

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order Number S-09-367-10-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND NOTICE
) OF INTENT TO ENTER ORDER TO CEASE
) AND DESIST AND TO CHARGE COSTS
Joel Barth; Northwest Capital)
Advisors, Ltd.;)
Respondents)

THE STATE OF WASHINGTON TO: Joel Barth;
Northwest Capital Advisors, Ltd.

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Joel Barth; Northwest Capital Advisors, Ltd., have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against each to cease and desist from such violations. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondents

1. Northwest Capital Advisors, Ltd. (NWCA) is a Washington corporation with its principal place of business at 4742 42nd Avenue SW, Suite 368, Seattle, WA 98116. Asset Management Advisors, LLC (AMA), a Nevada limited liability company, is NWCA's sole shareholder. NWCA's stated business is investing in distressed real estate and secured assets including making or investing in loans and investing in real estate secured by deeds of trust encumbering primarily Washington real estate, both commercial and residential.

1 2. Joel R. Barth (Barth) is the manager and owner of AMA. Barth is NWCA's sole
2 director and employee.

3 Nature of the Offering

4 3. In or around September of 2008, NWCA began an offering of 2,500,000 shares of
5 NWCA Series A Convertible Participating Preferred Stock (stock) in an attempt to raise
6 \$2,500,000. Under the terms of NWCA's Private Placement Memorandum (PPM), the minimum
7 investment amount was \$25,000.

8 Personal Offers

9 4. Barth personally delivered the PPM to at least two Washington residents with
10 whom Barth had previously worked. Barth also e-mailed the PPM to at least one of the recipients
11 of the PPM.

12 5. The PPM included information regarding the securities offered, anticipated
13 dividends, NWCA's business, NWCA's management, Barth's biography, the risks of investing
14 in NWCA, and the use of proceeds of the offering. The PPM also included a subscription
15 agreement and a purchase agreement.

16 6. Barth made no representations about NWCA's financial health to any of the
17 persons with whom Barth discussed NWCA's offering or to whom Barth provided the PPM.

18 Offers on the Internet

19 7. Barth made two postings promoting NWCA's offering on websites accessible to
20 the general public.

21 8. The first posting was made on June 17, 2009 on a third party website on which
22 entrepreneurs can solicit capital. The posting was headed "Seeking Equity Partners for
23 Distressed Asset Acquisitions."

1 9. The posting described NWCA as an “active company currently doing deals.” The
2 posting included Barth’s name, a minimum investment amount of \$50,000 and indicated
3 NWCA’s focus on distressed income property acquisitions and hard money loans.

4 10. The website’s members were able to contact Barth directly. The posting invited
5 “accredited angel investors” to contact NWCA to obtain a “confidential memorandum.” As of
6 November 13, 2009, this posting had been viewed one hundred twelve times.

7 11. The second posting was made on the website www.raisecapital.com, and headed
8 “Equity Needed for Real Estate Acquisitions.”

9 12. The posting identified NWCA by name, indicated a goal of \$5 million raised and
10 identified NWCA’s intended business markets of distressed real estate and loan acquisitions. The
11 posting described NWCA’s offering as “15% Series A Preferred Stock.”

12 13. The posting included the e-mail address jbarth@northwestcapitaladvisors.com
13 and a toll-free phone number at which to contact NWCA to request an “information package.”
14 As of February 8, 2010, this posting was still available to the general public.

15 14. On November 18, 2009, Barth represented to the Securities Division that no
16 NWCA stock had been sold during the offering described above.

17 Misrepresentations and Omissions

18 15. Barth made a false statement of material fact in connection with the June 17, 2009
19 posting by describing NWCA as an “active company currently doing deals.” At that time,
20 NWCA did not maintain an office, had purchased only one property, and had not begun making
21 “hard money loans” which the posting identified as a “focus” of NWCA.

22 16. In the offers of NWCA stock described in paragraphs four through six of the
23 Tentative Findings of Fact, Barth failed to disclose material information which made the
24 disclosed information misleading to potential investors. Barth failed to provide potential
25 investors with material information regarding NWCA’s financial condition prior to the offering.

1 The PPM stated only that NWCA did not have “any historical operating losses and only very
2 minimal secured liabilities.” Stating that NWCA did not have any “historical operating losses” is
3 misleading because NWCA, prior to the distribution of the PPM, had never been an active
4 business. Moreover, neither Barth nor the PPM identified NWCA’s “very minimal secured
5 liabilities” to offerees.

6 17. In the offers of NWCA stock described in paragraphs four through six of the
7 Tentative Findings of Fact, Barth failed to disclose material information which made the
8 disclosed information misleading to potential investors. In the PPM, NWCA declared its intent to
9 pay investors dividends “equal to 15% of the face amount of the investment by each Series A
10 Shareholder annually....” This statement is misleading because the PPM did not discuss why
11 Respondents believe that NWCA would ever be able to pay such dividends or the likelihood that
12 such dividends would be paid.

13 18. In the offers of NWCA stock described in paragraphs four through six of the
14 Tentative Findings of Fact, Barth made inconsistent statements to potential investors about how
15 the net proceeds of NWCA’s offering may be used. The PPM stated that NWCA will have
16 “significant flexibility” in using the net proceeds of the offering and that NWCA may use the
17 proceeds for sales and marketing, lending and investment activities, infrastructure, operating
18 costs and establishing a reserve of working capital. However, the Form D filed for NWCA with
19 the Securities and Exchange Commission, which Barth included with the PPM when the PPM
20 was distributed to potential investors, indicated that NWCA intended to use less than one percent
21 of the offering’s proceeds on salaries and fees, nearly ninety six percent on real estate purchases,
22 and four percent as working capital.

23 Registration Status

24 19. On June 13, 2008, the Securities Division received a Notice of Exempt Offering
25 of Securities filed on behalf of NWCA pursuant to Section 18(b)(4)(D) of the Securities Act of

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4

DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
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1 1933 and WAC 460-44A-506. Pursuant to WAC 406-44A-506, Respondents were required to
2 comply with the conditions of Regulation D.

3 20. Barth is not currently registered as a securities salesperson or broker-dealer in the
4 State of Washington and was not so registered during the offering described above.

5
6 Action by the Pennsylvania Securities Commission

7 21. On September 9, 2009, the Pennsylvania Securities Commission (PSC) entered a
8 Summary Order to Cease and Desist against NWCA, Asset Management Advisors, LLC, and
9 Barth. The PSC found that NWCA, AMA, and Barth offered unregistered securities to a
10 Pennsylvania resident and made an untrue statement of a material fact in connection with the
11 offer, sale or purchase of a security in violation of Pennsylvania law.

12
13 **CONCLUSIONS OF LAW**

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

15 1. The internet postings described above and providing the PPM to Washington
16 residents each constitute the offer or sale of securities as defined at RCW 21.20.005(10) and
17 (12).

18 2. The internet postings described above violate the prohibition of general
19 solicitation and general advertising of 17 CFR 230.502(c). Therefore, Respondents failed to meet
20 the requirements necessary to claim the exemption available under Rule 506 of the Securities Act
21 of 1933 and WAC 460-44A-506.

22 3. The offer or sale of said securities are in violation of RCW 21.20.140 because no
23 registration for such offer or sale is on file with the Securities Administrator and no valid claim
24 of exemption under WAC 460-44A-506 exists.

1 4. Barth has violated RCW 21.20.040 by offering or selling said securities while not
 2 registered or exempted from registration as a securities salesperson or broker-dealer in the State
 3 of Washington.

4 5. Barth violated RCW 21.20.010 because, as set forth in the Tentative Findings of
 5 Fact, Barth, in connection with the offer or sale of securities, made misstatements of material
 6 facts or omitted to state material facts necessary in order to make the statements made, in light of
 7 the circumstances under which they were made, not misleading.
 8

9 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

10 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities
 11 Administrator intends to order, pursuant to RCW 21.20.390(1), that Barth and NWCA, their
 12 agents and employees each cease and desist from violations of RCW 21.20.010, RCW
 13 21.20.040, and RCW 21.20.140.
 14

15 **NOTICE OF INTENT TO CHARGE COSTS**

16 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and
 17 Conclusions of Law, the Securities Administrator intends to order that Barth and NWCA shall be
 18 jointly and severally liable for and shall pay investigative costs of \$2,000.
 19

20 **AUTHORITY AND PROCEDURE**

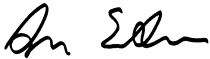
21 This Statement of Charges is entered pursuant to the provisions of the Securities Act and
 22 is subject to the provisions of RCW 34.05. The respondents, Barth and NWCA, may each make
 23 a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND
 24 AND OPPORTUNITY FOR HEARING accompanying this order.
 25

1 If a respondent does not request a hearing, the Securities Administrator intends to adopt
2 the above Tentative Findings of Fact and Conclusions of Law as final and enter an order to cease
3 and desist permanent as to that respondent.
4
5

6 Dated and entered this 24th day of March, 2010.
7

8 By:

Presented by:

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10 



11
12 SUZANNE SARASON
13 Chief of Enforcement

Edward R. Thunen
Financial Legal Examiner