

1 2. Julia A. Williams (“Williams”) was the founder and President of ASG, and resided in Kirkland,
2 Washington during the relevant time period. On September 22, 2010, Williams filed a bankruptcy petition
3 under Chapter 13, which was later dismissed for failure to meet the minimum filing requirements. On
4 December 17, 2015, Williams filed a bankruptcy petition under Chapter 7, which was later dismissed for
5 failure to file the required schedules and to meet the minimum filing requirements.

6 **Nature of the Conduct**

7 *Overview*

8 3. Between approximately November 2014 and May 2015, Williams and ASG raised more than
9 \$150,000 through the sale of investments to three investors, including two Washington residents. Williams
10 made false and misleading statements to investors concerning the use of their funds. Williams led investors
11 to believe their funds would be used for the business operations of ASG. In fact, Williams deposited or
12 transferred a substantial portion of investor funds into her personal bank accounts, and used it for other
13 purposes, including paying off prior undisclosed loans and for purchases at retail businesses, including spas,
14 salons, and clothing stores. In 2015, Williams failed to disclose to new investors that she previously misused
15 funds that she raised from an investor in 2014. Williams misleadingly described her prior business
16 background and failed to disclose to investors that she filed for bankruptcy in 2010. Williams failed to
17 disclose other material information concerning her personal financial condition and the financial condition of
18 ASG. ASG investors have received little or no return on their investments.

19 *Sale of ASG Shares to Investor A*

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21 4. Beginning around October 2014, Williams began soliciting a Seattle resident who later
22 invested \$100,000 in ASG (hereinafter, “Investor A”). Williams sent multiple emails to Investor A regarding
23 the investment opportunity. Williams stated that she was starting a new business (ASG) that would provide
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1 accounting and tax services to businesses. At the time of her solicitations, Williams failed to disclose to
2 Investor A that she filed for personal bankruptcy in 2010.

3 5. Williams provided Investor A with a pro forma financial statement containing month-by-
4 month projections of the number of clients that ASG expected to have, as well as the amount of revenue those
5 clients would generate. The pro forma financial statement showed that over a period of a few months, ASG
6 would grow from 40 to 280 clients. Williams led Investor A to believe that she would receive large returns
7 on her investment. Williams provided multiple investment options to Investor A, and stated that if she
8 invested \$150,000, she would receive a first year "estimated minimum divided payment" of \$44,200, followed
9 by a \$161,000 dividend in the second year, and a \$345,000 dividend in the third year.

10 6. Williams misleadingly stated that her projections were "conservative by 100%" and that her
11 "forecasts are always excessively conservative." In fact, the projections and forecasts made by Williams
12 lacked any reasonable basis, given the fact that ASG was a new company, had been formed only a few weeks
13 earlier, and had virtually no operating history or historical performance.

14 7. Williams failed to disclose the specific risks of investing in a new accounting and tax business.
15 Williams misleadingly stated "Getting clients is the easy part" and "I'm already way ahead of the sales game"
16 but failed to provide Investor A with any written information regarding ASG's operating results, including
17 any information regarding sales, revenue, or the number of clients that it had.

18 8. Investor A agreed to invest \$100,000 in exchange for a 10% equity position in ASG. Williams
19 provided Investor A with bylaws and corporate minutes for ASG, which indicated that Investor A received
20 100 shares of ASG for \$10,000 and made an additional \$90,000 shareholder contribution. The corporate
21 minutes indicated that Investor A had the title of Vice President and Secretary. In truth, Investor A had little
22 or no role in ASG's business operations.

23 9. On November 4, 2014, Investor A wrote a \$100,000 check that was made payable to Williams
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1 and which included "ASG Investment" in the memo line. That day, Williams deposited \$96,000 into a newly
2 opened personal checking account at the same bank as Investor A.

3 10. Williams failed to disclose to Investor A that she would use some of her investment funds to
4 repay undisclosed loans and to pay a commission to her then-boyfriend. On November 4, the same day that
5 Investor A's funds were deposited, Williams wrote a \$15,000 check to repay a prior loan. Williams also paid
6 \$2,400 to another individual who loaned her cash on a short-term basis. Williams wrote two checks to her
7 then-boyfriend, including a \$5,000 check that referenced "5% ASG commission."

8 11. Williams failed to disclose to Investor A that she would spend a substantial portion of her
9 investment funds on personal and living expenses. Williams spent thousands of dollars at retail businesses
10 and clothing and grocery stores, including nearly \$1,800 at Nordstrom and more than \$500 at massage and
11 nail businesses. Williams also made withdrawals totaling over \$9,000, and paid \$1,000 to a Lexus dealership.

12 *\$15,000 Investment from Investor B*

13 12. In March 2015, Williams began soliciting another investor in Seattle (hereinafter, "Investor
14 B"), who invested \$15,000 in April 2015. Williams told Investor B that she needed funds on a short-term
15 basis to expand ASG's business. Williams stated that she developed an accounting system that would allow
16 ASG to process a larger volume of clients with lower overhead than other accounting firms. Williams stated
17 that she already secured the majority of the necessary funding, and only needed an additional \$15,000.
18 Williams stated that Investor B's funds would be used to reconfigure ASG's office to accommodate in-house
19 seminars that would secure new accounting and tax clients. Williams stated that she expected ASG to secure
20 a minimum of 150 accounting clients by the end of 2015. Williams misleadingly stated that her projections
21 were "extremely conservative" while failing to disclose the number of clients that ASG had at that time.
22 Williams led Investor B to believe that the investment would be repaid about sixty days. Investor B was a
23 passive investor and did not have any role in ASG's business operations.
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1 13. Williams made misleading statements to Investor B concerning her prior business track record
2 and experience, and failed to disclose material information concerning her background. On March 24, 2015,
3 Williams sent an email to Investor B that touted her prior business background, stating that she “enjoyed great
4 success both as a business owner and an executive for one of the largest accounting firms in the world.”
5 Williams further represented that she had a “proven record” in the accounting business and that the net profit
6 on her 2007 tax return was \$312,000. Williams failed to disclose that she filed for personal bankruptcy in
7 2010, and that, according to her bankruptcy petition, her gross income declined to \$39,530 in 2008, and to
8 \$26,852 in 2009.

9 14. Williams failed to disclose material information relating to her personal financial condition
10 and the financial condition of ASG. Williams stated to Investor B that she had “absolutely no interest in
11 putting myself in debt” and would “not seek funding if I wasn’t certain I could fully meet the obligation and
12 terms of the agreement.” Williams failed to disclose any detailed information regarding her receipt and use
13 of funds from Investor A in November 2014. Williams failed to disclose that over the previous three months
14 (January to March 2015), she incurred more than \$400 in returned item and overdraft fees. Williams failed
15 to disclose that in March 2015, ASG’s checking account had a negative account balance at times, and was
16 subject to charges for overdrafts and returned items.

17 15. Williams made misleading statements concerning the risks of the investment. Williams
18 misleadingly stated, “It is very difficult to not make money in this business and there is an abundance of
19 clients.” Williams further stated: “100% of our clients are set up on monthly auto payment so we do not deal
20 with accounts receivable or worry about not getting paid” and “With monthly accounting there is always more
21 revenue coming the next month.” Williams failed to provide any written disclosure regarding the number of
22 clients that ASG had at that time, or the amount of revenue generated by those clients.

23 16. After Investor B agreed to invest \$15,000, Williams executed a Loan Agreement between
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1 herself, ASG, and Investor B, which was dated April 18, 2015. Williams provided Investor B with two post-
2 dated repayment checks from her personal bank account, including: (1) a \$15,000 check for repayment of the
3 investment principal that was post-dated to June 16, 2015 (approximately two months later); and (2) an \$1,800
4 "interest" check representing a 12% return, which could be cashed on May 1, 2015 (approximately two weeks
5 later).

6 17. Williams made false and misleading statements concerning the use of Investor B's funds.
7 Williams represented to Investor B that her funds would be used to reconfigure ASG's office to accommodate
8 in-house seminars. Williams failed to disclose to Investor B that she would transfer investment funds to her
9 personal bank account. On or about April 20, 2015, Williams deposited Investor B's check into ASG's
10 checking account and transferred \$10,000 to her personal bank account the following day (April 21). Williams
11 later transferred an additional \$2,900 to her personal account. Williams spent much of the remaining funds
12 in the ASG account at restaurants and other retail businesses, including more than \$170 at a spa. By on or
13 about May 8, 2015, the ASG account had a negative balance.

14 18. Williams also misused the funds that she transferred to her personal account. After transferring
15 the \$10,000 to her personal account on April 21, Williams immediately withdrew \$5,000 and subsequently
16 spent hundreds of dollars on payments for utilities and veterinary services. Williams used \$1,200 for an
17 automobile loan payment, and made purchases at clothing stores including Nordstrom, Tommy Bahama, and
18 J. Crew. Within days, Williams's \$1,800 check to Investor B cleared (the post-dated check described above).
19 Williams failed to disclose that the "interest" payment would be funded using Investor B's own funds.
20 Williams later informed Investor B that she should not cash the post-dated \$15,000 repayment check because
21 there were insufficient funds in her account.
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\$40,000 Promissory Note, Agreement, and Guaranty with Investor C

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19. Beginning around March 2015, Williams solicited a California resident (hereinafter, “Investor C”), who later invested \$40,000 in ASG as part of a promissory note investment. Williams met Investor C through her then-boyfriend. On March 18, 2015, Williams sent an email to Investor C stating that she wanted to secure funding by the end of the week for an “aggressive marketing campaign.” Williams stated that the “funds are needed immediately” and that the marketing campaign would yield a “large amount of clients immediately.” The next day, March 19, 2015, Williams sent another email to Investor C that indicated she needed \$9,000 “by tomorrow.” Williams reiterated “The key is funding is needed by tomorrow.”

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20. On April 7, 2015, Williams reported to Investor C that ASG’s business was “moving along” and that it had just secured three new clients from referrals. Williams failed to provide Investor C with any detailed written information regarding the size or number of ASG’s clientele, the amount of revenue generated, or whether ASG’s business operations had been profitable.

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21. On April 21, 2015, Williams signed a promissory note with Investor C, which included an interest rate of 10% per annum. According to the promissory note, Williams would pay \$5,000 to Investor C by September 30, 2015, approximately five months later. The promissory note further specified that an additional \$10,000 was due by the end of October 2015, and the remaining balance was due in December 2015. Williams signed the promissory note as the President of ASG, and executed a guaranty for the promissory note. Investor C was a passive investor and relied on Williams to generate a profit on the investment.

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22. In addition to the promissory note and guaranty, Investor C drafted an Agreement that was signed by Williams. Williams agreed to pay 6% of ASG’s gross revenue to Investor C, in monthly payments. The Agreement also represented that Williams would regularly provide Investor C with financial statements or reports regarding ASG’s gross income. Williams represented that she would certify that the financial

1 reports were accurate. Williams signed the Agreement in her individual capacity and as President of ASG.
2 On May 18, 2015, Investor C wired \$40,000 from an individual retirement account (IRA) to a checking
3 account in the name of ASG located in Bellevue, Washington.

4 23. Williams failed to disclose material information to Investor C concerning her prior
5 background, her personal financial condition, and the financial condition of ASG. Williams failed to disclose
6 to Investor C that she previously filed for bankruptcy in 2010. Williams failed to disclose that her personal
7 bank account and ASG's account were charged overdraft fees in the weeks prior to Investor C's investment.

8 24. Williams made false and misleading statements concerning the use of Investor C's funds. The
9 Agreement represented that all funds received by ASG as part of the \$40,000 promissory note would be used
10 "solely for ASG business purposes." Within approximately two days of the deposit of Investor C's funds into
11 the ASG account, Williams made a \$5,200 withdrawal and two \$2,500 cash withdrawals. Williams also spent
12 more than \$250 at a nail spa and a salon, and more than \$180 at Nordstrom using funds in the ASG account.
13 Williams also transferred \$14,000 (approximately 35% of Investor C's investment funds) to her personal bank
14 account. Williams used more than \$10,000 of Investor C's funds for a payment to a law firm, on behalf of
15 her boyfriend. By June 2015, Williams had overdrawn both her personal bank account and the ASG business
16 account.
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18 *Lulling and Continued Fundraising Efforts*

19 25. Over the next few months, Williams began to lull ASG investors with various excuses for
20 nonpayment. In late June 2015, Investor C contacted Williams regarding his monthly payments and financial
21 reports. Williams stated that ASG did not have any revenue in the last two weeks of May. In August 2015,
22 Williams stated that she had been unable to send information to Investor C because of computer difficulties.

23 26. On September 10, 2015, Investor B filed a civil action against Williams and ASG for breach
24 of contract. Days later, on September 14, 2015, Williams solicited Investor A to invest an additional \$60,000,
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1 stating that ASG needed additional capital to bring on additional clients. Williams represented that five
2 national franchises were interested in using ASG for monthly accounting services. Williams stated that she
3 needed to prepare for the “onslaught of new clients” and she believed that ASG’s net profit would exceed \$4
4 million. Investor A declined to invest any additional funds in ASG. Later that month, Williams informed
5 Investor C that ASG’s current client based provided “just enough revenue to cover operating expenses” and
6 that there had been “very little growth in the last couple months.” Williams represented to Investor C that his
7 investment funds had been used to prepare for “upcoming events and opportunities.”

8 27. By December 2015, Williams filed a personal bankruptcy petition under Chapter 7.
9 Nonetheless, Williams continued to make lulling statements to investors, which falsely reassured them about
10 the status of their investments. In January 2016, Williams sent an email to Investor C, stating: “By the end of
11 next year our annual recurring revenues should be close to \$10M [\$10,000,000].” In July 2016, Williams
12 admitted to Investor C that she “incurred a great deal of debt in the last couple of years” and that she was
13 “working hard” to “pay off all debts.”

14 28. Williams stated to Investor C that she could wire a “small interest payment” to his IRA account.
15 On August 3, 2016, months after the maturity date of the note, Williams wired \$250 to Investor C’s account.
16 A few weeks later, Williams stated that she scheduled automatic interest payments of \$300, which would be
17 wired to his account on the 15th of each month, over the next three months. Investor C did not receive any
18 automatic payments. In October 2016, Investor A and Investor C filed civil actions against Williams and
19 ASG.
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21 Registration Status

22 29. Advisory Services Group, Inc. d/b/a ASG Accounting and Tax is not currently registered to
23 sell its securities in the state of Washington and has not previously been so registered, nor has it filed a claim
24 of exemption from registration.
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1 30. Julia A. Williams is not currently registered as a securities salesperson or broker-dealer in the
2 state of Washington and has not previously been so registered.

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

5 **CONCLUSIONS OF LAW**

6 1. The offer and/or sale of the investments described above constitute the offer and/or sale of a
7 security as defined in RCW 21.20.005(14) and (17).

8 2. Respondents Advisory Services Group, Inc., d/b/a ASG Accounting and Tax and Julia A.
9 Williams have each violated RCW 21.20.010, because, as set forth in the Tentative Findings of Fact, the
10 Respondents made untrue statements of material fact or omitted to state material facts necessary to make the
11 statements made, in light of the circumstances in which they were made, not misleading.

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

13 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities
14 Administrator's designee intends to order, pursuant to RCW 21.20.390(1), that Advisory Services Group,
15 Inc., d/b/a ASG Accounting and Tax and Julia A. Williams, their agents and employees each shall cease and
16 desist from violations of RCW 21.20.010.

17 **NOTICE OF INTENT TO IMPOSE A FINE**

18 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of Law,
19 the Securities Administrator's designee intends to order that Respondent Julia A. Williams shall be liable for
20 and shall pay a fine of \$20,000.

21 **NOTICE OF INTENT TO CHARGE COSTS**

22 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law,
23 the Securities Administrator's designee intends to order that Respondent Julia A. Williams shall be liable for
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1 and shall pay the costs, fees, and other expenses incurred in the administrative investigation and hearing of
2 this matter, in an amount not less than \$2,500.

3 **AUTHORITY AND PROCEDURE**

4 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject
5 to the provisions of Chapter 34.05 RCW. The Respondents may each make a written request for a hearing as
6 set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING
7 accompanying this Order. If a Respondent does not make a hearing request in the time allowed, the Securities
8 Administrator's designee intends to adopt the above Tentative Findings of Fact and Conclusions of Law as
9 final and to enter a permanent order to cease and desist as to that Respondent, to impose any fines sought
10 against that Respondent, and to charge any costs sought against that Respondent.

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12 Signed and Entered this 14th day of March 2018.



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14 *Charles Clark*

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16 _____
17 Charles Clark
18 Deputy Director

19 Approved by:

20 *Suzanne Sarason*

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22 _____
23 Suzanne Sarason
24 Chief of Enforcement

25 Presented by:

26 *Robert Kondrat*

27 _____
28 Robert Kondrat
29 Financial Legal Examiner Supervisor

