STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION

IN THE MATTER OF DETERMINING registration under the Securities Act of Washington of:

CONSENT ORDER

GORDON BOLSTER ADVISORS, LLC (CRD 167875) and GORDON BOLSTER (CRD 4175826),

Respondents.

responden

THE STATE OF WASHINGTON TO:

Gordon Bolster Advisors, LLC, CRD 167875 Gordon Bolster, CRD 4175826

Order Number S-17-2343-19-CO01

Gordon Boister, CKD 4173620

INTRODUCTION

On August 3, 2018, the Securities Administrator of the Department of Financial Institutions, Securities Division (Securities Division) issued Statement of Charges, Order number S-17-2343-18-SC01 against Respondents, Gordon Bolster Advisors, LLC and Gordon Bolster. Pursuant to the Securities Act, Chapter 21.20 RCW, Respondents and the Securities Division do hereby enter into this Consent Order in settlement of the matters alleged herein. The Securities Administrator believes that entry of a Consent Order is in the public interest and is appropriate for the protection of investors.

FINDINGS OF FACT

Respondents

1. Gordon Bolster Advisors, LLC (GBA) was registered as a Washington state investment adviser from 2013 to December 31, 2017 when it failed to renew or withdraw its registration. The firm's Central Registration Depository (CRD) number is 167875.

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2. Gordon Bolster was the sole investment adviser representative and manager of GBA. His individual CRD number is 4175826. He is not currently registered.

Nature of the Conduct

- 3. As discussed below, GBA failed to meet its minimum financial requirements and failed to keep required books and records necessary to determine its net worth; sold unregistered securities and failed to update its Form ADV to disclose a conflict of interest in regard to the sales of those unregistered securities; and GBA violated the Idaho Uniform Securities Act by providing investment advisory services from a place of business in Idaho while not being registered as an investment adviser in Idaho.
- 4. On or about October 19, 2017, pursuant to a routine Securities Division examination, GBA provided the Securities Division a balance sheet. The balance sheet showed that 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 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.
- 5. 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 10% 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 its securities or filed a notice of a claim of an exemption from registration in Washington.
- 7. In or about 2017, Mr. Bolster introduced three Washington residents to USI-Tech who invested approximately \$12,700. Bolster received a 10% commission on each of the investments. After Bolster sold the unregistered securities, USI-Tech shut down its North American operations.
- 8. GBA did not disclose on its Form ADV that Bolster had an expectation of receiving compensation for selling the USI-Tech security. GBA should have amended its Form ADV to disclose this information before the sales occurred so that its clients could evaluate Bolster's conflict of interest when deciding whether to purchase the security.
- 9. Lastly, GBA and Bolster entered into an Agreement and Order no. 2017-7-18 with the Idaho Department of Finance, Securities Bureau, stating that Respondents provided investment advisory services from a place of business in Idaho without applying for registration as an investment adviser or investment adviser representative in Idaho. In the Order Respondents agreed that this conduct violated Idaho Uniform Securities Act and to pay a fine.

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

CONCLUSIONS OF LAW

- 1. Gordon Bolster Advisors failed to maintain a minimum financial requirement of \$10,000 in violation of WAC 460-24A-170(1). 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.
- 2. Gordon Bolster Advisors failed to maintain financial records necessary to calculate its net worth as required by WAC 460-24A-200(1)(d). 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.

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- 3. The offer and sale of USI-Tech described above constitutes the offer and sale of a security as defined in RCW 21.20.005(14) and (17).
- 4. Gordon Bolster sold unregistered securities in violation of RCW 21.20.140. 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 and is a basis to enter an order to cease and desist pursuant to RCW 21.20.390.
- 5. 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 and is a basis to enter an order to cease and desist pursuant to RCW 21.20.390.
- 6. 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.
- 7. Respondent Gordon Bolster as the person who controls Gordon Bolster Advisors is responsible for Gordon Bolster Advisors' violations of the Securities Act. This is a basis to sanction him under RCW 21.20.110(6) to the same extent as Gordon Bolster Advisors.

CONSENT ORDER

Based on the foregoing and finding it in the public interest:

IT IS AGREED AND ORDERED that Respondents will cease and desist from violations of the RCW 21.20.040, the securities salesperson and broker-dealer registration section of the Securities Act of Washington.

IT IS AGREED AND ORDERED that Respondents will cease and desist from violations of the RCW 21.20.140, the securities registration section of the Securities Act of Washington.

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360-902-8760

1	IT IS AGREED AND ORDERED that any future broker-dealer or investment adviser registration			
2	requests by Respondents shall be denied.			
3	IT IS AGREED AND ORDERED that any securities salesperson or investment adviser			
4	representative registration requests by Gordon Bolster shall be denied for a period of 2 years from the			
5	entry of this consent order.			
6	IT IS FURTHER AGREED AND ORDERED that Respondents shall be liable for and pay a fine			
7	\$10,000 and costs of \$2,500. The fine and costs are suspended until such time as Mr. Bolster applies for			
8	Washington registration as an investment adviser, investment adviser representative, broker-dealer, or			
9	securities salesperson.			
10	IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent			
1	Order.			
12	IT IS FURTHER AGREED that Respondents enter into this Consent Order freely and voluntarily			
13	with full understanding of its terms and significance.			
14	IT IS FURTHER AGREED that in consideration of the foregoing, Respondent waives his right to			
15	hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.			
16	AUTHORITY AND PROCEDURE			
17	This Consent Order is entered pursuant to the provisions of chapter 21.20 RCW and is subject to			
18	the provisions of RCW 21.20.120 and Chapter 34.05 RCW. The Respondents have been notified of their			
19	right to an administrative hearing and have waived that right.			
20	WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.			
21	Signed by:			
22	Gordon Bolster Advisers, LLC			
23	CONSENT ORDER 5 DEPARTMENT OF FINANCIAL INSTITUTIONS Securities Division			
24	PO Box 9033 Olympia, WA 98507-9033 360-902-8760			

1	/s/	
2	Gordon Bolster, Manager	
3	Signed by:	
4		
5	/s/	
6	Gordon Bolster, Individually	
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8	DATED and ENTERED this <u>25th</u>	day of March, 2019.
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10		William Francis
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12		WILLIAM M. BEATTY Securities Administrator
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14	Approved by:	Presented by:
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16	on sun	Kriskn-Standifor
17	Suzanne Sarason	Kristen Standifer
18	Chief of Enforcement	Financial Legal Examiner
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