

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Securities Act of Washington by:

Investment Design Management, LLC;
Maximillian Morgan;
Justin Sumner,

Respondents.

Order No. S-24-3828-24-SC01

STATEMENT OF CHARGES AND NOTICE OF
INTENT TO ENTER ORDER TO CEASE AND
DESIST, TO IMPOSE A FINE, TO ORDER
DISGORGEMENT, AND TO CHARGE COSTS

THE STATE OF WASHINGTON TO: Investment Design Management, LLC
Maximillian Morgan
Justin Sumner

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondents Investment Design Management, LLC, Maximillian Morgan, and Justin Sumner violated the Securities Act of Washington. The Securities Administrator believes these violations justify the entry of an order against Respondents Investment Design Management, LLC, Maximillian Morgan, and Justin Sumner to cease and desist from such violations, to impose a fine, to order disgorgement, and to charge costs pursuant to RCW 21.20.390 and RCW 21.20.395. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondents

1. Investment Design Management, LLC ("Investment Design") is an Oregon entity formed on March 30, 2016, with its principal place of business in West Linn, Oregon. Investment Design has been licensed as an investment adviser in Oregon since April 24, 2017. Investment Design provides investment advisory services to individual clients, including portfolio management and financial planning. Its Central Registration Depository ("CRD") number is 285724.

STATEMENT OF CHARGES AND NOTICE OF INTENT TO
ENTER ORDER TO CEASE AND DESIST, TO IMPOSE A FINE,
TO ORDER DISGORGEMENT, AND TO CHARGE COSTS

DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 41200
Olympia, WA 98504-1200
360-902-8760

2. Maximillian Morgan (“Morgan”) resides in West Linn, Oregon. Morgan is the chief compliance officer and an owner of Investment Design. Morgan has been licensed as an investment adviser representative of Investment Design in Oregon since April 24, 2017. His CRD number is 5266876.

3. Justin Sumner (“Sumner”) resides in Pahrump, Nevada. Sumner is an investment adviser representative of Investment Design. Sumner has been licensed as an investment adviser representative of Investment Design in Oregon since July 19, 2023. His CRD number is 5466087.

Nature of the Conduct

1. From October 27, 2022, through April 23, 2023, Investment Design provided investment advisory services for a fee for more than five Washington clients without proper registration.

2. From April 23, 2023, through August 18, 2023, Investment Design provided investment advisory services for a fee for five or less Washington clients.

3. From August 18, 2023, through the present, Investment Design has been providing investment advisory services for a fee for more than five Washington clients without proper registration.

4. At the time of this order, Investment Design have fifty-nine Washington advisory clients.

5. From October 27, 2022, through April 23, 2023, Investment Design charged Washington clients fees totaling \$12,731.27 for advisory services. From August 18, 2023, through the present, Investment Design charged Washington clients fees totaling \$275,332.04 for advisory services in which Investment Design received \$39,872.12 and Sumner received \$235,459.92. In aggregate, from October 27, 2022, through the present, Investment Design charged Washington clients fees totaling \$288,063.31 without proper registration.

Registration

6. Respondent Investment Design is not currently registered as an investment adviser in the state of Washington and has not previously been so registered. The application is in pending status.

7. Respondent Morgan is not currently registered as an investment adviser or investment adviser representative in the state of Washington and has not previously been so registered. The application is in pending status.

8. Respondent Sumner is not currently registered as an investment adviser or investment adviser representative in the state of Washington and has not previously been so registered. The application is in pending status.

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

CONCLUSIONS OF LAW

1. Respondent Investment Design acted as an investment adviser as defined in RCW 21.20.005(8) when, for compensation, it engaged in the business of advising others as to the value of securities or as to the advisability of investing in, purchasing, or selling securities.

2. Respondent Morgan acted as an investment adviser representative as defined in RCW 21.20.005(9) when, while employed by or associated with an investment adviser, they provided investment advice, managed client accounts, made investment recommendations, sold investment advisory services, and/or supervised others doing the same.

3. Respondent Sumner acted as an investment adviser representative as defined in RCW 21.20.005(9) when, while employed by or associated with an investment adviser, they provided investment advice, managed client accounts, made investment recommendations, sold investment advisory services, and/or supervised others doing the same.

4. Respondent Investment Design violated RCW 21.20.040 by transacting business as an investment adviser while not registered or exempt from registration in Washington.

5. Respondent Morgan violated RCW 21.20.040 by transacting business as an investment adviser while not registered or exempt from registration in Washington.

1 6. Respondent Sumner violated RCW 21.20.040 by transacting business as an investment adviser
2 while not registered or exempt from registration in Washington.

3 **NOTICE OF INTENT TO ORDER THE RESPONDENTS TO CEASE AND DESIST**

4 Pursuant to RCW 21.20.390(1) and based upon the Tentative Findings of Fact and Conclusions of
5 Law, the Securities Administrator intends to order Investment Design, Morgan, and Sumner, and their agents
6 and employees, to each permanently cease and desist from violating RCW 21.20.040.

7 **NOTICE OF INTENT TO ORDER DISGORGEMENT**

8 Pursuant to RCW 21.20.390(1) and (6) and based upon the Tentative Findings of Fact and Conclusions
9 of Law, the Securities Administrator intends to order that:

- 10 1. Investment Design and Morgan shall be jointly and severally liable for and shall disgorge
11 \$39,872.12 to Washington clients, and
12 2. Sumner shall disgorge \$235,459.92 to Washington clients.

13 **NOTICE OF INTENT TO IMPOSE FINES**

14 Pursuant to RCW 21.20.395(1) and based upon the Tentative Findings of Fact and Conclusions of
15 Law, the Securities Administrator intends to order that:

- 16 1. Investment Design and Morgan shall be jointly and severally liable for and shall pay a fine of
17 \$10,000, and
18 2. Sumner shall be liable for and shall pay a fine of \$10,000.

19 **NOTICE OF INTENT TO CHARGE COSTS**

20 Pursuant to RCW 21.20.390(5) and based upon the Tentative Findings of Fact and Conclusions of
21 Law, the Securities Administrator intends to order that:

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William M. Beatty
Securities Administrator

Approved by:

/s/

Brian J. Guerard
Chief of Enforcement

Presented by:

/s/

James Lee
Financial Legal Examiner