

1 2. Ben Heeb (“Heeb”) is a registered investment adviser representative of BHA, and is also the
2 firm’s president and managing member. Heeb’s CRD number is 3036833.

3 3. Susan Williams (“Williams”) is a registered investment adviser representative and the chief
4 compliance officer for BHA. Williams’ CRD number is 3062867.

5 **Nature of the Conduct**

6 **Overview**

7 4. On two separate occasions in November 2020, BHA’s computer systems were affected by a
8 ransomware virus which crippled the firm’s computer systems and necessitated the replacement of most of
9 their computer hardware. Although they replaced the affected computers and upgraded their security
10 programs, BHA failed to establish, maintain, and enforce policies and procedures reasonably designed to
11 ensure an adequate response to the incident. In particular, Heeb, Williams, and BHA (a) took no action to
12 evaluate whether sensitive client information such as Social Security numbers had been extracted by the virus;
13 (b) took no action to evaluate the source of the virus; and (c) did not inform clients or regulators of the incident
14 until several months later, after prompting during an exam by the Securities Division’s Licensing and
15 Examinations Unit.

16 **November 2020 Incidents**

17 5. First, in either the evening of November 11 or the morning of November 12, 2020, BHA’s
18 computer systems were affected by a virus which renamed the files on two of the firm’s computers, which
19 prevented the users of those computers from accessing key programs and files. A.G., a former employee at
20 the firm who worked at the time as an independent contractor for tech issues and was primarily responsible
21 for the firm’s response, described it as “a doozie of a virus.” As a result of the virus, BHA elected to replace
22 the affected computers.
23

1 server system by bypassing security mechanisms and steal sensitive information like passwords, personal and
2 financial data which they can send back to the hacker.” W.B. informed Heeb and Williams that he could not
3 definitively say whether client data had been copied and extracted from the servers, but recommended that
4 the firm report the incident to clients and law enforcement authorities such as the FBI; A.G. concurred with
5 W.B.’s recommendation.

6 9. Heeb and Williams did not follow W.B.’s recommendation. Rather, they decided that they
7 would wait to see if any clients reported identity theft issues or hacking attempts which may have been
8 connected to the virus on BHA’s systems, and determine at that point whether to report it to clients and/or
9 law enforcement authorities. While the firm did ultimately inform clients of the virus, they did so only in
10 response to prompting from Securities Division staff during an early 2021 examination of the firm.

11 10. BHA did not have preexisting policies in place concerning its response to a ransomware
12 incident, and did not develop policies in response to the incident. In particular, BHA did not have or develop
13 policies concerning (a) the circumstances under which the firm would need to determine whether client data
14 had been compromised; (b) how the firm would make such a determination; (c) the specific circumstances
15 under which the firm would report a possible data breach to client; or (d) how to evaluate whether a client
16 being hacked was connected to the November virus.

17 **Williams’ Access to Client Accounts**

18 11. On at least one occasion, Williams accessed a client’s account using that client’s own username
19 and password, a practice which has been prohibited by Washington regulation since February 2019. In
20 testimony before the Securities Division, Williams estimated that she had done so at least one time, but not
21 more than five, since the passage of that regulation. Williams testified that she was aware of the regulation
22 which prohibited this practice.

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

1 **CONCLUSIONS OF LAW**

2 1. Ben Heeb, Susan Williams, and Stock Management LLC d/b/a Ben Heeb & Associates failed
3 to establish, maintain, and enforce written physical and cyber security policies and procedures reasonably
4 designed to ensure the security and integrity of their physical and electronic records pursuant to WAC 460-
5 24A-200(1)(bb). This failure constituted a dishonest or unethical practice in the securities business, as defined
6 by WAC 460-24A-220(17).

7 2. Susan Williams engaged in dishonest or unethical practices in the securities business, as
8 defined by WAC 460-24A-220(26), by accessing a client’s account using that client’s own unique identifying
9 information. Such conduct is ground to suspend an investment adviser representative registration under RCW
10 21.20.110(1)(b) and (1)(g), to impose fines under RCW 21.20.110(1), and to charge costs under RCW
11 21.20.110(7).

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

13 **CONSENT ORDER**

14 IT IS AGREED AND ORDERED that Respondent Susan Williams shall be suspended for a period of
15 30 days, beginning January 14, 2022, from acting as an investment adviser representative.

16 IT IS FURTHER AGREED AND ORDERED that Respondents Ben Heeb, Susan Williams, and Stock
17 Management LLC d/b/a Ben Heeb & Associates shall develop written policies and procedures designed to
18 address the firm’s response to computer viruses, ransomware, or hacking attempts in which client information
19 may have been compromised.

20 IT IS FURTHER AGREED AND ORDERED that Respondents Ben Heeb, Susan Williams, and Stock
21 Management LLC d/b/a Ben Heeb & Associates shall pay a fine of \$10,000 on or before the entry of this
22 Consent Order.

23 **CONSENT ORDER**

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

1 IT IS FURTHER AGREED AND ORDERED that Respondents Ben Heeb, Susan Williams, and Stock
2 Management LLC d/b/a Ben Heeb & Associates shall be liable for and shall pay investigative costs of \$5,000
3 on or before entry of this Consent Order.

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

5 IT IS FURTHER AGREED that Respondents Ben Heeb, Susan Williams, and Stock Management
6 LLC d/b/a Ben Heeb & Associates entered into this Consent Order freely and voluntarily and with a full
7 understanding of its terms and significance.

8 IT IS FURTHER AGREED that in consideration of the foregoing, Respondents Stock Management
9 LLC d/b/a Ben Heeb & Associates, Ben Heeb, and Susan Williams waive their right to a hearing and to
10 judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.

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

12
13 Signed this 11th day of January, 2022.

14
15 Signed by:
16 Stock Management LLC

17
18 /s
19 Ben Heeb
President

20 Signed by:
21
22 /s
Susan Williams, Individually

