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**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:

James D. David,

Respondent.

Order Number S-06-038-06-SC01

STATEMENT OF CHARGES AND NOTICE  
OF INTENT TO SUSPEND SECURITIES  
SALESPERSON REGISTRATION AND  
IMPOSE FINES

THE STATE OF WASHINGTON TO: James D. David (CRD #1644953)

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that the Respondent, James D. David, has violated the Securities Act of Washington. The Securities Administrator believes those violations justify the suspension of James D. David's securities salesperson registration pursuant to RCW 21.20.110(1) and imposition of fines pursuant to RCW 21.20.110(1) and RCW 21.20.395. The Securities Administrator finds as follows:

**TENTATIVE FINDINGS OF FACT**

**I. RESPONDENT**

1. James D. David ("David") is an individual residing in Washington State. David was registered with the Washington State Securities Division as a securities salesperson for Princor Financial Services Corporation from August of 1987 to December of 2001 and again from February of 2002 to December of 2004. He is currently not registered as a securities salesperson with the Washington State Securities Division.

STATEMENT OF CHARGES AND NOTICE OF  
INTENT TO SUSPEND SECURITIES  
SALESPERSON REGISTRATION AND IMPOSE  
FINES

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DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

1 II. NATURE OF THE CONDUCT

2 2. David filed a Chapter 7 bankruptcy petition in Spokane, Washington on June 3, 1996. The  
3 bankruptcy was discharged on June 25, 1997.

4 3. The Form U-4 is the Uniform Application for Securities Industry Registration or Transfer  
5 form and is required when registering as a securities salesperson. The Form U-4 asks the applicant  
6 whether, within the past ten years, they have "filed a bankruptcy petition." When David filed the  
7 application in February of 2002, David's answer was "no" to this question.

8 4. David, as a member of NASD, must comply with the NASD Conduct Rules. His false  
9 answer on the Form U-4 is in violation of NASD IM-1000-1, Filing of Misleading Information as to  
10 Membership or Registration, and a violation of NASD Conduct Rule 2110, Standards of Commercial  
11 Honor and Principles of Trade.

12 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

13 **CONCLUSIONS OF LAW**

14 1. James D. David, as described above, filed a securities salesperson application with the State  
15 of Washington that contained a statement which was, at the time and in the light of the circumstances in  
16 which it was made, false or misleading in respect to a material fact in violation of RCW 21.20.350. Such  
17 conduct is grounds for suspension of his salesperson registration and grounds for imposition of a fine  
18 pursuant to RCW 21.20.110(1).

19 2. James D. David, as described above, violated NASD IM-1000-1 and NASD Conduct Rule  
20 2110. Such conduct is a dishonest or unethical business practice as defined by WAC 460-22B-090 (19).  
21 Such conduct is grounds for the suspension of his salesperson registration pursuant to RCW  
22 21.20.110(g).

1 **NOTICE OF INTENT TO SUSPEND REGISTRATION**

2 Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and  
3 Conclusions of Law, the Securities Administrator intends to order that the securities salesperson  
4 registration of the Respondent be suspended for three (3) months.

5 **NOTICE OF INTENT TO IMPOSE FINES**

6 Pursuant to RCW 21.20.110(1) and (4) and/or RCW 21.20.395, and based upon the above  
7 Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that the  
8 Respondent shall be liable for and pay a fine of \$2,500.

9 **AUTHORITY AND PROCEDURE**

10 This Order is entered pursuant to the provisions of RCW 21.20.110 and RCW 21.20.395, and is  
11 subject to the provisions of RCW 21.20.120 and Chapter 34.05 RCW. The Respondent may make a  
12 written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND  
13 OPPORTUNITY FOR HEARING accompanying this Order. If the Respondent does not request a  
14 hearing, the Securities Administrator intends to adopt the foregoing Tentative Findings of Fact and  
15 Conclusions of Law as final and enter a permanent order against the Respondent suspending the  
16 Respondent's securities salesperson registration and imposing the fine sought.

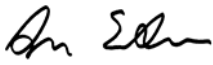
17  
18 DATED and ENTERED this 6<sup>th</sup> day of March, 2006.

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21 \_\_\_\_\_  
22 MICHAEL E. STEVENSON  
23 Securities Administrator

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Approved by:



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Suzanne Sarason  
Chief of Compliance & Examinations

Presented by:



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Kate Reynolds  
Financial Legal Examiner