

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING) Order No.: S-20-3011-21-FO01
5 Whether there has been a violation of the)
6 Securities Act of Washington by:) ENTRY OF FINDINGS OF FACT AND
7 Sun Asset Management, Inc., CRD 140435,) CONCLUSIONS OF LAW AND FINAL ORDER TO
8 and Kevin Liu, CRD 4394803,) REVOKE REGISTRATIONS, IMPOSE FINES, AND
9 Respondents.) CHARGE COSTS
10)
11)
12)
13)

14 THE STATE OF WASHINGTON TO: Sun Asset Management, Inc., CRD 140435
15 Kevin Liu, CRD 4394803

16 **INTRODUCTION**

17 On October 15, 2020, the Securities Administrator of the state of Washington issued Summary Order
18 to Suspend Registrations and Notice of Intent to Enter an Order to Revoke Registrations, Impose Fines, and
19 Charge Costs, Order No. S-20-3011-20-TO01 (“Summary Order”) against Respondents Sun Asset
20 Management, Inc. and Kevin Liu. In their applications for registration under the Securities Act of
21 Washington (“Securities Act”), Respondents appointed the Director of the Washington State Department of
22 Financial Institutions (“Director”) to receive service of process on their behalf in any proceeding arising
23 under the Securities Act. On November 13, 2020, Respondents were sent copies of the Summary Order, a
24 Notice of Opportunity to Defend and Opportunity for Hearing (“Notice of Opportunity for Hearing”), and an
25 Application for Adjudicative Hearing (“Application for Hearing”) via registered mail to their addresses on
file with the Director. Additionally, the Securities Division sent Respondents copies of the Summary Order,
Notice of Opportunity for Hearing, and Application for Hearing via email.

1 The Notice of Opportunity for Hearing advised Respondents that a written application for an
2 administrative hearing on the Summary Order must be received within twenty days from the date of receipt
3 of the notice. Respondents confirmed receipt via email of the Summary Order, Notice of Opportunity for
4 Hearing, and Application for Hearing. Respondents submitted a statement for the Securities Administrator’s
5 consideration, but failed to request an administrative hearing on the Application for Hearing provided or
6 otherwise.

7 After considering the Respondents’ statement, the Securities Administrator will adopt as final the
8 following Findings of Fact and Conclusions of Law as set forth in the Summary Order and enter a final order
9 against the Respondents to revoke registrations, impose fines, and charge costs.

10 The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

11
12 **FINDINGS OF FACT**

13 **Respondents**

14 1. Sun Asset Management, Inc. (“Sun Asset Management”) was registered as an investment
15 adviser with the Washington State Securities Division (“Securities Division”) from June 27, 2006 to
16 October 15, 2020, when its registration was suspended. Sun Asset Management’s investment adviser
17 Central Registration Depository (“CRD”) number is 140435.

18 2. Kevin Liu is the owner of Sun Asset Management. He was registered as an investment
19 adviser representative with the Securities Division from June 27, 2006 to October 15, 2020, when his
20 registration was suspended. Mr. Liu’s CRD number is 4394803.

21 **Nature of the Conduct**

22 3. Each investment adviser registered with the Securities Division must, under RCW
23 21.20.100(4) make its books and records available to the Securities Division for periodic examination.

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1 4. The Securities Division conducts examinations of the books and records of investment
2 advisers to verify investment advisers are complying with the Securities Act and providing proper disclosure
3 to clients.

4 5. From July 9, 2020, to September 21, 2020, the Securities Division made multiple attempts to
5 schedule an examination of Sun Asset Management. The examination would involve a call between the
6 Securities Division and Sun Asset Management, with Sun Asset Management providing requested
7 documents to the Securities Division via cloud system in advance of the call. The examination would not
8 require travel by representatives of Sun Asset Management or the Securities Division.

9 6. After initially agreeing to an examination date of August 27, 2020, Respondents repeatedly
10 asked for an extension to the examination date and asked about possible exemptions to examination. On
11 August 24, September 1, and September 21, the Securities Division offered to reschedule the examination
12 for mid-October, but Respondents did not accept this offer.

13 7. Mr. Liu informed the Securities Division that he is located in Hong Kong and that Sun Asset
14 Management has one client. He further indicated to the Securities Division that he does not have access to
15 some documents from his location, although the content of these documents was not specified. The
16 Securities Division instructed Respondents to provide any and all requested documents that are accessible.

17 8. On September 21, 2020, the Securities Division informed Respondents by email that it was
18 necessary that Respondents select a date for the examination in the range of October 12-16. Otherwise, the
19 matter would be referred to enforcement for suspension of license.

20 9. Respondents replied to the Securities Division by email on September 24, 2020. In their
21 reply, Respondents did not agree to one of the proposed dates but rather reiterated their interest in an
22 exemption or extension.

23 10. After Respondents' September 24, 2020 email, the Securities Division received no further
24 communication from Respondents prior to the issuance of the Summary Order on October 15, 2020.

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

1 **CONCLUSIONS OF LAW**

2 1. Respondent Sun Asset Management has willfully violated RCW 21.20.100(4) by failing to
3 make its books and records available to the Securities Division for examination. Such conduct is grounds for
4 an order to revoke an investment adviser registration under RCW 21.20.110(1)(b), impose a fine under
5 RCW 21.20.110(1), and charge costs under RCW 21.20.110(7).

6 2. Kevin Liu as the person who controls Sun Asset Management is responsible for its violations
7 of RCW 21.20.100. Such conduct is grounds for an order to revoke an investment adviser representative
8 registration under RCW 21.20.110(6), impose a fine under RCW 21.20.110(1), and charge costs under
9 RCW 21.20.110(7).

10
11 **FINAL ORDER**

12 Based upon the foregoing, and finding it in the public interest:

13 IT IS HEREBY ORDERED that the investment adviser registration of Sun Asset Management and
14 the investment adviser representative registration of Kevin Liu are revoked.

15 IT IS FURTHER ORDERED that Sun Asset Management shall be liable for and shall pay a fine of
16 \$1,000.

17 IT IS FURTHER ORDERED that Kevin Liu shall be liable for and shall pay a fine of \$1,000.

18 IT IS FURTHER ORDERED that Respondents each shall be liable for and shall pay costs of \$200.

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20 **AUTHORITY AND PROCEDURE**

21 This Final Order is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the
22 provisions of Chapter 34.05 RCW and RCW 21.20.440. The Respondents have a right to petition the
23 superior court for judicial review of this agency action under the provisions of Chapter 34.05 RCW. For the
24 requirements for judicial review, see RCW 34.05.510 and sections following. Pursuant to RCW 21.20.395, a
25 certified copy of this order may be filed in superior court. If so filed, the clerk shall treat the order in the

1 same manner as a superior court judgment as to the fine and the fine may be recorded, enforced, or satisfied
2 in like manner.

3 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.


5 SIGNED AND ENTERED THIS 24th day of March, 2021.



William M. Beatty
Securities Administrator

10 Approved by:

Presented by:



Suzanne Sarason
Chief of Enforcement



Brook Kellerman
Compliance Legal Examiner