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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING) Order No.: S-11-0724-11-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND NOTICE OF
) INTENT TO SUSPEND AND/OR REVOKE
SUHRCO REAL ESTATE ADVISORS, INC.,) INVESTMENT ADVISER REGISTRATION AND
) IMPOSE FINES
Respondent.)

THE STATE OF WASHINGTON TO: SUHRCO REAL ESTATE ADVISORS, INC.
2010 NE 156th PL. NE, #100
Bellevue, WA 98007

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondent, SUHRCO REAL ESTATE ADVISORS, INC., has violated the Securities Act of Washington. The Securities Administrator believes those violations justify the suspension and/or revocation of SUHRCO REAL ESTATE ADVISORS, INC.'s investment adviser registration pursuant to RCW 21.20.110(1). The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I. Respondent

1. SUHRCO REAL ESTATE ADVISORS, INC. ("SUHRCO") is a corporation organized under the laws of the State of Washington with its principal place of business at 2010 NE 156th PL. NE, #100, Bellevue, WA 98007. The President and Registered Agent of the corporation is Craig E. Suhrbier. Karen Warnick is listed on the Respondent's most recent Form ADV Part 1 filing with the Investment Adviser

1 Registration Depository (“IARD”) as the Vice President and Administrator and the person responsible for
2 supervision and compliance. The fiscal year end for SUHRCO is December 31.

3 2. SUHRCO is currently registered as an investment adviser with the Securities Division pursuant to
4 RCW 21.20.040 under file number 30001035. That registration expires on December 31, 2011. The file
5 number for SUHRCO in IARD is 116954.

6 3. SUHRCO has two registered investment adviser representatives: Edwin Suhrbier (CRD No.
7 4509575) and Beverly Suhrbier (CRD No. 4509578). Edwin Suhrbier died on November 9, 2009. Karen
8 Warnick is not currently and has never been registered as an investment adviser representative.

9 **II. Nature of the Conduct**

10 **A. Annual Licensing Documents**

11 4. Each investment adviser registered with the Securities Division is required, under WAC 460-24A-
12 060, to file with the Securities Division a fiscal year end balance sheet prepared in accordance with generally
13 accepted accounting principles (“GAAP”). The balance sheet must be filed no more than ninety days after
14 the end of the adviser’s fiscal year.

15 5. Each investment adviser registered with the Securities Division is required, under WAC 460-24A-
16 205, to file annual updating amendments to its Form ADV with IARD within ninety days after the end of its
17 fiscal year. These annual updating amendments must include any changes to Form ADV Part 1 and Form
18 ADV Part 2.

19 6. The Securities Division reviews each Investment Adviser’s balance sheet and annual amendments to
20 its Form ADV as a part of the Securities Division’s mission to protect the public from dishonest or
21 fraudulent practices.
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1 7. The Respondent is required to submit its annual filings on or before March 31 each year. The
2 Respondent last submitted a balance sheet to the Securities Division on August 16, 2010 for its fiscal year
3 ending December 31, 2009. The Respondent's most recent Form ADV Part 1 was filed with IARD on
4 September 4, 2003.

5 8. On August 9, 2010, the Securities Division filed a Statement of Charges against SHURCO for
6 violating WAC 460-24A-060 (for failure to file a GAAP compliant fiscal year end balance sheet), WAC
7 460-25A-205 (for failure to file its annual updating amendments with IARD), and RCW 21.20.005 (for
8 employing Karen Warnick as an unregistered investment adviser representative). On August 16, 2010,
9 SUHRCO filed a 2009 fiscal year end balance sheet but has not further responded to that Statement of
10 Charges.

11 9. The Securities Division contacted the Respondent about the required annual filings twice before the
12 March 31, 2011 deadline and at least five times after the filing deadline. The Respondent was contacted by
13 email, letter, and phone. The Securities Division used the contact information listed on the Respondent's
14 most recent Form ADV Part 1 for each communication.

15 10. On February 11, 2011, the Securities Division sent a memorandum via email to all investment
16 advisers registered in the State of Washington with a fiscal year end in December reminding them of the
17 requirement to submit a GAAP compliant fiscal year-end balance sheet and to file Form ADV Part 1 and
18 Form ADV Part 2 with IARD by March 31, 2011. The memorandum included filing instructions and a
19 warning that advisers who failed to file the required documents would be referred to Enforcement for
20 administrative action which could include suspension and/or revocation of their registration and imposition
21 of fines.
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1 11. On March 17, 2011, the Securities Division sent another reminder email to all investment advisers,
2 including the Respondent, who had not filed the required documents. This email included filing instructions
3 and a warning of possible administrative action for non-compliance.

4 12. On May 24, 2011, the Securities Division mailed a letter informing the Respondent that the Securities
5 Division had not yet received the required annual filing documents. The letter included filing instructions
6 and warned the Respondent that if the required documents were not filed by June 3, 2011, the Securities
7 Division would begin an administrative action. The letter was also sent as an email.

8 13. On June 23, 2011, Elizabeth Smith, a compliance attorney with the Securities Division, called, left
9 voice mail messages, and spoke with Karen Warnick. Ms. Smith informed Ms. Warnick that the Securities
10 Division had not received the required documents and the Securities Division would start an administrative
11 action which could include suspension and/or revocation of SUHRCO's registration and imposition of fines
12 if these documents were not filed by July 1, 2011. Ms. Smith also sent an email to the Respondent on June
13 23, 2011 summarizing this phone call and reiterating the July 1, 2011 deadline.

14 14. On July 7, 2011, Karen Warnick sent an email to Ms. Smith informing the Securities Division that
15 SUHRCO would submit the required documents during the week of July 11, 2011. Ms. Smith sent a return
16 email to Ms. Warnick informing SUHRCO that the Securities Division was starting the administrative orders
17 process and asked SUHRCO to submit the required documents as soon as possible.

18 15. As of the date of this Statement of Charges, the Respondent has not submitted a balance sheet to the
19 Securities Division or annual updating amendments to its Form ADV with IARD for its fiscal year ending
20 December 31, 2010.
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22 **B. Investment Adviser Representatives**

16. Each investment adviser representative's Form U-4 is required, under WAC 460-24A-205, to be updated within thirty days whenever an event occurs which makes the information disclosed on the form inaccurate. Investment advisers are required, under RCW 21.20.110(1)(j), to supervise or establish supervisory procedures to ensure that each of its representatives comply with RCW Chapter 21.20 and all rules adopted under that chapter. In the case of the death of an investment adviser representative, the investment adviser is required, under RCW 21.20.080 and WAC 460-24A-080, to ensure that a Form U-5 is filed with IARD to terminate that representative's registration.

17. SUHRCO currently has two registered investment adviser representatives listed on IARD: Edwin Suhrbier and Beverly Suhrbier. Their most recent U-4 amendments were filed with IARD on September 4, 2003. Edwin Suhrbier died on November 9, 2009.

18. Each investment adviser registered with the Securities Division is required, under RCW 21.20.040, to employ, supervise, or associate with only registered investment adviser representatives. Investment adviser representatives are defined as anyone who: "(a) Makes any recommendations or otherwise renders advice regarding securities; (b) Manages accounts or portfolios of clients; (c) Determines which recommendation or advice regarding securities should be given; (d) Solicits, offers, or negotiates for the sale of or sells investment advisory services; or (e) Supervises employees who perform any of the functions under (a) through (d) of this subsection." RCW 21.20.005(14).

19. Karen Warnick is listed on SUHRCO's most recent Form ADV Part 1B, Item 2 as SUHRCO's employee responsible for supervision and compliance.

20. The Securities Division informed SUHRCO and Ms. Warnick multiple times that Ms. Warnick needs to be registered as an investment adviser representative if she is to be responsible for SUHRCO's supervision

1 and compliance, including the August 9, 2010 Statement of Charges mentioned in Paragraph eight (8) of this
2 Statement of Charges.

3 21. As of the date of this Statement of Charges, a Form U-5 has not been filed Edwin Suhrbier and Ms.
4 Warnick is not registered as an investment adviser representative.

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

7 **CONCLUSIONS OF LAW**

8 1. SUHRCO REAL ESTATE ADVISORS, INC., as described above, has willfully violated WAC
9 460-24A-060 because it has not filed a balance sheet prepared in accordance with generally accepted
10 accounting principles within 90 days of its December 31, 2010 fiscal year end.

11 2. SUHRCO REAL ESTATE ADVISORS, INC. has willfully violated WAC 460-24A-205 because it
12 has not filed updated Form ADV Part 1 and Form ADV Part 2 with IARD within 90 days of its December
13 31, 2010 fiscal year end.

14 3. SUHRCO REAL ESTATE ADVISORS, INC. has willfully violated RCW 21.20.110(1)(j) by
15 failing to file a Form U-5 terminating the license of its investment adviser representative, Edwin
16 Suhrbier.

17 4. SUHRCO REAL ESTATE ADVISORS, INC. has willfully violated RCW 21.20.040(5) by
18 employing Karen Warnick as an investment adviser representative, as that term is defined in RCW
19 21.20.005(14), when she was not registered as an investment adviser representative in the State of
20 Washington.

21 4. The willful violation of WAC 460-24A-060, WAC 460-24A-205, RCW 21.20.110(1)(j), and RCW
22 21.20.040(5) each constitutes a ground for the entry of an order suspending and/or revoking the
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1 registration of SUHRCO REAL ESTATE ADVISORS, INC. as an investment adviser under RCW
2 21.20.110(1)(b) and imposing a fine under RCW 21.20.110(1).

3 **NOTICE OF INTENT TO SUSPEND OR REVOKE REGISTRATION**

4 Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and
5 Conclusions of Law, the Securities Administrator intends to order that the investment adviser registration
6 of the Respondent be suspended or revoked.

7 **NOTICE OF INTENT TO IMPOSE FINES**

8 Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and
9 Conclusions of Law, the Securities Administrator intends to order that Respondent shall be liable for and pay
10 a fine of \$1,000.

11 **AUTHORITY AND PROCEDURE**

12 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject
13 to the provisions of RCW 21.20.120 and Chapter 34.05 RCW. The respondent, SUHRCO REAL ESTATE
14 ADVISORS, INC., may make a written request for a hearing as set forth in the NOTICE OF
15 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. If the
16 Respondent does not request a hearing, the Securities Administrator intends to adopt the foregoing Tentative
17 Findings of Fact and Conclusions of Law as final, and enter an order against the Respondent revoking the
18 Respondent's investment adviser registration and imposing the fine sought.
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21 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

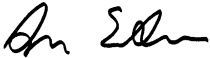
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23 Signed and Entered this 19th day of August 2011.



William M. Beatty
Securities Administrator

Approved by:

Presented by:





Suzanne Sarason
Chief of Enforcement

Elizabeth A. L. Smith
Financial Legal Examiner