGTON TO: Garry A. Estrada, President
520 Kirkland Way, Suite 400
Kirkland, Washington 98033

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, All-In-One Financial Services, Inc. and Garry A. Estrada, have each willfully violated the Securities Act of Washington, and that those violations justify the summary suspension of Respondents' investment adviser and investment adviser representative registrations pursuant to RCW 21.20.110, and the entry of an order pursuant to RCW 21.20.390 to cease and desist from such violations.

The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I. RESPONDENTS

1. All-In-One Financial Services, Inc. ("All-In-One"), IARD No. 115617, is an inactive Washington for-profit corporation incorporated May 4, 2000, and administratively dissolved by the Secretary of State August 19, 2002. Formed in September 1984 as a sole proprietorship, All-In-One Financial Services was a registered trade name for Garry A. Estrada. The sole proprietorship was registered with the Securities

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1

Department of Financial Institutions
Securities Division - Compliance Unit
PO Box 9033 Olympia, WA 98507-9033
360-902-8760

1 Division (“the Division”) as a state-registered investment adviser from August 1995 until November 2000,
2 when the registration was transferred to the new corporation. Though the corporation has been dissolved,
3 All-In-One has not amended its registration with the Division, nor has it requested that the registration be
4 transferred to the sole proprietorship. Garry A. Estrada was the sole officer and director of All-In-One from
5 incorporation through dissolution.

6 2. Garry Anthony Estrada (“Estrada”), IARD No. 1266266, has been a registered investment adviser
7 representative with All-In-One in the State of Washington since March 2002. Estrada was previously
8 registered from September 1995 to March 2001 as securities salesperson with the broker-dealer Pacific
9 West Securities, Inc., and from June 1988 to March 1995 as an investment adviser representative and
10 securities salesperson with Pacific Harbor Securities, Laney & Company, and LACO Financial. Estrada is
11 the only registered investment adviser representative affiliated with All-In-One, and is not presently licensed
12 with any other state or federal-covered investment adviser or broker-dealer. At all times material to the
13 events described below, Estrada was married to Valentina Klimenko Estrada, Victor Kilmenko’s sister.

14 ***II. OTHER PARTIES***

15 3. Viktor V. Klimenko (“Klimenko”) is the sole proprietor and President of International Supplier
16 AR, also known as International Supplier Company (“International”). The company is a Washington sole
17 proprietorship opened in June 1999. Klimenko, doing business as International, trades with Russia. From
18 1999 through 2001, International was primarily involved in importing iron products from Russia.
19 Beginning in 2002, Klimenko began exporting American goods to Russia. From 1999 through November
20 2002, Klimenko financed his business through his own capital and through loans from his immediate
21 family members, particularly his sister and then brother-in-law, Valentina and Garry A. Estrada.

1 4. Charles Schwab & Co., Inc. (“Schwab”) provides custodial, operational and trading support for
2 independent fee-based investment advisors like All-In-One. Estrada and All-In-One have a Master Account
3 Agreement with Schwab, and Schwab maintains custody of the assets under management of All-In-One.

4 ***III. PRIOR ENFORCEMENT HISTORY***

5 5. On July 9, 2003, the Securities Administrator of the State of Washington issued a Summary Order, S-
6 03-120-03-TO01, suspending Respondent All-In-One’s investment adviser registration for failure to file its
7 year-end balance sheet as required. On August 4, 2003, the Division entered into a Consent Order, S-03-
8 120-03-CO01, reinstating All-In-One’s investment adviser registration and imposing costs of \$500.

9 ***IV. NATURE OF THE VIOLATIONS***

10 **A. Sale of Securities**

11 6. In 2002, Klimenko approached Estrada with an opportunity to invest in International. Estrada
12 invested \$20,000 in the company, and received a return of approximately 20% within six months. In
13 September 2003, Estrada invested again and received a return of approximately 20% within six months.

14 7. In November 2003, Klimenko needed additional financing. Estrada did not have funds available.
15 Klimenko asked if Estrada would raise the funds from his investment adviser clients. At the time, Estrada
16 had approximately 45 clients who collectively had more than \$3.5 million in total assets under
17 management with All-In-One. Estrada agreed to help, and requested that Klimenko prepare a written
18 document describing the investment.

19 8. Klimenko found a limited partnership agreement on the Internet. With help from Estrada,
20 Klimenko edited the document and created an Agreement of a Private Placement Offering.

21 9. According to the Agreement of a Private Placement Offering (the “Agreement”), the purpose of
22 the offering was to raise funds for “the business of buying from various auctions, at deep discount, any
23

1 items or products deemed worthy for resale on a wholesale or retail basis” The offering was to
2 commence on November 1, 2003 and continue until December 31, 2004, unless extended by International
3 for an additional 12 months. While an investment in the offering could extend for two years, the
4 Agreement provides that it was the intended that the investment would be limited to six months.

5 10. The minimum investment in the offering was \$5,000, while the maximum amount of money
6 raised under the Agreement was limited to \$100,000. Any income generated from the offering was to be
7 distributed first to International to recover its costs in the purchase and sale of the goods, then investors
8 were to receive 100% of any profits up to the amount of their original investment. The balance of profits
9 was then to be distributed so that investors received a 24% annual return. International retained any
10 profits remaining after that distribution. The Agreement called for investors to bear 100% of all losses up
11 to the amount of their individual investment.

12 11. Klimenko, acting for International, retained complete control over the investment, while the
13 individual investors had no control over the investment. Klimenko and International assumed a fiduciary
14 duty for the “safekeeping and use” of all funds raised in the offering, and were to be paid a management
15 fee of no more than 5%. The Agreement did not include any financial information about International.
16 Estrada was to be paid a commission of 8% of the profits for obtaining investors. Investors were not
17 informed that Estrada would be receiving this commission.

18 12. Estrada called at least 17 of his clients and solicited investments in the International Private
19 Placement Offering. Estrada told his clients that he had previously invested with International and that
20 International had never missed returning investors’ principal in nine years of doing business. Estrada stated
21 that Klimenko and International intended the investment to last six months, and described the investment as
22 an opportunity to invest in International’s “private placement offering.” Estrada explained the concept of
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1 a private placement as being an investment in a company that was not registered, and informed his clients
2 that this investment was not being offered through Schwab.

3 13. Based on these representations, a number of Estrada's All-In-One investment advisory clients agreed
4 to invest in the International offering. Estrada edited the Agreement to reflect the amount of the proposed
5 investment, and mailed the Agreement and a cover letter to the clients who agreed to invest.

6 14. On or about November 9, 2003, Estrada sent the Agreement and cover letter to one of his clients, NP¹
7 of Everett, Washington. At the time, NP was 63 years old, a retired mechanical engineer, who describes his
8 risk tolerance as "moderate." The letter states, among other things, that Klimenko and International had been
9 engaged in these types of transactions for nine years and that Klimenko and International had never failed to
10 return principal to their investors. Estrada wrote, "I feel very confident that this particular venture with this
11 particular company will produce a decent return within a reasonable period of time."

12 15. On or about November 13, 2003, based largely on the information he received from Estrada and All-
13 in-One, NP invested \$5,800 in International. On or about December 2, 2003, Estrada sent NP a signed copy
14 of the Agreement.

15 16. Between November 2003 and January 2004, thirteen of Estrada's All-In-One clients invested a total
16 of \$65,719.97 in International.

17 17. Klimenko used the funds received from the investors to purchase toys, clothes, and equipment
18 from various auctions, and shipped the items to Russia. Due to delays by the shipping company, some
19 seasonal items missed the Christmas market. Due to delays and legal problems with customs in Russia,
20 some products never made it through customs. Due to increased foreign competition, some products that
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22
23 ¹ The investors' names are not used to protect their privacy.

1 did make it to market did not sell. Many of the items purchased with investor funds remain unsold, stored
2 in warehouses in Russia, and none of the investors have been repaid.

3 18. Estrada and All-In-One represented to the investors that International was a successful business.
4 Estrada failed to disclose that International was operating on successive capital infusions from family
5 members, and had no secure source of capital for operations.

6 19. Estrada and All-In-One failed to disclose the risks associated with the investment, including the
7 risk of shipping delays, customs delay, changes in Russian customs regulations, and foreign competition.

8 20. Estrada failed to disclose the family relationship he had with Klimenko.

9 B. Suitability

10 21. In selecting which clients to solicit for the International Private Placement Offering, Estrada and All-
11 In-One failed to have or obtain information from his clients sufficient information to ascertain whether the
12 investment was suitable for those clients.

13 22. Estrada and All-In-One solicited some clients with relatively insignificant account values. One
14 client, WE, had only \$12,000 invested with Schwab. Based on Estrada's recommendations concerning the
15 investment opportunity, WE sold \$5,000 of his Schwab holdings and invested with International. His
16 \$5,000 investment represented almost 42% of his retirement savings at Schwab. Two others investors, JY
17 and WM, had less than \$50,000 invested with Schwab when they made their \$5,000 investments.

18 23. In addition, Estrada and All-In-One solicited some clients who had relatively conservative
19 investment objectives. At least four clients with stated investment objectives of "moderately aggressive -
20 conservative" were solicited and invested in International.

21 24. In a number of cases, Respondents did not have current information relating to their clients'
22 investment objectives and financial status at the time of the solicitation. One investor, BH, a 73-year-old

1 retired nurse, had lost a considerable amount of her retirement during the stock market down turn of 2000.
2 At the time of the solicitation, those losses, coupled with her dependence on Social Security and
3 investment returns for income, lead her to assess her risk tolerance as “low.” However, Estrada and All-
4 In-One had her risk tolerance coded as “moderately aggressive.” Based on Estrada’s recommendations,
5 BH withdrew \$5,000 from her retirement account at Schwab to invest with International.

6 25. In another case, Respondents solicited an 81-year-old client, WM, whose wife had recently been
7 diagnosed with Alzheimer’s disease. Respondents failed to obtain updated information concerning their
8 client’s financial situation, investment objectives, or other information before executing the transaction.

9 C. Securities Registration

10 26. The Agreements offered and sold by All-In-One and Estrada on behalf of Klimenko and
11 International are not currently registered in Washington, have not previously been so registered, and no
12 claim of exemption for said securities is on file with the Division.

13 D. All-In-One’s Investment Adviser Registration

14 27. Respondent All-In-One last filed a Form ADV with the Investment Adviser Registration
15 Depository (“IARD”) on or about August 8, 2003. In May 2004, All-In-One failed to pay an annual report
16 fee and/or submit a list of officers and directors to the Corporations Division of the Washington Secretary
17 of State’s Office. On or about September 2, 2004, All-In-One was administratively dissolved.

18 28. Respondent All-In-One failed to promptly file an amended Form ADV with the IARD to reflect
19 the dissolution of All-In-One.

20 29. Pursuant to the Washington Business Corporation Act, Chapter 23B.14 RCW, an administratively
21 dissolved corporation continues its corporate existence, but may not carry on any business except that
22 appropriate to wind up and liquidate its business and affairs. RCW 23B.14.050.

1 30. While offering and selling International Agreements, Respondent All-In-One was not registered
2 as a broker/dealer in the State of Washington.

3 E. Estrada's Investment Adviser Representative Registration

4 31. Respondent Estrada last filed a Form U4 with IARD on or about July 23, 2002. In May 2004,
5 Estrada filed a bankruptcy petition in the U.S. Bankruptcy Court for the Western District of Washington.

6 32. Respondent Estrada failed to promptly file an amended Form U4 with the IARD to reflect his
7 bankruptcy filing.

8 33. While offering and selling International Agreements, Respondent Estrada was not registered as a
9 securities salesperson in the State of Washington.

10
11 **EMERGENCY**

12 Based upon the foregoing, the Securities Administrator finds that an emergency exists, and that
13 Respondents' continued violations of the Securities Act of Washington ("Securities Act") constitute a threat to
14 the investing public. The Securities Administrator further finds that a summary suspension of Respondents'
15 investment adviser and investment adviser representative registrations, and a summary order to cease and
16 desist from those violations, is in the public interest and necessary for the protection of the investing public.

17
18 Based on the foregoing Tentative Findings of Fact, the following Conclusions of Law are made:

19 **CONCLUSIONS OF LAW**

20 1. The offer and sale of the International Private Placement Offering described above constitutes the
21 offer and sale of a security as defined in RCW 21.20.005(10) and (12).

1 2. Respondents All-In-One Financial Services, Inc. and Garry A. Estrada have each willfully violated
2 RCW 21.20.020(1)(b), the investment adviser anti-fraud provision of the Securities Act, by engaging in a
3 course of conduct which operated as a fraud or deceit on their clients.

4 3. Respondents All-In-One Financial Services, Inc. and Garry A. Estrada have each willfully violated
5 RCW 21.20.010, the general anti-fraud provision of the Securities Act, by making, in connection with the
6 offer or sale of said securities, untrue statements of material fact and by omitting to state material facts
7 necessary in order to make the statements made, in light of the circumstances under which they were
8 made, not misleading.

9 4. Respondents All-In-One Financial Services, Inc. and Garry A. Estrada have each willfully violated
10 RCW 21.20.702, the suitability provision of the Securities Act, by recommending to customers the
11 purchase of unregistered securities without having reasonable grounds to believe that the recommendation
12 was suitable, and by executing said transactions without having made reasonable efforts to obtain current
13 information relating to their clients' financial status, investment objectives, and other information
14 necessary to make suitable investment recommendations.

15 5. Respondents All-In-One Financial Services, Inc. and Garry A. Estrada have each willfully violated
16 RCW 21.20.140, the securities registration provision of the Securities Act, by offering or selling said
17 securities while no registration for such offer or sale was on file with the Division.

18 6. Respondents All-In-One Financial Services, Inc. and Garry A. Estrada have each willfully violated
19 RCW 21.20.040, the broker/dealer and securities salesperson registration provision of the Securities Act,
20 by offering or selling said securities while not registered as a broker dealer or securities salesperson with
21 the Division.

1 7. Respondents All-In-One Financial Services, Inc. and Garry A. Estrada have each willfully violated
2 a rule under the Securities Act by failing to promptly file updated Forms ADV and U4 with the IARD.
3 WAC 460-24A-205 requires that investment advisers and investment adviser representatives promptly file
4 changes with IARD. Respondents' willful violation of WAC 460-24A-205 provides grounds for the
5 suspension and/or revocation of respondents' investment adviser and investment adviser representative
6 registrations under RCW 21.20.110(1)(b).

7 8. Pursuant to RCW 21.20.110(6), Respondent Garry A. Estrada, as the sole officer and director of
8 Respondent All-In-One Financial Services, Inc., is liable to the same extent as All-In-One Financial
9 Services, Inc., for the violations committed by the corporation.

10 9. The willful violations of RCW 21.20.020, .010, .702, .140, and .040, and the willful violations of
11 the rules provide grounds, pursuant to RCW 21.20.110(1), for the revocation of Respondents' investment
12 adviser and investment adviser representative registrations and the imposition of fines and costs.
13 Furthermore, the willful violations provide grounds, pursuant to RCW 21.20.390, for the imposition of
14 injunctive relief, fines, and costs.

15
16 **SUMMARY ORDER**

17 Based upon the foregoing,

18 NOW, THEREFORE, IT IS HEREBY ORDERED that the investment adviser registration of
19 Respondent All-In-One Financial Services, Inc., and the investment adviser representative registration of
20 Respondent Garry A. Estrada shall be, and hereby are, summarily suspended pending a final determination in
21 this proceeding.

22 It is further SUMMARILY ORDERED that Respondents All-In-One Financial Services, Inc. and Garry

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1 A. Estrada, their officers, directors, employees, partners, agents, affiliates, subsidiaries, predecessors, and
2 successors, shall each cease and desist from violating RCW 21.20.020, the investment adviser anti-fraud
3 provision of the Securities Act.

4 It is further SUMMARILY ORDERED that Respondents All-In-One Financial Services, Inc. and Garry
5 A. Estrada, their officers, directors, employees, partners, agents, affiliates, subsidiaries, predecessors, and
6 successors, shall each cease and desist from violating RCW 21.20.010, the general anti-fraud provision of the
7 Securities Act.

8 It is further SUMMARILY ORDERED that Respondents All-In-One Financial Services, Inc. and Garry
9 A. Estrada, their officers, directors, employees, partners, agents, affiliates, subsidiaries, predecessors, and
10 successors, shall each cease and desist from violating RCW 21.20.702, the suitability provision of the
11 Securities Act.

12 It is further SUMMARILY ORDERED that Respondents All-In-One Financial Services, Inc. and Garry
13 A. Estrada, their officers, directors, employees, partners, agents, affiliates, subsidiaries, predecessors, and
14 successors, shall each cease and desist from violating RCW 21.20.140, the securities registration section of
15 the Securities Act.

16 It is further SUMMARILY ORDERED that Respondents All-In-One Financial Services, Inc. and Garry
17 A. Estrada, their officers, directors, employees, partners, agents, affiliates, subsidiaries, predecessors, and
18 successors, shall each cease and desist from violating RCW 21.20.040, the securities broker-dealer and
19 securities salesperson registration section of the Securities Act.

20 NOTICE OF INTENT TO REVOKE REGISTRATIONS

21 Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and Conclusions
22 of Law, the Securities Administrator intends to order that the investment adviser registration of

1 Respondent All-In-One Financial Services, Inc., and the investment adviser representative registration of
2 Respondent Garry A. Estrada, shall be revoked.

3 **NOTICE OF INTENT TO ORDER RESTITUTION**

4 Pursuant to RCW 21.20.110(8) and RCW 21.20.390(6), and based upon the above Tentative Findings
5 of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondents All-In-
6 One Financial Services, Inc. and Garry A. Estrada shall be jointly and severally liable for and shall pay
7 full restitution to investors, as described above, in the amount of \$65,719.97.

8 **NOTICE OF INTENT TO IMPOSE FINES**

9 Pursuant to RCW 21.20.110(4) and RCW 21.20.395(1), and based upon the above Tentative Findings
10 of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondents All-In-
11 One Financial Services, Inc. and Garry A. Estrada shall be jointly and severally liable for and shall pay a
12 fine of \$50,000.

13 **NOTICE OF INTENT TO CHARGE COSTS**

14 Pursuant to RCW 21.20.110(7) and RCW 21.20.390(5), and based upon the above Tentative Findings
15 of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondents All-In-
16 One Financial Services, Inc. and Garry A. Estrada shall be jointly and severally liable for and shall pay the
17 costs, fees, and other expenses incurred in the conduct of the administrative investigation, hearing or court
18 proceeding relating to this matter. As of May 23, 2005, these costs total approximately \$10,000.

19 **AUTHORITY AND PROCEDURE**

20 This Order is entered pursuant to the provisions of RCW 21.20.110, RCW 21.20.390, and RCW
21 21.20.395 and is subject to the provisions of RCW 21.20.120 and Chapter 34.05 RCW. Respondents may
22 make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
23

1 OPPORTUNITY FOR HEARING accompanying this Order. If a Respondent does not request a hearing,
2 as to that Respondent, the Securities Administrator intends to adopt the foregoing Tentative Findings of
3 Fact and Conclusions of Law as final, and enter a final order against that Respondent enjoining future
4 violations of the Securities Act, revoking registration, ordering restitution in the amount of \$65,719.97,
5 imposing fines of \$50,000, and charging costs of \$10,000 as described above.

6
7 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

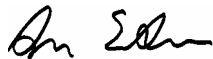
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9 DATED and ENTERED this 23rd day of June 2005.

10 Entered by:

11 

12 Michael E. Stevenson
13 Securities Administrator

14 Approved for entry by:

15 

16 SUZANNE E. SARASON
17 Program Manager
18 Compliance & Examinations

14 Presented by:

15 

16 ANTHONY W. CARTER
17 Staff Attorney
18 Compliance & Examinations