| 1 | STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS | |
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| 2 | SECURITIES DIVISION | |
| 3 | IN THE MATTER OF DETERMINING registration under the Securities Act of | Order Number S-17-2343-18-SC01 |
| 4 | Washington of: | STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER AN ORDER TO |
| 5 | GORDON BOLSTER ADVISORS, LLC | CEASE AND DESIST, DENY FUTURE |
| 6 | (CRD 167875) and GORDON BOLSTER (CRD 4175826), | REGISTRATIONS, IMPOSE FINES, AND CHARGE COSTS |
| 7 | Despendents | |
| 8 | Respondents. | |
| 9 | | don Bolster Advisors, LLC, CRD 167875 don Bolster, CRD 4175826 |
| 10 | | |
| 11 | STATEMENT OF CHARGES | |
| 12 | Please take notice that the Securities Administrator of the State of Washington has reason to | |
| 13 | believe that the Respondents, Gordon Bolster Advisors, LLC and Gordon Bolster have each violated the | |
| 14 | Washington Securities Act. The Washington Securities Administrator believes that those violations justify | |
| 15 | the entry of an order to cease and desist from violations of the Securities Act of Washington, deny future | |
| 16 | registration requests by Gordon Bolster Advisors and Gordon Bolster, impose a fine, and charge costs and | |
| 17 | that such an order is in the public's interest. The Washington Securities Administrator finds as follows: | |
| 18 | TENTATIVE FINDINGS OF FACT | |
| 19 | Respondents | |
| 20 | 1. Gordon Bolster Advisors, LLC (GBA) was registered as a Washington state investment | |
| 21 | adviser from 2013 to December 31, 2017 when it failed to renew is registration. The firm's Central | |
| 22 | Registration Depository (CRD) number is 167875. | |
| 23 | STATEMENT OF CHARGES AND NOTICE OF INTENT TO 1 ENTER AN ORDER TO CEASE AND DESIST, DENY FUTURE | DEPARTMENT OF FINANCIAL INSTITUTIONS Securities Division |
| 24 | REGISTRATIONS, IMPOSE FINES, AND CHARGE COSTS | PO Box 9033 Olympia, WA 98507-9033 360-902-8760 |
| 25 | | |

2. Gordon Bolster was the sole investment adviser representative and manager of GBA. His individual CRD number is 4175826.

Nature of the Conduct

3. GBA failed to meet its minimum financial requirements, failed to keep required books and records, sold unregistered securities, failed to update its Form ADV to disclose a conflict of interest, and violated the Idaho Securities Act.

4. On or about October 19, 2017, pursuant to a routine Securities Division examination, GBA
provided the Securities Division a balance sheet. According to the balance sheet, GBA was not meeting its
minimum financial requirement of \$10,000 in net worth. It is unknown how long GBA was not meeting its
minimum financial requirement as GBA had not reported this to the Securities Division as is required and
did not have the records necessary to determine its financial condition. After the examination, the
Securities Division was working with GBA to resolve this issue when GBA stopped responding to the
Securities Division.

In addition, during the Securities Division's examination it was discovered that Bolster was
offering and selling securities of USI-Tech. The money invested in USI-Tech was pooled with other
investors' funds and used for cryptocurrency mining and arbitrage. The USI-Tech investment promised to
pay a return of approximately 1% each day for 140 trading days for a total return of up to 140%. For each
investor introduced to USI-Tech, USI-Tech paid Bolster a commission of ten (10) percent of the amount
invested. Bolster was not registered as a broker-dealer or securities salesperson during the time he offered
and sold the USI-Tech investments.

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6. There is no record that USI-Tech registered their securities or filed a notice of a claim of an exemption from registration in Washington.

STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER AN ORDER TO CEASE AND DESIST, DENY FUTURE REGISTRATIONS, IMPOSE FINES, AND CHARGE COSTS

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7. In or about 2017, Mr. Bolster introduced four Washington residents to USI-Tech who 1 invested approximately \$30,000. Bolster received a 10% commission on each of the investments. After 2 Bolster sold the unregistered securities, USI-Tech shut down its North American operations. 3 8. GBA did not disclose on its Form ADV that Bolster had an expectation of receiving 4 compensation for selling the USI-Tech security. GBA should have amended its Form ADV to disclose 5 6 this information before the sales occurred so that its clients could evaluate Bolster's conflict of interest 7 when deciding whether to purchase the security. 9. Lastly, GBA and Bolster entered into an Agreement and Order no. 2017-7-18 with the 8 9 Idaho Department of Finance, Securities Bureau, stating that they provided investment advisory services from a place of business in Idaho without applying for registration as an investment adviser or investment 10 adviser representative. GBA and Bolster agreed that this conduct violated Idaho Uniform Securities Act 11 and to pay a fine. 12 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made: 13 **CONCLUSIONS OF LAW** 14 1. Gordon Bolster Advisors failed to maintain a minimum financial requirement of \$10,000 in 15 net worth in violation of WAC 460-24A-170(1). Pursuant to RCW 21.20.110(1)(b), such a violation is a 16 17 basis to enter an order to deny future registrations, impose a fine, and charge costs. 2. Gordon Bolster Advisors failed to maintain financial records necessary to calculate its net 18 19 worth as required by WAC 460-24A-200(1)(d). Pursuant to RCW 21.20.110(1)(b), such a violation is a 20 basis to enter an order to deny future registrations, impose a fine, and charge costs. 21 22 23 STATEMENT OF CHARGES AND NOTICE OF INTENT TO 3 DEPARTMENT OF FINANCIAL INSTITUTIONS ENTER AN ORDER TO CEASE AND DESIST. DENY FUTURE Securities Division REGISTRATIONS, IMPOSE FINES, AND CHARGE COSTS PO Box 9033 24 Olympia, WA 98507-9033

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- Gordon Bolster sold the USI-Tech securities while not being registered as a broker-dealer or
 securities salesperson in violation of RCW 21.20.040. Pursuant to RCW 21.20.110(1)(b), such a violation is
 a basis to enter an order to deny future registrations, impose a fine, and charge costs.
- 4 4. Gordon Bolster sold unregistered securities in violation of RCW 21.20.140. Pursuant to
 5 RCW 21.20.110(1)(b), such a violation is a basis to enter an order to deny future registrations, impose a
 6 fine, and charge costs and is a basis to enter an order to cease and desist pursuant to RCW 21.20.390.
- 5. Gordon Bolster Advisors engaged in a dishonest or unethical business practice as defined in
 WAC 460-24A-220(11) when it failed to update its Form ADV to disclose that Bolster's conflict of interest
 associated with the expectation of receipt of compensation from USI-Tech. Pursuant to RCW
 21.20.110(1)(g), such a violation is a basis to enter an order to deny future registrations, impose a fine, and
 charge costs.
- Gordon Bolster Advisors engaged in a dishonest or unethical business practice as defined in
 WAC 460-24A-220(20) when it provided investment advisory services from a place of business in Idaho
 without being registered in Idaho. Pursuant to RCW 21.20.110(1)(g), such a violation is a basis to enter an
 order to deny future registrations, impose a fine, and charge costs.
- 7. Respondents are subject to the Idaho Agreement and Order no 2017-7-18 that states they
 violated the Idaho Uniform Securities Act. Pursuant to RCW 21.20.110(1)(f), such Agreement and Order is
 a basis to enter an order to deny future registrations, impose a fine, and charge costs.
- 19 8. Respondent Gordon Bolster as the person who controls Gordon Bolster Advisors is
 20 responsible for Gordon Bolster Advisors' violations of the Securities Act. This is a basis to sanction him
 21 under RCW 21.20.110(6) to the same extent as Gordon Bolster Advisors.

STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER AN ORDER TO CEASE AND DESIST, DENY FUTURE REGISTRATIONS, IMPOSE FINES, AND CHARGE COSTS

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NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST

Pursuant to RCW 21.20.390 and based on the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order Gordon Bolster to cease and desist from violations of RCW 21.20.0140.

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NOTICE OF INTENT TO DENY FUTURE REGISTRATIONS

Pursuant to RCW 21.20.110(1) and based upon the above Tentative Findings of Fact and Conclusions of Law the Washington Securities Administrator intends to deny future investment adviser investment adviser representative, broker-dealer, or securities salesperson registration requests by Gordon Bolster Advisors and by Gordon Bolster.

NOTICE OF INTENT TO IMPOSE FINES

Pursuant to RCW 21.20.110(1) and based upon the above Tentative Findings of Fact and 11 Conclusions of Law the Securities Administrator intend to order that Respondents shall be liable for and 12 shall pay a fine of at least \$10,000. 13

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NOTICE OF INTENT TO CHARGE COSTS

Pursuant to RCW 21.20.110(7) and based upon the above Tentative Findings of Fact and 15 Conclusions of Law the Securities Administrator intend to order that Respondents shall be liable for and 16 17 shall pay costs of at least \$2,500.

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AUTHORITY AND PROCEDURE

19 This Statement of Charges is entered pursuant to the provisions of chapter 21.20 RCW and is 20 subject to the provisions of chapter 21.20 RCW and 34.05 RCW. The Respondents may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND 21 22 OPPORTUNITY FOR HEARING accompanying this Order. If a respondent does not request a hearing, 23 STATEMENT OF CHARGES AND NOTICE OF INTENT TO 5 DEPARTMENT OF FINANCIAL INSTITUTIONS ENTER AN ORDER TO CEASE AND DESIST, DENY FUTURE Securities Division REGISTRATIONS, IMPOSE FINES, AND CHARGE COSTS

the Securities Administrator intends to adopt the foregoing Tentative Findings of Fact and Conclusions of Law as final as to that respondent and enter an order to cease and desist, denying future registrations, imposing fines, and charging costs.

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DATED and ENTERED this <u>3rd</u> day of August, 2018.

In Seats

WILLIAM M. BEATTY Securities Administrator

Approved by:

An Elm

Suzanne Sarason Chief of Enforcement

Presented by:

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Kriskn-Standifor

Kristen Standifer Financial Legal Examiner

STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER AN ORDER TO CEASE AND DESIST, DENY FUTURE REGISTRATIONS, IMPOSE FINES, AND CHARGE COSTS DEPARTMENT OF FINANCIAL INSTITUTIONS Securities Division PO Box 9033 Olympia, WA 98507-9033 360-902-8760