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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:

Chesterfield Mortgage Investors, Inc.;
Charles M. Chesterfield; Edward M.
("Marty") Hunter; Rosa Collins,

Respondents.

S-07-310-07-AG01

ORDER LIFTING STOP ORDER AND
SUSPENSIONS

THE STATE OF WASHINGTON TO: Chesterfield Mortgage Investors, Inc.
Charles M. Chesterfield
Edward M. ("Marty") Hunter
Rosa Collins

PROCEDURAL BACKGROUND

On August 8, 2007, the Securities Administrator of the State of Washington entered *Stop Order Suspending Securities Registration, Summary Order Suspending and Denying or Revoking Broker-Dealer and Salesperson Registration, Summary Order Revoking Exemptions and Notice of Intent to Impose a Fine*, Order No. S-07-310-07-SC-01 (Stop Order). The Stop Order alleged, among other things, that Respondent Chesterfield Mortgage Investors, Inc. ("Chesterfield"), had violated WAC 460-33A-110 by failing to file audited financial statements for the year ended December 31, 2006. Since the entry of the Stop Order, Chesterfield has filed audited financial statements for the year ended December 31, 2006 and taken the other steps necessary to remedy the deficiencies identified in the Stop Order. Therefore, by this Order, the Securities Administrator lifts the Stop Order. The Securities Administrator finds as follows:

ORDER LIFTING STOP ORDER AND
SUSPENSIONS

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
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FINDINGS OF FACT

RESPONDENTS AND THEIR REGISTRATION STATUS

1. Chesterfield Mortgage Investors, Inc. (“Chesterfield”) is a Washington Corporation with its principal place of business at 1001 Fourth Avenue Plaza, Suite 3113, Seattle WA 98154. Charles M. Chesterfield is the President of Chesterfield. Corpserve Inc. is the registered agent for Chesterfield.

2. Until the entry of the Stop Order on August 8, 2007, Chesterfield was registered pursuant to RCW 21.20.210 and WAC 460-33A to sell mortgage paper securities as that term is defined in WAC 460-33A-015(4). The file number is 70011205.

3. Until the entry of the Stop Order on August 8, 2007, Chesterfield Mortgage Investors, Inc. was licensed as a broker-dealer pursuant to RCW 21.20.040 (file number 10003973).

4. Until the entry of the Stop Order on August 8, 2007, Charles M. Chesterfield (file number 20004056), Edward M. (“Marty”) Hunter (file number 20008026), and Rosa Collins (file number 20008025) were licensed securities salespersons for Chesterfield.

BACKGROUND

5. Chesterfield originates or acquires notes secured by deeds of trusts on real property and then resells to investors fractionalized “participation” interests in those loans. Chesterfield registers these participation interests with the Securities Division as “mortgage paper securities” under RCW 21.20.210 and WAC 460-33A. Through the registration process in WAC 460-33A, Chesterfield becomes a “mortgage broker-dealer” as that term is defined in WAC 460-33A-005(1). To use this registration process, WAC 460-33A-020 generally requires that the registrant file a registration statement accompanied by a general offering circular, a sample specific offering circular, and certain other documents with the Securities Division.

6. WAC 460-33A also sets forth rules regarding trust accounting, disbursement of investor funds, timely recording the instrument securing the investors’ participation interest, fiduciary duties and conflicts of interests, financial reporting requirements and other matters. WAC 460-33A-110 requires that every

1 registered mortgage broker-dealer file with the Division audited financial statements within ninety days of the
2 end of the mortgage broker-dealer's fiscal year. This rule allows the Division to monitor the financial
3 performance of registered mortgage broker-dealers and determine if suspension or revocation of a mortgage
4 broker-dealer's permit to sell mortgage paper securities is in the public interest.

5 2005 FINANCIAL STATEMENTS

6 7. By letter dated April 11, 2006, the Division reminded Chesterfield of the financial statement reporting
7 requirement set forth in WAC 460-33A-110. That letter discussed the importance of the information in the
8 audited financial statements to the Division, investors and prospective investors in evaluating Chesterfield's
9 financial condition. The letter advised management to take corrective action to ensure that all parties to the
10 audit engagement contract follow an audit schedule that would allow the timely completion of audited
11 statements.

12 8. By letter dated April 20, 2006, the Division instructed Chesterfield to ensure that prospective investors
13 are made aware that the general offering circular did not include current financial information due to the delay
14 in the completion of the annual audit.

15 9. On June 1, 2006, the Division sent an e-mail to Chesterfield requesting an update on the status of the
16 audited financial statements for the period ended December 31, 2005. Chesterfield indicated that the financial
17 statements would be available around the middle of June by e-mail on June 6, 2006. The Division finally
18 received a copy of the audited financial statements while conducting an examination of Chesterfield July 11-
19 19, 2006.

20 10. During the examination of Chesterfield conducted by Division staff July 11-19, 2006, Chesterfield's
21 management indicated that it had committed to ensure that the timeliness of annual financial statements is
22 improved. Chesterfield's management indicated that the concern relating to the timely submission of annual
23 financial reports to the Division had been discussed with its auditor. Division staff recommended that

1 management require a firm completion date of future audits of financial statements in engagement letters with
2 the independent auditor.

3 2006 FINANCIAL STATEMENTS

4 11. On March 19, 2007, the Division requested the status of the audited financial statements for the fiscal
5 year ended December 31, 2006.

6 12. On April 4, 2007, the Division sent an e-mail to Chesterfield requesting an explanation for the delay in
7 the submission of the audited financial statements for the fiscal year ended December 31, 2006. By letter
8 dated April 4, 2007, Chesterfield informed the Division that the auditor was hopeful that the audited financial
9 statements for the fiscal year ended December 31, 2006 would be available by the end of the month.

10 13. On April 30, 2007, the Division again sent an e-mail requesting an update on the status of the audited
11 financial statements for the fiscal year ended December 31, 2006. On May 15, 2007, Chesterfield sent an e-
12 mail to the Division indicating that “the audit is coming to an end and we anticipate being able to forward the
13 financials by months end.”

14 14. On June 14, 2002, the Division issued a letter urging Chesterfield to submit audited financial
15 statements for the fiscal year ended December 31, 2006 to the Division by June 22, 2007 in order to avoid
16 enforcement action.

17 15. As of August 8, 2007, Chesterfield had not submitted audited financial statements for the fiscal year
18 ended December 31, 2006.

19 16. As of August 8, 2007, the general offering circular and other registration materials filed with the
20 Division did not disclose that Chesterfield has failed to file audited financial statements for the fiscal year
21 ended December 31, 2006 with the Securities Division as required by WAC 460-33A-110.

22 17. On August 8, 2007, the Securities Administrator issued the Stop Order.

ACTIONS BY CHESTERFIELD TO ADDRESS THE STOP ORDER

18. On August 13, 2007, Chesterfield filed with the Securities Administrator a copy of its audited financial statements for the year ended December 31, 2006;

19. On August 14, 2007:

- a. Chesterfield filed an amendment to its offering circular disclosing the Stop Order;
- b. Chesterfield paid a fine of \$5,000; and
- c. Chesterfield, Charles M. Chesterfield, Hunter, and Collins, each waived any right to a hearing and judicial review with regard to the Stop Order.

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

CONCLUSIONS OF LAW

1. The offer or sale of notes, notes and deeds of trust, and mortgage paper securities as described above constitutes the offer or sale of a security as defined in RCW 21.20.005(10) and (12).

2. As set forth above in the Findings of Fact, Chesterfield has, as of August 13, 2007, complied with the financial statement reporting requirements imposed by rule under WAC 460-33A-110 and amended its general offering circular to disclose the Stop Order. These actions constitute grounds for lifting the orders entered under RCW 21.20.110(1), 21.20.110(2), 21.20.280(1), and 21.20.280(2).

ORDER LIFTING STOP ORDER AND SUSPENSIONS

Based on the foregoing, NOW, THEREFORE:

IT IS HEREBY ORDERED that the suspension of the securities registration of Chesterfield Mortgage Investors, Inc, under the authority of RCW 21.20.280(1) and (2), is lifted as of the date of entry of this Order.

It is further ORDERED that the suspension of Chesterfield’s broker-dealer registration, under the authority of RCW 21.20.110(1), is lifted as of the date of entry of this Order.

1 It is further ORDERED that the suspensions of the salesperson registrations of Charles M. Chesterfield,
2 Edward M. ("Marty") Hunter, and Rosa Collins, under the authority of RCW 21.20.110(1), are lifted as of the
3 date of entry of this Order.

4 DATED AND ENTERED this 14th day of August, 2007.

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7 _____
8 MICHAEL E. STEVENSON
9 Securities Administrator

10 Presented By:

11 

12 _____
13 William M. Beatty
14 Chief of Registration and Licensing