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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:

Frederick Allan Bieber,  
  
Respondent.

Order Number S-11-0596-14-FO01

ENTRY OF FINDINGS OF FACT AND  
CONCLUSIONS OF LAW AND FINAL  
ORDER TO DENY FUTURE  
REGISTRATIONS, IMPOSE FINES,  
AND CHARGE COSTS

**INTRODUCTION**

On January 7, 2014, the Securities Administrator of the State of Washington issued Statement of Charges and Notice of Intent to Issue an Order to Deny Future Registrations, Impose Fines, and Charge Costs, S-11-0596-13-SC01, ("Statement of Charges"), against Respondent Frederick Allan Bieber. The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing ("Notice"), and an Application for Adjudicative Hearing ("Application for Hearing"), was served on Respondent Frederick Allan Bieber on January 24, 2014.

The Notice advised that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. On February 19, 2014, Respondent Frederick Allan Bieber returned the Application for Hearing and indicated that he waived the right to a hearing. In lieu of requesting a hearing, Respondent Frederick Allan Bieber submitted a written statement for consideration by the Agency Director or Securities Administrator.

After considering the written statement and reviewing the investigative record, the Securities Administrator finds no material grounds for amendment of the Statement of Charges, and will therefore

1 adopt as final the findings of fact and conclusions of law as set forth in the Statement of Charges. The  
2 Securities Administrator finds as follows:

3  
4 **FINDINGS OF FACT**

5 Respondent

6 1. Frederick Allan Bieber (“Bieber”) is a resident of Ridgefield, Washington. Bieber was first  
7 employed in the securities industry in 1983 and has been employed by several broker-dealers. Most  
8 recently, Bieber was employed with KMS Financial Services, Inc. (“KMS”) from August 2001 until  
9 August 2008 and with Pacific West Securities, Inc. (“Pacific West”) from August 2008 until May 2011.  
10 Bieber was registered as a securities salesperson with the Washington State Securities Division for most  
11 periods between May 1992 and May 2011, including the entire time he was employed with KMS and  
12 Pacific West. Bieber is not currently registered with the Washington State Securities Division in any  
13 capacity. Bieber has a Central Registration Depository number of 1162042. Bieber has been a  
14 Washington State licensed insurance agent from 1995 to present.

15 Background

16 2. During the time that he was employed with KMS and Pacific West, Bieber conducted his  
17 securities business through his business, Columbia Shores Financial, Inc. (“Columbia Shores  
18 Financial”), a Washington corporation that Bieber was the President of. Bieber also operated his  
19 insurance business through Columbia Shores Financial. Columbia Shores Financial provided financial  
20 services primarily to residents of Washington and Oregon. In addition to providing financial services to  
21 the general public, Columbia Shores Financial also partnered with a credit union in Oregon to provide  
22 financial services to its members.

1 3. Columbia Shores Financial had an office in Vancouver, Washington and employees that worked  
2 at various branches of the credit union in Oregon, which allowed Bieber to conduct his securities  
3 business from several office locations. When employed with KMS and Pacific West, Bieber had an  
4 office in Vancouver, Washington and also operated his business through branches of the affiliated credit  
5 union in Oregon.

6  
7 Nature of the Conduct

8 *Introduction*

9 4. While employed at KMS, Bieber engaged in prohibited activities including not disclosing to his  
10 firm loans that a customer made to his immediate family members, arranging loans for and between  
11 customers, and entering into a personal financial transaction with a customer. When Bieber was later  
12 employed at Pacific West, he did not provide prompt written notice to his broker-dealer when he  
13 received compensation from an outside business activity. Bieber also made material misstatements to  
14 Pacific West on annual compliance questionnaires that he submitted regarding the outside compensation  
15 he received. In approximately May 2011, Bieber was permitted to resign from Pacific West after the  
16 firm received information regarding the loans he arranged while employed at KMS.

17  
18 *Loans to Bieber's Family Members*

19 5. Customer A is a resident of Columbia City, Oregon. He opened his first account with Bieber at  
20 KMS in October 2001. While a brokerage customer, Customer A loaned funds to Bieber's immediate  
21 family members, including to his step-son, step-daughter, and daughter. Customer A had become a  
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1 friend of Bieber's and he purportedly approached Bieber's children as a friend of the family to offer the  
2 loans.

3 6. In approximately 2002 or 2003, Customer A loaned approximately \$20,000 to Bieber's step-son  
4 and wife for adoption costs. Customer A knew through speaking with Bieber that the couple needed  
5 funds to travel to the Marshall Islands to complete the adoption.

6 7. In approximately 2005 or 2006, Customer A loaned approximately \$70,000 to Bieber's step-  
7 daughter and husband for their home purchase. Bieber's step-daughter was the business manager at  
8 Columbia Shores Financial, and Customer A knew through speaking with her and/or Bieber that she  
9 needed funds for this purpose.

10 8. Finally, in approximately 2005, Customer A loaned approximately \$60,000 to Bieber's daughter  
11 for the purchase of a vehicle. Customer A knew through speaking with Bieber that his daughter had a  
12 disability and that she needed funds to purchase a special vehicle she could drive.

13 9. Bieber did not request permission from KMS for such lending arrangements, nor did he  
14 subsequently disclose the loans to his firm.

15 *Loans Arranged for Customers*

16 10. While employed at KMS, Bieber arranged loans for at least two customers, Customer B and  
17 Customer C. He purportedly received no compensation for arranging the loans. Bieber did not request  
18 permission from KMS prior to arranging loans for customers, nor did he subsequently disclose the loans  
19 to his firm.

1 Customer B

2 11. Customer B is a resident of John Day, Oregon. She opened her first account with Bieber at KMS  
3 in approximately December 2005, and continued as a customer of Bieber's for the remainder of time he  
4 was with KMS.

5 12. Customer B and her husband were planning on an early retirement at the time she established her  
6 account with Bieber. Customer B informed Bieber that she and her husband needed funds for living  
7 expenses for a few years until they were of age to access their retirement funds without penalty.

8 13. In response, Bieber arranged for Customer B and her husband to obtain a loan from another  
9 current brokerage customer, Customer A.

10 Customer C

11 14. Customer C is a resident of Rainier, Oregon. He opened his first account with Bieber at KMS in  
12 January 2008. Customer C maintained a brokerage account with Bieber for the remainder of time Bieber  
13 was with KMS and later transferred his account to Pacific West after Bieber changed firms.

14 15. Customer C established his account with Bieber shortly after he retired. Customer C asked  
15 Bieber for advice on how he could consolidate his high-interest credit card debt. Bieber told Customer  
16 C that he could arrange a loan that would enable Customer C to borrow funds at a lower interest rate to  
17 pay off his credit card debt.

18 16. Bieber arranged for Customer C to borrow \$100,000 from one of his former securities customers  
19 who resided in Washington. Bieber helped the lender draft an installment note, dated January 11, 2008,  
20 which was secured by Customer's C's residence. The note had an interest rate of 7.5% per annum and a  
21 maturity date in 2013. Customer C signed the note at Bieber's office without meeting the lender.

1  
2 *Personal Financial Transaction with a Customer*

3 17. In approximately 2006, Bieber and Customer A entered into an agreement regarding the purchase  
4 of an investment property. It was agreed that Bieber would locate a property and Customer A would  
5 provide the funds necessary to purchase it. Bieber was also responsible for maintaining the property and  
6 eventually selling it. Any profits would be divided between Bieber and Customer A, although the  
7 precise terms of the division of profits was not decided at that time.

8 18. In June 2006, Bieber located an investment property in North Powder, Oregon, and Customer A  
9 provided \$65,000 to purchase the property. As agreed, Bieber maintained the property. Over two years  
10 later, in August 2008, Bieber transferred to Pacific West. Customer A transferred his brokerage  
11 accounts to Bieber's new firm and remained one of his customers until May 2011.

12 19. In March 2009, Bieber sold the investment property for \$120,000. Bieber received 70% of the  
13 profit and Customer A received the remaining 30%, in addition to receiving his principal contribution  
14 back. Bieber did not provide prompt written notice to Pacific West that he engaged in an outside  
15 business activity for which he received compensation.

16 20. Bieber also concealed the compensation he received from this transaction when completing his  
17 annual firm compliance questionnaires. In October 2009, Bieber submitted his 2009 Annual  
18 Compliance Questionnaire to Pacific West, and falsely indicated that he had not accepted any  
19 compensation from any person or entity, since joining Pacific West, that was not an approved outside  
20 business activity. In December 2010, Bieber submitted his 2010 Annual Compliance Questionnaire to  
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1 Pacific West, and falsely indicated that he had not accepted any compensation from any person or entity,  
2 during the past two years, that was not an approved outside business activity.

3 Based upon the above Findings of Fact, the following Conclusions of Law are made:  
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### 5 **CONCLUSIONS OF LAW**

6 1. Respondent Frederick Allan Bieber, as described above, failed to comply with FINRA Rule 2010  
7 (formerly known as NASD Rule 2110), Standards of Commercial Honor and Principals of Trade, by not  
8 disclosing to his firm loans that a customer made to his family members, arranging loans for and  
9 between customers, entering into a personal financial transaction with a customer, and making material  
10 misstatements to his firm on annual compliance questionnaires. Such conduct is a dishonest or unethical  
11 practice as defined by WAC 460-22B-090(19), and is grounds for the denial of his future securities  
12 registration applications pursuant to RCW 21.20.110(1)(g). Such conduct is also grounds to impose a  
13 fine pursuant to RCW 21.20.110(1) and to recover investigative costs pursuant to RCW 21.20.390.

14 2. Respondent Frederick Allan Bieber, as described above, engaged in one or more dishonest or  
15 unethical practices in the securities business by engaging in an outside business activity for which he  
16 received compensation, without providing prompt written notice to his firm. At the time, this conduct  
17 was a violation of NASD Rule 3030, which was superseded by FINRA Rule 3270 in December 2010.  
18 Such conduct is a dishonest or unethical practice as defined by WAC 460-22B-090(19), and is grounds  
19 for the denial of his future securities registration applications pursuant to RCW 21.20.110(1)(g). Such  
20 conduct is also grounds to impose a fine pursuant to RCW 21.20.110(1) and to recover investigative  
21 costs pursuant to RCW 21.20.390.  
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3 **FINAL ORDER**

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

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6 It is hereby ORDERED that any future securities registration applications of the Respondent  
7 Frederick Allan Bieber as an investment adviser, broker-dealer, investment adviser representative, or  
8 securities salesperson shall be denied.

9 It is further ORDERED that the Respondent Frederick Allan Bieber shall be liable for and shall pay  
10 a fine of \$20,000.

11 It is further ORDERED that the Respondent Frederick Allan Bieber shall be liable for and shall pay  
12 investigative costs of \$5,000.

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14 **AUTHORITY AND PROCEDURE**

15 This Final Order is entered pursuant to the provisions of RCW 21.20.110 and RCW 21.20.390,  
16 and is subject to the provisions of RCW 21.20.440 and RCW 34.05. The Respondent has the right to  
17 petition the superior court for judicial review of this agency action under the provisions of RCW 34.05.  
18 For the requirements for filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.  
19 Pursuant to RCW 21.20.395, a certified copy of this order may be filed in Superior Court. If so filed, the  
20 clerk shall treat the order in the same manner as a Superior Court judgment as to the fine, and the fine  
21 may be recorded, enforced, or satisfied in like manner.



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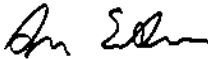
DATED AND ENTERED this 10th day of March, 2014.

By:



\_\_\_\_\_  
William M. Beatty  
Securities Administrator

Approved by:



\_\_\_\_\_  
Suzanne Sarason  
Chief of Enforcement

Reviewed by:



\_\_\_\_\_  
Robert Kondrat  
Financial Legal Examiner Supervisor

Presented by:



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Bridgett Fisher  
Financial Legal Examiner