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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:

Lockett, Brian J. (CRD # 4573162),
Respondent.

Order No.: S-20-2882-20-CO01

CONSENT ORDER

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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 Respondent Brian J. Lockett (CRD #4573162) (Lockett) do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondent Lockett neither admits nor denies the Findings of Fact and Conclusions of Law as stated below.

FINDINGS OF FACT

Respondent

1. Lockett is a resident of Bothell, Washington. Lockett is an investment adviser representative (IAR) and Vice President of Comprehensive Wealth Management, LLC (CRD # 116958), a Securities and Exchange Commission-registered investment adviser. Lockett has been registered in Washington as an IAR with Comprehensive Wealth Management since 2002. Lockett has been dually-registered in Washington as a representative with multiple broker-dealers for most of the period since 2002. At the time of the conduct alleged below, Lockett was registered as a representative of Geneos Wealth Management, Inc. (CRD # 120894) (Geneos). Lockett is currently registered with Independent Financial Group, LLC (CRD # 7717).

CONSENT ORDER

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

1 **Nature of the Conduct**

2 2. In 2012, Lockett participated in a private securities transaction for a client without providing
3 prior written notice to Geneos, his associated broker-dealer at the time, an act known as “selling away.”
4 The client was a Comprehensive Wealth Management client, and Lockett primarily communicated with the
5 client about the investment using his Comprehensive Wealth Management email account. The signature in
6 the email account identified Lockett as a “wealth manager” and “owner” of Comprehensive Wealth
7 Management, and included his designation as a certified financial planner.

8 3. Lockett participated in the transaction by introducing the investment, a private offering, to the
9 client; highlighted the aspects of the investment he thought were appealing; recommended a specific
10 amount, \$50,000.00, for the client to invest in the offering, based on Lockett’s evaluation of the client’s net
11 worth and liquid amount to invest; and caused the client’s paperwork to be submitted to invest in the
12 offering. Lockett did not receive compensation for this transaction, but had individually invested at least
13 \$50,000.00 in the offering prior to it.

14 4. In 2013, Lockett attempted to conceal this transaction from Geneos by asking the client to use
15 Lockett’s personal email address for any future conversations about the investment. Using Lockett’s
16 personal email for communications would take the communications outside of Geneos’ supervision and
17 monitoring procedures.

18 5. In 2017, Lockett, Comprehensive Wealth Management, and Independent Financial Group
19 entered into a settlement agreement with the client regarding this transaction. As part of this settlement, the
20 client transferred the successor shares to the offering in which the client originally invested to
21 Comprehensive Wealth Management.

22 6. On November 12, 2019, Lockett entered into a Letter of Acceptance, Waiver, and Consent
23 (AWC) with the Financial Industry Regulatory Authority (FINRA), the self-regulatory organization for

1 broker-dealers and their representatives, regarding the actions taken by Lockett in 2012 and 2013. FINRA
2 found that, based on his conduct, Lockett violated NASD Rule 3040(b) and FINRA Rule 2010.

3 7. In entering into the AWC, Lockett did not admit nor deny FINRA's findings, and agreed to a
4 \$5,000.00 fine and a 45-day suspension.

5 8. On May 27, 2020, Lockett entered into a Stipulation and Waiver with the California
6 Department of Insurance for failing to timely report the FINRA action to the Department. Lockett denied
7 the allegations contained in the Department of Insurance's formal accusation, but admitted that he failed to
8 timely notify the Department of Insurance about a change in background information. Lockett agreed to
9 pay \$850.00 in costs and penalties to the Department of Insurance.

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

11 **CONCLUSIONS OF LAW**

12 1. Under RCW 21.20.110(1)(e)(iii), the Securities Administrator may deny, suspend, revoke,
13 restrict, condition, or limit any application or registration of any broker-dealer, salesperson, investment
14 adviser representative, or investment adviser, upon a finding that the applicant or registrant is the subject
15 of an order, entered after notice and opportunity for hearing, by a self-regulatory organization suspending
16 or expelling the registrant from membership in a self-regulatory organization.

17 2. The Securities Administrator may do the same under RCW 21.20.110(1)(f), upon a finding
18 that the applicant or registrant is the subject of an order, adjudication, or determination, after notice and
19 opportunity for hearing, by the Securities and Exchange Commission, the Commodities Futures Trading
20 Commission, the Federal Trade Commission, or a securities or insurance regulator of any state that the
21 person has violated the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment
22 Advisers Act of 1940, the Investment Company Act of 1940, the Commodities Exchange Act, the securities,
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1 insurance, or commodities law of any state, or a federal or state law under which a business involving
2 investments, franchises, business opportunities, insurance, banking, or finance is regulated.

3 3. The Securities Administrator may also do the same under RCW 21.20.110(1)(g), upon a
4 finding that the applicant or registrant engaged in dishonest or unethical business practices in the securities
5 or commodities business.

6 4. Lockett's AWC with FINRA constitutes an order, entered after notice and opportunity for
7 hearing, by a self-regulatory organization suspending him from membership in a self-regulatory
8 organization under RCW 21.20.110(1)(e)(iii).

9 5. Lockett's Stipulation and Waiver with the California Department of Insurance constitutes an
10 order, after notice and opportunity for hearing, with an insurance regulator of a state for a violation of state
11 insurance law under RCW 21.20.110(1)(f).

12 6. Lockett violated WAC 460-22B-090(2) by selling away from the books and records of his
13 broker-dealer without prior written authorization. Violations of WAC 460-22B-090(2) constitute dishonest
14 and unethical business practices in the securities business under RCW 21.20.110(1)(g).

15 7. Lockett violated WAC 460-22B-090(19) by failing to follow FINRA rules. Violations of
16 WAC 460-22B-090(19) constitute dishonest and unethical business practices in the securities business
17 under RCW 21.20.110(1)(g).

18 8. Lockett violated RCW 21.20.20(1)(c) and WAC 460-24A-220 by attempting to conceal from
19 his associated firm his role in the client transaction. Violations of RCW 21.20.20(1)(c) and WAC 460-24A-
20 220 constitute dishonest and unethical business practices in the securities business under RCW
21 21.20.110(1)(g).

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

1 **CONSENT ORDER**

2 IT IS AGREED AND ORDERED that Respondent Lockett shall be suspended for a period of 45
3 days from acting as an investment adviser representative. This suspension shall be applied retroactively to
4 be served concurrent to Respondent Lockett's 45-day suspension imposed by the Financial Industry
5 Regulatory Authority. Respondent Lockett shall not collect investment adviser fees from clients for a period
6 of 45 days following the entry of this Consent Order.

7 IT IS FURTHER AGREED AND ORDERED that, as a condition of his continued registrations as
8 an investment adviser representative and registered representative, Respondent Lockett's sponsoring firms
9 for his respective registrations must provide the Securities Division with an acceptable plan of supervision
10 that addresses compliance with his firms' private securities transactions and book and records policies. Such
11 plan must be in place for at least two years and the Securities Division must be notified before the plan is
12 modified or terminated.

13 IT IS FURTHER AGREED AND ORDERED that Respondent Lockett shall pay a fine of \$5,000.00
14 on or before the entry of this Consent Order.

15 IT IS FURTHER AGREED AND ORDERED that Respondent Lockett shall be liable for and shall
16 pay investigative costs of \$2,550.00 on or before entry of this Consent Order.

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

18 IT IS FURTHER AGREED that Respondent Lockett entered into this Consent Order freely and
19 voluntarily and with a full understanding of its terms and significance.

20 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent Lockett waives his
21 right to a hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.

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

1 Signed this 10th day of November, 2020.

2 Signed by:

Approved as to form by:

3
4 /s/
5 Brian J. Lockett, Individually

6 /s/
7 Roger D. Mellem, Attorney for Respondent
8 WSBA # 14917

9 SIGNED and ENTERED this 10th day of November, 2020.

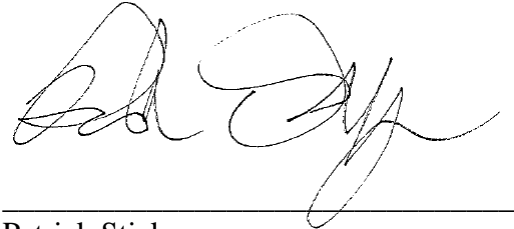
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11 William M. Beatty
12 Securities Administrator

13 Approved by:

Presented by:

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16 Suzanne Sarason
17 Chief of Enforcement

18 Patrick Stickney
19 Financial Legal Examiner

20 Reviewed by:

21 

22 Jack McClellan
23 Financial Legal Examiner Supervisor