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

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IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Securities Act of Washington by:

Order No.: S-17-2216-18-CO01

CONSENT ORDER

James Parker Billington;  
Forte' Investment Advisors LLC;

Respondents

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**INTRODUCTION**

Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the Department of Financial Institutions ("Securities Division") and Respondents James Parker Billington and Forte' Investment Advisors LLC, do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondents James Parker Billington and Forte' Investment Advisors, neither admit nor deny the Findings of Fact and Conclusions of Law as stated below.

**FINDINGS OF FACT**

**Respondents**

1. James Parker Billington ("Billington") resides in Vancouver, Washington. Billington has been licensed in Washington State as an investment adviser representative of Forte Investment Advisors LLC since February 2010. Billington was previously licensed as a securities salesperson with Woodbury Financial Services, Inc. from December 2000 until September 2002. Billington has a Central Registration Depository ("CRD") number of 2428951.

2. Forte' Investment Advisors LLC ("Forte") is a Washington entity formed in February 2010 with its principal place of business in Vancouver, Washington. Forte has been licensed as an investment

CONSENT ORDER

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360-902-8760

1 adviser in Washington State since March 2010. Billington is the managing member, control person, and sole  
2 investment adviser representative of Forte. Forte has a CRD number of 152981.

### 3 **Nature of the Conduct**

#### 4 **Overview**

5 3. Billington, for compensation, sold investments on behalf of three companies: Bean Logik LLC,  
6 Mixcentric Brands Inc., and Pension Income LLC. Billington failed to disclose to investors, some of whom  
7 were his investment advisory clients with Forte, commissions he earned for the sale of these investments.  
8 Billington also failed to disclose to investors that he had prior regulatory actions against him related to the  
9 sale of unregistered securities.

10 4. Forte and Billington failed to update or made false regulatory filings with the Securities  
11 Division regarding Billington's outside business activities as a securities salesperson and his past regulatory  
12 enforcement actions.

13 5. This enforcement action is the Securities Division's third action against Billington involving  
14 the sale of private securities. In addition to the Securities Division's actions, at least two other securities  
15 regulatory bodies have taken enforcement action against Billington related to the sale of private securities.

#### 16 *Past Regulatory Actions*

17 6. On August 22, 2002 the Division of Finance and Corporate Securities Section of the Oregon  
18 Department of Consumer and Business Services ("Oregon Securities") entered into a Consent Order (OR  
19 Order) with Billington. In the OR Order, Oregon found Billington sold unregistered securities in the form of  
20 ownership interests in a company called Epitome, LLC ("Epitome") and made material misrepresentations in  
21 the sales of the interests. Oregon ordered Billington to cease and desist from selling unregistered securities,  
22 acting as an unregistered securities salesperson, and violating any provisions of Oregon securities laws.  
23

1 Oregon also ordered that Billington be denied the use of any securities licensing or registration exemptions in  
2 Oregon securities laws.

3 7. On October 7, 2002 the Securities Division entered a Final Order (“2002 DFI Order”) against  
4 Billington. In the Final Order the Securities Division found that Billington sold unregistered securities in the  
5 form of interests in Epitome, acted as an unregistered securities salesperson, and made untrue statements of  
6 material fact or omitted to state material facts in connection with the sale of securities. The Securities Division  
7 ordered Billington to cease and desist from violations of the securities registration, securities salesperson  
8 registration, and anti-fraud sections of the Securities Act of Washington.

9 8. On June 28, 2004 the National Association of Securities Dealers (“NASD”), a self-regulatory  
10 organization for brokerage firms, entered a Decision & Order of Offer of Settlement (“NASD Settlement”)   
11 against Billington.<sup>1</sup> The NASD Settlement resolved allegations by the NASD that Billington engaged in  
12 private securities transactions without approval from his registered broker-dealer. While not admitting or  
13 denying the allegations, Billington agreed to pay a fine of \$10,000 and to a suspension from association with  
14 any NASD member for nine months.

15 9. On May 27, 2016 the Securities Division entered into a Consent Order (“2016 DFI Order”)   
16 with Billington. The 2016 DFI Order resolved allegations by the Securities Division that Billington engaged  
17 in the sale of unregistered securities, acted as an unregistered securities salesperson, and made untrue  
18 statements of material fact or omitted to state material facts in connection with the sale of life settlements for  
19 Life Partners, Inc. Without admitting or denying the allegations, Billington agreed to cease and desist from  
20 violating the securities registration, securities salesperson registration, and anti-fraud sections of the Securities  
21 Act of Washington.

22 \_\_\_\_\_  
23 <sup>1</sup> The NASD was succeeded as a self-regulatory organization for brokerage firms by the Financial Industry Regulatory Authority, Inc. (“FINRA”) in 2007.

1 **New Securities Violations by Billington**

2 10. In addition to the private placements sold in the above-referenced past regulatory actions,  
3 between 2008 and 2015, Billington sold private placements related to three additional companies: Bean Logik  
4 LLC, Mixcentric Brands Inc., and Pension Income LLC.

5 11. At least one of the offerings was unregistered. Billington failed to disclose his compensation  
6 and past regulatory actions with each of the offerings. Billington sold these investments to some investors  
7 who had little to no prior experience with investments in private placements.

8 *Bean Logik, Inc.*

9 12. Bean Logik LLC (“Bean Logik”) is a Washington entity formed in November 2006 with its  
10 principal place of business located in Vancouver, Washington. Bean Logik sells a brewing system for cold  
11 brew coffee, as well as other cold brew coffee related products. Bean Logik’s manager is Robert Neace  
12 (“Neace”). Neace was also subject to regulatory actions by the Securities Division and Oregon Securities for  
13 his role with Epitome.

14 13. From 2008 through 2015, Billington acted as a finder for Bean Logik, introducing people to  
15 the company for purposes of soliciting them to purchase membership units. Billington introduced at least 20  
16 individuals, including approximately 10 Washington investors, who purchased membership interests in Bean  
17 Logik, raising approximately \$820,000. Bean Logik compensated Billington for acting as a finder in at least  
18 one of the transactions, transferring him membership units in the company.

19 14. Billington generally told Bean Logik investors that their funds would be used to manufacture  
20 a cold brew coffee maker. Billington told at least one investor that the product would be a “sure seller” and  
21 that the investor could get a return on her investment in five years. Billington failed to provide the basis and  
22 assumptions for these projections. Billington failed to disclose to at least one investor his compensation for  
23

1 acting as a finder for Bean Logik. Billington did not disclose the OR Order, 2002 DFI Order, or the NASD  
2 Settlement to Bean Logik investors.

3 15. To date, none of the Bean Logik investors Billington solicited have received a return on their  
4 investment.

5 *Mixcentric Brands, Inc.*

6 16. Mixcentric Brands Inc. (“Mixie”) is a Washington entity formed in July 2011 with its principal  
7 place of business located in Vancouver, Washington. Mixie sells a baby bottle that can separately store baby  
8 formula from water but, when needed, can be mixed with the push of a button.

9 17. In 2013 and 2014, Billington acted as a finder for Mixie, introducing people to the company  
10 for purposes of soliciting them to purchase membership interests. Billington introduced approximately 28  
11 individuals, including approximately six Washington investors, who purchased membership interests in  
12 Mixie, raising at least \$1.7 million. Mixie compensated Billington for acting as a finder with a 10%  
13 commission on the amounts he brought in. Mixie paid Billington 5% of the commission in cash and 5% in  
14 membership units in the company.

15 18. Billington generally told investors that Mixie would be the next big thing in the baby market.  
16 Billington offered some investors projections on possible returns on their investment and the timing of such  
17 returns. Billington suggested potential returns on investment ranging from two times the investment to as  
18 much as 10 to 20 times the investment. Billington told some investors that Mixie targeted being bought out  
19 by a larger competitor corporation. Billington told multiple investors that they could cash out of their  
20 investment within five years. He told at least one investor that they could cash out within two years of the  
21 investment. Billington failed to provide the basis and assumptions for these projections. Billington failed to  
22 disclose his compensation for acting as a finder for Mixie. Billington also did not disclose the OR Order, 2002  
23 DFI Order, or the NASD Settlement to Mixie investors.

1 19. To date, none of the Mixie investors Billington solicited have received a return on their  
2 investment.

3 *Pension Income LLC*

4 20. Pension Income LLC (“Pension Income”) is a California entity formed in September 2011 with  
5 its principal place of business located in Huntington Beach, California. Pension Income offered pension  
6 “advances” or loans to individuals with pensions (“Pensioners”). Pension Income provided the loans in  
7 exchange for all or a portion of the Pensioner’s future pension payments. Pension Income sold these future  
8 pension payment streams, which it called cash flow assets, at a discount to investors (“Purchasers”) in order  
9 to fund the loans to the Pensioners.

10 21. Pension Income documented the sale of the cash flow assets to Purchasers through a series of  
11 documents (“Cash Flow Agreements”). In the Cash Flow Agreements, Pension Income documented the  
12 expected monthly payments from the Pensioner to the Purchaser, the aggregate amount of the expected  
13 payments, and the discounted purchase price for the expected payment stream. Pension Income generally  
14 structured the Cash Flow Agreements to result in a return on investment to the Purchaser of six percent.  
15 Pension Income guaranteed the principal amount that the Purchaser paid for the Cash Flow Agreements.

16 22. While Pension Income structured the Cash Flow Agreements to appear to be an agreement  
17 between the Pensioner and the Purchaser, Pension Income facilitated all facets of the transactions. Pension  
18 Income provided details on the Pensioners to the Purchasers through its network of salespersons, typically  
19 investment advisers. Pension Income collected the funds from the Purchaser, withdrew its fees and the fees  
20 to its salespersons, and then distributed the funds to the Pensioner. Similarly, Pension Income collected the  
21 monthly pension payments from the Pensioners to distribute to the Purchasers.



1 28. Item 11D(1) of Form ADV asks whether any state regulatory agency has ever found any  
2 advisory affiliate<sup>2</sup> to have made a false statement or omission. Item 11D(2) asks whether any state regulatory  
3 agency has ever found any advisory affiliate to have been involved in a violation of investment-related  
4 regulations or statutes. A ‘Yes’ answer to either question requires the adviser to provide details of the  
5 regulatory action.

6 29. Forte falsely answered ‘No’ to Items 11D(1) and 11D(2) in all 18 Form ADV filings it made.  
7 The OR Order and the 2002 DFI Order required Forte to answer ‘Yes’ to both questions and provide a  
8 description of each action in every filing. The 2016 DFI Order required Forte to answer ‘Yes’ for each Form  
9 ADV filing it made after the order was entered in May 2016.

10 30. Item 11D(5) asks whether any state regulatory agency has ever restricted an advisory affiliate’s  
11 activity. A ‘Yes’ answer requires the adviser to provide details of the state regulatory action. Forte falsely  
12 answered ‘No’ to Item 11D(5) in four filings made after 2015. The 2002 DFI Order suspended Billington for  
13 30 days and the OR Order denied Billington the use of any securities licensing or registrations exemptions in  
14 Oregon securities laws. In 14 filings from 2010 to 2015, Forte correctly answered ‘Yes’ to Item 11D(5), but  
15 only disclosed the 2002 DFI Order. Forte never disclosed the OR Order against Billington in any ADV Filing.

16 31. Item 11E(2) of Form ADV asks whether any self-regulatory organization has ever found an  
17 advisory affiliate in violation of rules of the self-regulatory organization. Item 11E(4) asks whether any self-  
18 regulatory organization has ever suspended an advisory affiliate. Forte Falsely answered ‘No’ to Item 11E(2)  
19 in all 18 of its Form ADV filings. The 2004 NASD Settlement included violations by Billington of NASD  
20 rules. Forte also falsely answered ‘No’ to Item 11E(4) in four ADV filings made after 2015. The NASD  
21 Settlement included a suspension for Billington.

22  
23 <sup>2</sup> Item 11 instructions define advisory affiliate to include control persons for the adviser.





1 37. Billington falsely answered ‘No’ to 14D(2)(b) in his February 2010 Form U4 Filing. The OR  
2 Order and the 2002 DFI Order both constituted final orders based on violations of laws that prohibited fraud,  
3 manipulative, or deceptive conduct.

4 *Failure to Update Form U4*

5 38. Under WAC 460-24A-205, investment advisers and investment adviser representatives have a  
6 continuing obligation to update the information required by Form ADV and Form U4 as changes occur.  
7 Investment adviser representatives must promptly file any amendments to Form U4. An amendment is  
8 considered promptly filed if it is filed within 30 days of the event that requires the filing of the amendment.

9 39. Billington has not filed any amendments to his Form U4 since his initial registration as an  
10 investment adviser representative of Forte in 2010. Billington should have filed multiple amendments to his  
11 Form U4 after 2010 to disclose his outside business activities and regulatory actions against him.

12 40. Billington failed to update his Form U4 and modify his answers to Item 14D(1) and (2) to  
13 reflect a state regulatory action, the 2016 DFI Order, after it was entered in May 2016.

14 41. Item 13 of Form U4 asks the registrant whether he or she is engaged in any other business  
15 activity and, if so, to describe the business activity. Billington answered ‘Yes’ to Item 13 of his Form U4 in  
16 2010 and described his insurance services business. However, Billington failed to amend his U4 to describe  
17 his outside business activities as a securities salesperson for Bean Logik, Mixie, and Pension Income.

18 **Registration Status**

19 42. Billington is not currently registered as a securities salesperson or broker-dealer in the state of  
20 Washington and has not previously been so registered.

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

2 **CONCLUSIONS OF LAW**

3 1. The offer and/or sale of the Bean Logik membership units, Mixie membership units, and  
4 Pension Income Cash Flow Agreements described above constitute the offer and/or sale of a security as  
5 defined in RCW 21.20.005(14) and (17).

6 2. James Parker Billington has violated RCW 21.20.140, because, as set forth in the Findings of  
7 Fact, Respondents offered and/or sold securities for which no registration is on file with the Securities  
8 Administrator.

9 3. James Parker Billington has violated RCW 21.20.040 by offering and/or selling said securities  
10 while not being registered as a securities salesperson or broker-dealer in the state of Washington.

11 4. James Parker Billington has violated RCW 21.20.010, because, as set forth in the Tentative  
12 Findings of Fact, Respondents made untrue statements of material fact or omitted to state material facts  
13 necessary to make the statements made, in light of the circumstances in which they were made, not  
14 misleading.

15 5. Pursuant to RCW 21.20.450 and WAC 460-24A-047, the Form U4 James Parker Billington  
16 filed and the Form ADV Filings that James Parker Billington made on behalf of Forte' Investment Advisors  
17 LLC constitute filings with the director for purposes of RCW 21.20.350.

18 6. James Parker Billington and Forte' Investment Advisors LLC have each willfully violated  
19 RCW 21.20.350 by making Form ADV and Form U4 filings that were materially false or misleading.

20 7. James Parker Billington violated WAC 460-24A-205 because he failed to promptly file  
21 amendments to his Form U4 to reflect a regulatory action filed against him and to reflect his outside  
22 business activities with Bean Logik, Mixie, and Pension Income.

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

**CONSENT ORDER**

**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

1 **CONSENT ORDER**

2 IT IS AGREED AND ORDERED that Respondent James Parker Billington, his agents, and  
3 employees each shall cease and desist from violating RCW 21.20.140, the securities registration section of  
4 the Securities Act of Washington.

5 IT IS FURTHER AGREED AND ORDERED that Respondent James Parker Billington, his agents,  
6 and employees each shall cease and desist from violating RCW 21.20.040, the securities salesperson and  
7 broker-dealer registration section of the Securities Act of Washington.

8 IT IS FURTHER AGREED AND ORDERED that Respondent James Parker Billington, his agents  
9 and employees each shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the  
10 Securities Act of Washington.

11 IT IS FURTHER AGREED AND ORDERED that Respondents James Parker Billington and Forte'  
12 Investment Advisors LLC, their agents and employees each shall cease and desist from violating RCW  
13 21.20.350, the false filing section of the Securities Act of Washington.

14 IT IS FURTHER AGREED AND ORDERED that Respondent James Parker Billington will cease and  
15 desist from violating WAC 460-24A-205.

16 IT IS FURTHER AGREED AND ORDERED that Respondent James Parker Billington's registration  
17 as an investment adviser representative is hereby revoked.

18 IT IS FURTHER AGREED AND ORDERED that any broker-dealer, securities salesperson,  
19 investment adviser, or investment adviser representative registration applications James Parker Billington  
20 may file in the future will be denied.

21 IT IS FURTHER AGREED AND ORDERED that Respondent Forte' Investment Advisors LLC's  
22 registration as an investment adviser is hereby revoked.

1 IT IS FURTHER AGREED AND ORDERED that any broker-dealer or investment adviser  
2 registration applications Forte' Investment Advisors LLC may file in the future will be denied.

3 IT IS FURTHER AGREED AND ORDERED that James Parker Billington shall be liable for and shall  
4 pay a fine of \$20,000.

5 IT IS FURTHER AGREED AND ORDERED that the payment of the \$20,000 fine described above  
6 shall be made as follows: Beginning January 2, 2019, James Parker Billington will make monthly payments  
7 of \$5,000 towards the fine for four consecutive months. Each payment will be due on the first business day  
8 following the first day of the month.

9 IT IS FURTHER AGREED that if James Parker Billington fails to make any monthly payment toward  
10 the fine, the remainder of the fine imposed in this Consent Order shall become immediately due and payable,  
11 and the Securities Division may seek enforcement of this Consent Order pursuant to RCW 21.20.395.

12 IT IS FURTHER AGREED AND ORDERED that James Parker Billington shall be liable for and shall  
13 pay investigative costs of \$5,000 prior to the entry of this Consent Order.

14 IT IS FURTHER AGREED that, except in an action by the Securities Division of the Washington  
15 State Department of Financial Institutions to enforce the obligations of Respondents James Parker Billington  
16 and Forte' Investment Advisors in this Consent Order, this Consent Order is not intended to be used as an  
17 admission of or evidence of any fault, omission or liability of Respondents James Parker Billington and Forte'  
18 Investment Advisors in any civil, criminal, arbitration, or administrative proceeding.

19 IT IS FURTHER AGREED that, for any person or entity not a party to this Consent Order, this  
20 Consent Order is not intended to limit or create any private rights or remedies against, or limit or create  
21 defenses of Respondents James Parker Billington and Forte' Investment Advisors.

22 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.  
23

1 IT IS FURTHER AGREED that Respondents James Parker Billington and Forte' Investment Advisors  
2 LLC entered into this Consent Order freely and voluntarily and with a full understanding of its terms and  
3 significance.

4 IT IS FURTHER AGREED that in consideration of the foregoing, Respondents, James Parker  
5 Billington and Forte' Investment Advisors LLC, waive their right to a hearing and to judicial review of this  
6 matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.

7 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

8  
9 Signed this 29th day of November 2018.

10 Signed by:  
11 Forte' Investment Advisors LLC

12  
13 /s/  
James Parker Billington  
14 Managing Member

15  
16 Signed by:  
17  
18 /s/  
James Parker Billington, Individually

19 Approved as to form by:  
20  
21 /s/  
22 Phillip Haberthur, Attorney for Respondents  
WSBA #38038

23  
**CONSENT ORDER**

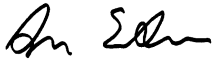
**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

1 SIGNED and ENTERED this 4th day of December 2018.

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6 William M. Beatty  
7 Securities Administrator

8 Approved by:

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10 \_\_\_\_\_  
11 Suzanne Sarason  
12 Chief of Enforcement

13 Presented by:

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15 \_\_\_\_\_  
16 Jack McClellan  
17 Financial Legal Examiner

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CONSENT ORDER

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