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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 F. REITAN CFP LLC;
JAMES F. REITAN,

Respondents.

Order Number S-08-098-08-SC01

STATEMENT OF CHARGES AND NOTICE
OF INTENT TO REVOKE REGISTRATION
AND IMPOSE FINES

THE STATE OF WASHINGTON TO:

James F. Reitan CFP LLC (CRD #120473)
James F. Reitan (CRD #1308635)

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, James F. Reitan CFP LLC and James F. Reitan, failed to maintain books and records required of an investment adviser and engaged in unethical business practices, and that this conduct justifies the revocation of Respondents' investment adviser and investment adviser representative registration pursuant to RCW 21.20.110(1). The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondents

1. James F. Reitan CFP LLC is a Washington limited liability company formed on December 2, 2004 with its place of business located at 22005 – 6th Avenue South #312, Des Moines, Washington 98198. James F. Reitan CFP LLC provides financial planning services. Prior to forming as a limited liability company, the business operated as a sole proprietorship under the name James F. Reitan. The sole

1 proprietorship James F. Reitan became a licensed investment adviser in Washington on October 24, 2002.
2 The investment adviser changed its business name to James F. Reitan CFP LLC when the business entity
3 changed from a sole proprietorship to a limited liability company. James F. Reitan CFP LLC has only one
4 office.

5 2. James F. Reitan (“Reitan”) is a resident of Des Moines, Washington. Reitan has been
6 registered as an investment adviser representative associated with the investment adviser James F. Reitan
7 CFP LLC since December 2, 2004. Reitan is owner and holds all executive offices for James F. Reitan CFP
8 LLC. Reitan has not been associated with any other investment adviser.

9 Background

10 3. Every investment adviser registered in the State of Washington must make and keep true,
11 accurate, and current books and records as specified in WAC 460-24A-200(1). Among other records,
12 investment advisers must maintain the following:

- 13 a. A general ledger that reflects the assets, liabilities, reserve, capital, income, and expense
14 accounts for the investment adviser’s business.
- 15 b. All trial balances, financial statements, and internal audit working papers relating to the
16 investment adviser’s business. Financial statements include a balance sheet, income
17 statement, cash flow statement, and net worth computation.
- 18 c. Written copies of all agreements between the investment adviser and its clients. Under
19 WAC 460-24A-220, any contract for advisory services must be in writing and must
20 include the service provided; the terms of the contract; the advisory fee; the formula for
21 computing the fee; the amount of prepaid fee to be returned in the event of contract
22 termination or nonperformance; whether the contract grants discretionary power to the

adviser; and a non-assignment clause that states that the agreement will not be assigned without prior written consent of the client.

4. Investment advisers must maintain and preserve the records required by WAC 460-24A-200(1) in an easily accessible place for at least five years from the end of the fiscal year during which the last entry was made on the record. Records from the most recent two years must be maintained on the premises of the principal office of the investment adviser.

5. Pursuant to RCW 21.20.100(4), the Securities Division conducts routine examinations of investment advisers licensed by the State of Washington. Examiners inform licensees of deficiencies discovered during an examination through a deficiency letter process. During the deficiency letter process, the licensee must provide a response indicating how it will remedy the deficiencies.

Nature of the Conduct

6. On November 11, 2005, a Securities Division examiner conducted a routine investment adviser examination of James F. Reitan CFP LLC. During the examination, the examiner discovered that James F. Reitan CFP LLC did not maintain financial records including a general ledger, income statement, balance sheet, or supporting financial records. In addition, the examiner discovered that James F. Reitan CFP LLC provided a scope of work letter to clients. The scope of work letter was not an executed investment advisory contract and did not contain all the information required by WAC 460-24A-220 for investment advisory contracts. The examiner alerted Reitan to the deficiencies revealed in the examination in a deficiency letter dated November 23, 2005. Reitan provided a written response on March 22, 2006 and represented that he had purchased financial software and had taken other steps to eliminate the deficiencies.

7. On January 23, 2008, a Securities Division examiner conducted another routine examination of James F. Reitan CFP LLC. The examiner found that James F. Reitan CFP LLC still did not maintain the

1 required books and records, including a general ledger that reflects assets, liabilities, reserve, capital, income
2 and expense accounts; financial statements including a balance sheet, income statement, cash flow
3 statement, and net worth computation; and investment advisory contracts for each client with required
4 disclosures. James F. Reitan CFP LLC maintained only a year-end balance sheet. James F. Reitan CFP
5 LLC maintained scope of work letters which informed clients of the service he provided and the hourly fee
6 charged. However, these scope of work letters were not available for all clients and did not contain the
7 information required by WAC 460-24A-220 for investment advisory contracts.

8
9 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

10 **CONCLUSIONS OF LAW**

11 1. James F. Reitan CFP LLC and James F. Reitan failed to maintain the records required by
12 investment advisers registered in the State of Washington, including the general ledger required under
13 WAC 460-24A-200(1)(b), the financial statements required under WAC 460-24A-200(1)(f), and written
14 client agreements as required under WAC 460-24A-200(1)(j). Failure to comply with the recordkeeping
15 provisions of WAC 460-24A-200 is grounds for revocation of investment adviser registration under
16 RCW 21.20.110(1)(b).

17 2. James F. Reitan CFP LLC and James F. Reitan engaged in an unethical business practice, as
18 defined by WAC 460-24A-220(16), by failing to enter written advisory contracts with clients that disclosed
19 the service provided; the terms of the contract; the advisory fee; the formula for computing the fee; the
20 amount of prepaid fee to be returned in the event of contract termination or nonperformance; whether the
21 contract grants discretionary power to the adviser; and a non-assignment clause which states that the
22 agreement will not be assigned without prior written consent of the client. Engaging in an unethical

1 business practice is grounds for revocation of investment adviser and investment adviser representative
2 registration under RCW 21.20.110(1)(g).

3
4 **NOTICE OF INTENT TO SUSPEND REGISTRATION**

5 Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and
6 Conclusions of Law, the Securities Administrator intends to order that the investment adviser and
7 investment adviser representative registration of the Respondents James F. Reitan CFP LLC and James F.
8 Reitan be revoked.

9 **NOTICE OF INTENT TO IMPOSE FINES**

10 Pursuant to RCW 21.20.110(1), and based upon the Tentative Findings of Fact and Conclusions
11 of Law, the Securities Administrator intends to order that Respondents James F. Reitan CFP LLC and
12 James F. Reitan, shall be jointly and severally liable for and pay a fine of \$5,000.

13
14 **AUTHORITY AND PROCEDURE**

15 This Statement of Charges is entered pursuant to the provisions of the RCW 21.20.110 and is
16 subject to the provisions of RCW 21.20.120 and RCW 34.05. The Respondents may each make a written
17 request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
18 OPPORTUNITY FOR HEARING accompanying this Statement of Charges. If a Respondent does not
19 request a hearing, the Securities Administrator intends to adopt the above Tentative Findings of Fact and
20 Conclusions of Law as final, enter a permanent order revoking the registration of that Respondent and
21 impose the fine sought as to that Respondent.

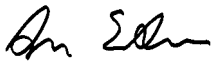
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DATED and ENTERED this 21st day of April, 2008.



MICHAEL E. STEVENSON
Securities Administrator

Approved by:



SUZANNE E. SARASON
Chief of Compliance and Examinations

Presented by:



JILL M. VALLELY
Enforcement Attorney