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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:

Financial Services International Corp.; Candace
Jean Lee; David Waldemar Asplund, Jr.;

Respondents.

Order No.: S-09-343-12-CO01

CONSENT ORDER AS TO FINANCIAL SERVICES
INTERNATIONAL CORP. & CANDACE JEAN LEE;

INTRODUCTION

On October 6, 2011, the Securities Administrator of the Securities Division of the Department of Financial Institutions (“Securities Division”) issued a Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist, Suspend Registrations, Impose Fines, and Recover Costs, Order Number S-09-343-10-SC01, against Respondents, Financial Services International Corp.; Candace Jean Lee; David Waldemar Asplund, Jr.; and George Wallace Hook III. Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division and Respondents, Financial Services International Corp. and Candace Jean Lee, do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein. Respondents, Financial Services International Corp. and Candace Jean Lee, neither admit nor deny the Findings of Fact and Conclusions of Law as stated below.

FINDINGS OF FACT

Respondents

1. Financial Services International Corp. (“FSIC”), a Washington corporation, is a broker-dealer and investment adviser with its principal place of business at 701 Fifth Avenue Suite 6870, Seattle, Washington. FSIC has been registered in Washington State as a broker-dealer from January 30, 1995 to present. FSIC is a federally registered investment adviser that has made notice filings in Washington State

1 since June 14, 2005. Prior to federally registering, FSIC was registered as an investment adviser with
2 Washington State beginning on August 18, 1992. FSIC has a Central Registration Depository (“CRD”)
3 and Investment Adviser Registration Depository (“IARD”) number of 37813.

4 2. Candace Jean Lee (“Lee”) is the Chief Executive Officer and Chief Compliance Officer of
5 FSIC. Lee is registered as a securities salesperson and investment adviser representative of FSIC. Her
6 office is located at 701 Fifth Avenue, Suite 6870, Seattle, Washington. Her CRD number is 1502112.

7 3. David Waldemar Asplund, Jr. (“Asplund”) was registered as a securities salesperson and
8 investment adviser representative of FSIC. Asplund resigned from FSIC in June of 2010. His office was
9 located at 4507 Sunnyside Avenue North, Suite D, Seattle, Washington. His CRD number is 2803177.

10 Related Individuals

11 4. George “Tripp” Wallace Hook III (“Hook”) is registered as a securities salesperson and
12 investment adviser representative of FSIC. His office is located at 13852 SE 62nd Street, Bellevue,
13 Washington. His CRD number is 3231480.

14 Introduction

15 5. FSIC used annual fees from Class C shares of mutual funds (“C shares”) as a way to receive
16 compensation for investment advisory services to some clients who did not meet the minimum asset
17 requirements for its traditional advisory accounts. FSIC’s failure to follow its own procedures concerning
18 the sale of mutual funds resulted in clients receiving inadequate disclosures and, in some cases, unsuitable
19 investments.
20

21 Background

22 6. A mutual fund is an investment company which pools money from many investors and
23 invests those funds in a collection of securities (stocks, bonds, short-term money-market instruments, or
24 other securities) based on the fund’s stated investment objective. Investors in a mutual fund purchase a
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1 share of the fund which gives them a proportional ownership right to the income and capital gains
2 generated by the fund. A mutual fund is professionally managed and can help an investor obtain
3 diversification.

4 7. Mutual funds charge fees to the investors to cover expenses of managing the fund. A mutual
5 fund's investment return is determined by subtracting those fees from the performance of the investments
6 in the mutual fund.

7 8. Mutual funds can be offered in various share classes (typically Class A, Class B, or Class C)
8 with each class utilizing a different fee and expense structure. These fees and expenses affect an investor's
9 return; therefore it is important for an investor to understand how their investment strategy fits with the fee
10 structure of each mutual fund class. An investor's investment time horizon can be important in
11 determining which share class to purchase.

12 9. With Class A shares ("A shares") an investor pays a commission at the time the mutual fund
13 is purchased, typically called a front-end sales charge or load. With a front-end sales charge, the amount
14 invested in the fund is reduced at the point of purchase by the amount of the charge. For example, if an
15 investor had \$1,000 to invest into a fund with a 5% front-end sales charge, \$50 dollars would be taken out
16 to cover the sales charge, leaving the investor with an investment of \$950 in the fund. The front-end sales
17 charge is usually paid to the selling broker. Typically, an A share carries an overall annual expense that is
18 lower than its B and C share counterparts.

19 10. Class B shares ("B shares") have a back-end load, also called a deferred sales charge. With
20 a back-end load the investor pays a fee if the mutual fund is sold prior to a specific time period, typically
21 5-8 years. With a back-end sales charge all of the investor's dollars are invested at the point of purchase.
22 The back-end sales charge normally decreases the longer the shares are held, until it is eliminated
23 altogether after the specific time period ends. Once the back-end sales charge time period lapses, B shares
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1 typically convert to A shares. Instead of a front-end sales charge, B shares charge higher annual fees than
2 A shares. A portion of the annual fees is typically paid to the selling broker.

3 11. Class C shares (“C shares”) have a level fee paid throughout the time the investor holds the
4 mutual fund. Like B shares, C shares do not utilize a front-end sales charge and all of the investor’s funds
5 get invested at the point of purchase. C shares typically entail higher annual fees than A shares or B
6 shares, with a portion of the fee paid to the selling broker. Unlike B shares, C shares generally do not
7 convert to A shares, so the annual fees are not reduced over time.

8 12. Class A shares typically are more expensive than B or C shares in the short term because the
9 investor must recoup the front-end sales charge. However, assuming that the mutual fund grows,
10 eventually the investor in A shares recovers the front-end sales charge. Over time, the higher annual fees
11 of C shares mean reduced long-term returns compared to A shares. Because of this negative impact on
12 long-term returns, C shares usually are only suitable for investors with a short-term investment time
13 horizon.

14 Advisory / Brokerage Services

15 13. FSIC offers both investment advisory services and broker-dealer services. Brokerage clients
16 pay commissions to the representative for facilitating securities transactions. Commission-based
17 compensation provides for a set dollar amount charge per trade in an account. Advisory clients pay a fee
18 for investment recommendations. Typically the advisory fee is a percentage of the value of the assets
19 managed by the firm. Investment advisers are required to provide advisory clients with a brochure which
20 discloses the fees charged by the adviser.
21

22 DFI Examination

23 14. On May 26, 2009 a Securities Division examiner conducted a routine broker-dealer
24 examination of the home office/headquarters of FSIC pursuant to RCW 21.20.100(4). The examination
25

1 sought to review only FSIC's broker-dealer business and not its federally registered investment adviser
2 business.

3 15. During the examination, the examiner reviewed the commissioned brokerage accounts of the
4 representatives based at FSIC's headquarters, which included current FSIC Chief Executive Officer and
5 Chief Compliance Officer Candace Lee. The examiner discovered that a number of FSIC clients held C
6 share mutual funds in brokerage accounts with an investment time horizon of 5 years or longer. While the
7 fees from mutual funds can vary, the higher fees charged by C shares typically make them unsuitable for
8 an investor with an investment time horizon of greater than 5 years. The Securities Division examiner
9 questioned Lee about the suitability of those transactions both during the examination and in a deficiency
10 letter sent to FSIC on July 7, 2009.

11 16. Lee did not sell C shares to clients because they were suitable for the clients' investment
12 objectives. Rather, Lee sold her clients C shares as a method for her to be paid for advisory services in
13 smaller accounts. FSIC's custodian, Raymond James, does not allow FSIC to open investment advisory
14 accounts that hold less than \$300,000 in assets. If FSIC wanted to open advisory accounts for clients with
15 these smaller accounts, FSIC would have to handle the billing of those accounts directly. FSIC found the
16 cost of quarterly billing to be expensive and inconvenient. As such, FSIC allowed its representatives to
17 use the annual sales charge from C shares held in brokerage accounts as an alternative fee for providing
18 investment advisory services. Lee does not sell C shares to clients who have enough assets to qualify for
19 a traditional advisory account.
20

21 17. C shares do not require FSIC's custodian to debit client accounts to pay for the advisory fee.
22 With C shares, the mutual fund company automatically provides payment to the FSIC representatives.
23 FSIC found C shares were cheaper for smaller account advisory relationships because C shares eliminated
24 the need to perform administrative tasks. By using C shares as an advisory fee, FSIC avoided the expenses
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1 associated with downloading client transactions into data management software, reconciling the data with
2 FSIC's custodian, calculating the advisory fees, liquidating assets to cover the fees, billing the account,
3 and mailing the client a billing statement.

4 Deceptive Practices / Advisory Accounts

5 18. FSIC's use of C shares as an advisory fee may have provided FSIC with a cheaper method
6 to bill clients with smaller accounts for advisory fees, but FSIC failed to provide clients with adequate
7 information about those advisory services and the fees associated with them.

8 19. With clients who had traditional advisory accounts, FSIC investment adviser representatives
9 entered into a written advisory agreement. The advisory agreement included a sample fee schedule which
10 disclosed to advisory clients the annualized fees charged at different ranges of account values.

11 20. At the time of the examination in May 2009, FSIC's Investment Adviser Policies and
12 Procedures Manual ("RIA Manual") required a written investment advisory agreement for each client
13 relationship. The RIA Manual stated:

14
15 Written advisory agreements form the legal and contractual basis for an advisory relationship
16 with each client and as a matter of industry and business best practices provide protections for
17 both the client and an investment adviser. An advisory agreement is the most appropriate
18 place for an adviser to describe its advisory services, fees, liability, and disclosures for any
19 conflicts of interest, among other things. It is also a best business practice to provide a copy
20 of the advisory agreement to the client...

21 21. With clients who received investment advice in accounts which used C shares for the
22 advisory fee, FSIC representatives did not enter into written advisory agreements. Traditional advisory
23 accounts required FSIC to send a written advisory agreement to its custodian so that the custodian could
24 debit client accounts to pay the advisory fee. With C shares, FSIC did not need to provide its custodian
25 with an advisory agreement, because the C shares automatically provided payment to FSIC
representatives. FSIC also did not provide C share clients with the written fee schedule provided to other
advisory clients.

1 22. Rule 204-3 of the Investment Advisers Act of 1940 (“Rule 204-3”) requires federally
2 registered investment advisers to furnish advisory clients with a written disclosure statement (“Disclosure
3 Document”) which contains at least the information then so required by Part 2 of Form ADV. Form ADV
4 is a uniform disclosure form used by investment advisers to register with the SEC and state securities
5 authorities. Part 2 of Form ADV contains a description of the advisory services offered, the adviser’s fee
6 schedule, disciplinary information, and other information about the adviser.

7 23. FSIC’s RIA Manual required representatives to maintain a document or other form of
8 acknowledgment evidencing delivery of the Disclosure Document to each advisory client. Lee violated
9 FSIC’s Disclosure Document policy and Rule 204-3 by failing to provide written Disclosure Documents to
10 clients utilizing C shares as an advisory fee.

11 24. At the time of examination, FSIC’s Registered Representative Manual (“Rep Manual”)
12 required representatives to provide a “complete, comprehensive description of the share-class
13 characteristics” of mutual funds to all potential mutual fund investors. The Rep Manual addressed the
14 avoidance of front-end sales loads by noting that “[a]lthough the purchase of certain fund classes may
15 allow an investor to avoid paying a front-end sales load, the cost imposed by a class’s higher expenses
16 may outweigh this benefit...” At least two FSIC representatives failed to provide a comprehensive
17 description of the share-class characteristics of mutual funds to clients.
18

19 25. By not providing C share advisory clients with written advisory agreements, Disclosure
20 Documents, or complete descriptions of the multi-class structure of mutual funds, FSIC clients received
21 incomplete and inadequate information on the products and services supplied by FSIC.
22

23 *Candace Lee*

24 26. The majority of Lee’s clients hold mutual funds, primarily from Russell Investments.
25

1 27. With certain clients Lee utilizes C shares as an advisory fee. Lee did not enter into written
2 advisory agreements with those clients for whom she used C shares as an advisory fee. At the time of
3 examination, Lee did not provide C shares advisory clients with the fee schedule that she provides to non
4 C shares advisory clients. Lee also did not deliver to clients utilizing C shares as an advisory fee any
5 written disclosure materials containing at least the information then so required by Part 2 of Form ADV.

6 28. With clients using C shares as an advisory fee, Lee did not provide a complete,
7 comprehensive description of the share-class characteristics of mutual funds. Lee did not compare the fee
8 structure of C shares with A or B shares. Lee does not believe in paying fees up front and therefore does
9 not recommend A or B shares to her clients. Because Lee does not recommend A or B shares, she does
10 not discuss them with her clients. Lee does not use the term C shares with clients. Lee described the term
11 C shares as “jargon,” which clients did not need to hear.

12
13 Suitability / Brokerage Accounts

14 29. FSIC’s initial response to the examiner’s deficiency letter indicated firm wide use of C
15 shares as an advisory fee. Lee assumed that any FSIC registered investment adviser representative that
16 sold C shares to a client, used those C shares as an advisory fee. However, FSIC later provided a list of 14
17 FSIC representatives that did not use C shares as an advisory fee, but did have clients with C share
18 holdings in their brokerage account.

19 30. Pursuant to RCW 21.20.702, a salesperson must have reasonable grounds for believing that
20 a recommendation is suitable for a customer based on the facts disclosed by the client with regard to the
21 client’s financial situation and needs.

22 31. FSIC’s Registered Representative Manual (“Rep Manual”) emphasized suitability as a
23 representative’s primary concern and required that recommendations be based on the client’s investment
24 objectives, financial resources, risk tolerance, and investment experience.

1 32. With multi-class mutual funds, the Rep Manual stated that a representative needed a full
2 understanding of issues involving multi-class funds. The Rep Manual noted that different classes may
3 entail different expense levels and different compensation to the representative. The Rep Manual also
4 explained that the cost of a class's higher expenses may outweigh the benefit of avoiding a front-end sales
5 load.

6 33. Some FSIC representatives made unsuitable recommendations to their brokerage clients
7 when they sold a short-term product, C shares, to customers with long-term investment time horizons.

8 *David Waldemar Asplund, Jr.*

9 34. The majority of Asplund's clients at FSIC held C share mutual funds, primarily from
10 Russell Investments. The investment strategy for most of the clients Asplund sold C shares was to
11 purchase and hold.

12 35. Asplund used C shares as a way to "annuitize" his business, with a small percentage of the
13 value of the shares paid to him on a quarterly basis.

14 36. Asplund discussed A shares and C shares with his client, but did not discuss B shares.
15 Asplund preferred C shares because C shares did not impose a front-end sales charge.

16 37. FSIC provided materials for 67 accounts of Asplund that held C shares. Of the 67 Asplund
17 accounts, only one client indicated a primary investment time horizon of less than 5 years. Fifty-three
18 clients indicated a primary investment time horizon of 5 to 10 years. Thirteen clients indicated a primary
19 investment time horizon of greater than 10 years. At least some of the clients were not familiar with the
20 differences between the share classes of mutual funds.
21

22 *George "Tripp" Hook*

23 38. FSIC provided materials for 46 accounts holding C shares through Hook. Of the 46
24 accounts, only one client indicated a primary investment time horizon of less than 5 years. Nineteen
25

1 clients indicated a primary investment time horizon of 5 to 10 years. Twenty-six clients indicated a
2 primary investment time horizon of greater than 10 years.

3 Supervision

4 *Salespersons*

5 39. As Chief Compliance Officer for FSIC, Lee is responsible for the review of transactions by
6 FSIC representatives for compliance with the firm's policies and procedures.

7 40. FSIC's Broker-Dealer Written Supervisory Policies and Procedures ("BD Supervisory
8 Procedures") at the time of examination required supervising principals to ensure that mutual fund
9 investors received a "complete, comprehensive description of share-class characteristics." The BD
10 Supervisory Procedures required that a record of such disclosures, whether provided to clients in writing or
11 orally, be maintained in client files. FSIC representatives did not follow this procedure and did not keep a
12 record of such disclosures, if given.

13 41. At the time of examination, FSIC's BD Supervisory Procedures required investment
14 recommendations to be suitable based on information disclosed to the representative. The BD Supervisory
15 Procedures further instructed supervising principals to "be sensitive to the patterns of purchases and
16 solicitations which may be indicative of potential suitability problems." FSIC failed to discharge this duty.
17 As described above, FSIC representative Asplund sold C shares in 66 accounts where the client indicated
18 an investment time horizon of 5 years or greater. FSIC representative Hook sold C shares in 45 accounts
19 where the client indicated an investment time horizon of 5 years or greater. Pursuant to the BD
20 Supervisory Procedures, FSIC supervisors were to question seemingly unsuitable trades and call the
21 representative to discuss the appropriateness and/or suitability. No supervisor at FSIC ever contacted
22 Asplund or Hook to discuss the appropriateness of C shares for those clients with an investment time
23 horizon of five years or greater. FSIC allowed each C share transaction to occur.
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1 42. FSIC's BD Supervisory Procedures required the designated principals of FSIC to ensure that
2 its registered representatives had sufficient training to consider the suitability of recommending higher-
3 expense classes of mutual funds, "particularly when an investor is seeking a long-term investment." FSIC
4 failed to provide such training. FSIC only provides firm wide training of mutual funds if regulatory
5 changes occur. Individual representative training occurs only if problems arise in FSIC's compliance
6 reviews. Between February 2008 and February 2010, FSIC did not have record of any training sessions
7 involving mutual funds.

8 43. FSIC failed to provide adequate supervision to its salespersons in connection with the sale of
9 C share mutual funds to brokerage clients. FSIC had supervisory procedures for suitability of investment
10 recommendations generally and suitability procedures for mutual funds specifically, but failed to
11 reasonably discharge the duties and obligations required by those procedures.

12 *Investment Adviser Representatives*

13 44. Pursuant to FSIC's Investment Adviser Policies and Procedures Manual ("RIA Manual"),
14 Lee had responsibility for the implementation and monitoring of FSIC's advisory agreement policies and
15 procedures.
16

17 45. As described above, at the time of examination, FSIC's RIA Manual required a written
18 investment advisory agreement for each client relationship. Despite this requirement, FSIC failed to
19 ensure its representatives obtained written advisory agreements from those clients who used C shares as an
20 advisory fee. Lee did not enter into written advisory agreements with her C share advisory clients.

21 46. FSIC's RIA Manual and Rule 204-3 required representatives to furnish advisory clients with
22 a written Disclosure Document containing the information required by Part 2 of Form ADV. FSIC failed
23 to ensure its representatives furnished a Disclosure Document to those clients who used C shares as an
24 advisory fee. Lee did not provide a Disclosure Document to her C share advisory clients.
25

1 47. FSIC's failure to have written advisory agreements with clients using C shares as an
2 advisory fee, combined with its failure to ensure delivery of Disclosure Documents, operated as a deceit
3 upon those clients. C share clients did not receive any written materials describing FSIC's advisory
4 services or fees. Without receiving these written disclosures, C share clients might not know whether they
5 are receiving advisory services.

6 48. FSIC itself could not adequately determine which clients holding C shares had an advisory
7 relationship with an FSIC representative versus a brokerage relationship. At the time of examination,
8 FSIC lacked a system for documenting whether C shares in brokerage accounts were being used as an
9 advisory fee or were simply brokerage holdings. FSIC's registered investment adviser representatives who
10 sold C shares to clients were assumed to be using them as an advisory fee. FSIC provided conflicting
11 information to the Securities Division as to which representatives used C shares as an advisory fee,
12 ultimately naming four representatives. One of those four was Asplund, who did not use C shares as an
13 advisory fee and only had brokerage clients. Hook, one of the representatives FSIC claimed did not use C
14 shares as an advisory fee, told two clients who had advisory accounts at previous firms that he could
15 provide them with similar services using C shares as the fee. Hook did not have written advisory
16 agreements with those clients. Without being able to determine which C share clients had brokerage
17 accounts versus advisory accounts, FSIC could not reasonably discharge its duty to ensure clients received
18 proper disclosures or its duty to properly review C share transactions for suitability.
19

20 Misrepresentations and Omissions

21 49. In offering and selling C shares, Respondents FSIC, Lee, and Asplund made
22 misrepresentations of material facts and/or omitted to state material facts necessary in order to make the
23 statements made, in light of the circumstances in which they were made, not misleading.
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1 50. Respondents FSIC and Lee failed to provide C share advisory clients with written
2 disclosures containing the information then so required by Part 2 of Form ADV.

3 51. Respondents FSIC, Lee, and Asplund failed to provide to customers a complete,
4 comprehensive description of the share class options and fees of mutual funds.

5
6 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

7 **CONCLUSIONS OF LAW**

8 1. The offer or sale by Respondents of C share mutual funds described above constitutes the
9 offer and/or sale of a security as defined by RCW 21.20.005(10) and (12).

10 2. The offer and/or sale of said securities were made in violation of RCW 21.20.010 because,
11 as set forth above, in connection with the offer and sale of C shares, Respondents FSIC, Lee, and Asplund
12 made misrepresentations of material facts and/or omitted to state material facts necessary in order to make
13 the statements made, in light of the circumstances in which they were made, not misleading, and
14 Respondents FSIC, Lee, and Asplund engaged in acts, practices, and courses of business which operated
15 as a deceit.
16

17 3. Certain FSIC representatives violated RCW 21.20.702 because they recommended the
18 purchase of a security without reasonable grounds to believe that the recommendation was suitable, as
19 described above. The FSIC representatives engaged in one or more dishonest or unethical practices in the
20 securities business as defined by WAC 460-22B-090(7), by failing to have reasonable grounds for
21 believing that recommendations for the purchase, sale or exchange of a security were suitable in light of
22 the customer's investment objectives, financial situation, and needs.

23 4. The failure to provide C share advisory clients with written advisory agreements, combined
24 with the failure to deliver written disclosures containing the information then so required by Part 2 of
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1 Form ADV, and failing to provide a complete and comprehensive description of the share-class
2 characteristics of mutual funds operated as a deceit. By effecting a transaction of a security by means of
3 deceit, Respondents FSIC and Lee engaged in a dishonest or unethical business practice as described in
4 WAC 460-21B-060(14) and WAC 460-22B-090(13), respectively.

5 5. Respondents FSIC and Lee violated RCW 21.20.020 by failing to enter into written advisory
6 agreements, failing to provide written disclosures, and failing to provide a complete description of the
7 share class options and fees of mutual funds. Such practices operate as a deceit. RCW 21.20.020(1)(b)
8 provides that it is unlawful for an investment adviser to engage in any practice which would operate as a
9 deceit.

10 6. Respondents FSIC and Lee failed to reasonably supervise their salespersons by failing to
11 ensure that salespersons were making suitable C share investment recommendations. Respondents FSIC
12 and Lee also failed to reasonably supervise their salespersons by failing to enforce the RIA Manual
13 requirement of a written advisory agreement for clients using C shares as an advisory fee and failing to
14 enforce the requirement of delivery of the Disclosure Document. Pursuant to RCW 21.20.110(1)(j), such
15 conduct is grounds to suspend Lee from acting in any principal or supervisory capacity for twelve months
16 and impose a fine against FSIC.

17
18 **CONSENT ORDER**

19 Based upon the foregoing and finding it in the public interest:

20 IT IS AGREED AND ORDERED that Respondents, Financial Services International Corp.;
21 Candace Jean Lee, and their agents and employees, each shall cease and desist from violating RCW
22 21.20.010.

1 IT IS FURTHER AGREED AND ORDERED that Respondents, Financial Services International
2 Corp.; Candace Jean Lee, and their agents and employees, each shall cease and desist from violating RCW
3 21.20.020.

4 IT IS FURTHER AGREED AND ORDERED that Respondent Candace Jean Lee shall be, and
5 hereby is, suspended from acting in any principal or supervisory capacity with any firm for a period of
6 twelve (12) months, beginning on the date of entry of this Consent Order. In addition, before associating
7 with any firm in any principal or supervisory capacity, Respondent Candace Jean Lee will have to retake
8 and pass the examination for registration as a General Securities Principal.

9 IT IS FURTHER AGREED AND ORDERED that Respondent Financial Services International
10 Corp. shall be liable for and shall pay a fine of \$25,000 prior to the entry of this Consent Order.

11 IT IS FURTHER AGREED AND ORDERED that Respondent Financial Services International
12 Corp. shall be liable for and shall pay investigative costs of \$15,000 prior to the entry of this Consent
13 Order.

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

15 IT IS FURTHER AGREED that Respondents, Financial Services International Corp. and Candace
16 Jean Lee, each entered into this Consent Order freely and voluntarily and with a full understanding of its
17 terms and significance.

18 IT IS FURTHER AGREED that in consideration of the foregoing, Respondents, Financial Services
19 International Corp. and Candace Jean Lee, each waive their right to a hearing and to judicial review of this
20 matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.
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24 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

25 Signed this 30th day of July, 2012.

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Approved for Entry by:

_____/s/_____
C. Dean Little, Attorney for FSIC, Candace Jean Lee
Washington State Bar No. 1269

Signed by:
Financial Services International Corp.

_____/s/_____
Candace Jean Lee, Chief Executive Officer

Signed by:
_____/s/_____
Candace Jean Lee, Individually

SIGNED and ENTERED this 1st day of August 2012.



William M. Beatty
Securities Administrator

1 Approved by:

Presented by:

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4 Suzanne Sarason
Chief of Enforcement

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26 Jack McClellan
Enforcement Attorney