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**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:

Rhonda Lee Breard,

Respondent.

S-10-048-10-SC01

STATEMENT OF CHARGES AND NOTICE OF
INTENT TO ENTER ORDER TO CEASE AND
DESIST, DENY FUTURE REGISTRATIONS,
IMPOSE FINES, AND RECOVER COSTS

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THE STATE OF WASHINGTON TO: Rhonda Lee Breard (CRD# 1231763)

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STATEMENT OF CHARGES

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Please take notice that the Securities Administrator of the State of Washington has reason to believe that the Respondent Rhonda Lee Breard has violated the Securities Act of Washington and has engaged in dishonest and unethical practices in the securities business. The Securities Administrator believes this justifies the entry of an order to cease and desist from such violations pursuant to RCW 21.20.390, to deny future securities registrations pursuant to RCW 21.20.110(1), and to impose fines and recover costs.

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TENTATIVE FINDINGS OF FACT

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Respondent

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1. Rhonda Lee Breard ("Breard") is a Washington resident. Breard was first employed in the securities industry in 1981 and has been employed by several broker-dealers. Most recently, Breard was employed with ING Financial Partners, Inc. ("ING Financial Partners") from February 2002 until her

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

1 termination on February 10, 2010. While employed with ING Financial Partners, Breard conducted her
2 business under the name Breard & Associates Financial Services until approximately 2005 when she
3 established Breard and Associates Wealth Management, LLC (“Breard and Associates Wealth
4 Management”). Breard and Associates Wealth Management was located in Kirkland, Washington.
5 Breard was the President of Breard and Associates Wealth Management, through which she operated her
6 securities and insurance business. Breard and Associates Wealth Management has never been registered
7 in Washington or elsewhere as a broker-dealer or investment advisor. Breard was registered as a
8 securities salesperson with the Washington State Securities Division for several periods between May
9 1984 and February 2010. Breard was also registered as an investment adviser representative with the
10 Washington State Securities Division from May 2003 to February 2010. Breard has been a Washington
11 State licensed insurance agent from August 1991 to present.

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13 Nature of the Conduct

14 2. Beginning in at least July 2003 and continuing until approximately February 2010, Respondent
15 Breard engaged in a scheme to defraud many of her customers at Breard and Associates Wealth
16 Management. There is some indication that the scheme may have started as early as 2000. Respondent
17 Breard misappropriated approximately \$9 million dollars from approximately 39 customers, for her
18 personal use.

19 3. Respondent Breard conducted financial seminars in the greater Seattle area. The majority of
20 customers that Respondent Breard defrauded had attended her seminars and subsequently became
21 customers of Breard and Associates Wealth Management. Respondent Breard selected her victims
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1 carefully; she chose to defraud her customers that had the most trust in her. When the scheme began,
2 Respondent Breard targeted a few of her elderly, retired customers. The scheme soon evolved to include
3 customers that were seeking long-term investments in preparation for their future retirement.

4 4. To initiate the scheme, Respondent Breard recommended that the customers rollover the funds
5 in their brokerage account or annuity into a new investment. She often told the customers that she was
6 recommending the rollover because their existing account was going to start charging a fee and/or that
7 the new account would offer a better rate of return. Respondent Breard usually recommended that the
8 customers re-invest the funds in brokerage accounts or products with ING Financial Partners or TD
9 Ameritrade or annuities with Jackson National Life Insurance Company (“Jackson National”). The
10 products that Respondent Breard recommended to customers included at least two that do not exist: a
11 one year CD with ING Financial Partners that paid 7% interest and an annuity with Jackson National
12 with a 5% bonus.

13 5. Respondent Breard told many of the customers that they would receive a check from the
14 account they were rolling over and that they should deposit it in their bank account. She then instructed
15 many of the customers to write a personal check or cashier’s check payable to “Breard and Associates,”
16 “Breard and Associates- ING,” or “Breard and Associates- JNL” and deliver the checks to her. Some
17 customers also wired funds to Breard, and it is believed that some customers endorsed the checks they
18 received from liquidating their accounts to Respondent Breard.
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1 6. Over time, some customers added additional funds to their new accounts or purchased
2 additional products from her. As before, the customers either wrote checks payable to “Breard and
3 Associates” or some variation thereof, wired funds, or endorsed checks to Respondent Breard.

4 7. After receiving the checks or wired funds from customers, Respondent Breard did not transmit
5 the funds to the broker-dealer or insurance company. Instead, Respondent Breard deposited the funds
6 into her personal bank account.

7 8. The amount of funds misappropriated by Respondent Breard increased significantly from when
8 the scheme began. In 2003 she is believed to have misappropriated at least \$127,393; in 2004 she is
9 believed to have misappropriated at least \$396,657; in 2005 she is believed to have misappropriated
10 approximately \$808,345; in 2006 she is believed to have misappropriated at least \$451,967; in 2007 she
11 is believed to have misappropriated approximately \$2.6 million dollars; in 2008 she is believed to have
12 misappropriated approximately \$2.3 million dollars; in 2009 she is believed to have misappropriated
13 approximately \$2.7 million dollars; and in 2010 she is believed to have misappropriated at least
14 \$364,526 before her scheme was discovered.
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16 Breard’s Activities to Conceal Her Scheme

17 9. In order to maintain the illusion that she had re-invested the victims’ money, Respondent
18 Breard sent some of the victims account statements for their new brokerage accounts or annuities.
19 Respondent Breard identified an existing ING Financial Partners, TD Ameritrade, or Jackson National
20 customer who had an account with the same or similar amount that the victim was purportedly investing.
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1 Respondent Breard would then insert the victim's name onto the account statement in place of the real
2 account owner's name. Respondent Breard sent the altered statements to the victims via U.S. mail.

3 10. Respondent Breard also met with many victims regularly and gave them account updates that
4 purported to reflect their financial position, including the non-existent investments she had undertaken to
5 buy for them.

6 11. Some victims believed they had pension accounts or annuities with Respondent Breard, for
7 which they expected to receive regular distributions. To maintain the illusion that she had re-invested
8 the victims' money, Respondent Breard deposited personal checks in the victims' bank accounts on an
9 annual or monthly basis. The victims believed the money was coming from their pension or annuity. It
10 is believed that the money deposited by Respondent Breard came from the misappropriated customer
11 funds.

12 12. By not re-investing the victims' funds, Respondent Breard created a taxable event for some of
13 the victims. Some victims were notified by the IRS about the tax liability. It is believed that at least two
14 victims contacted Respondent Breard about the tax liability; Respondent Breard explained to at least one
15 victim that this occurred because she had held on to the victim's checks for too long before she re-
16 invested the money. Respondent Breard paid the tax liability for at least two of the victims.

17 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:
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19 **CONCLUSIONS OF LAW**

20 1. Rhonda Lee Breard, as described above, engaged in one or more dishonest or unethical
21 practices in the securities business, as defined by WAC 460-22B-090, by operating a scheme to defraud
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1 customers out of millions of dollars. Such practice is grounds for the suspension or revocation of her
2 securities salesperson and investment adviser representative registration pursuant to RCW
3 21.20.110(1)(g).

4 2. Rhonda Lee Breard, as described above, offered and sold securities in violation of RCW
5 21.20.010 because she employed a scheme to defraud customers; made untrue statements of material
6 fact and omitted to state material facts necessary in order to make the statements made, in light of the
7 circumstances under which they were made, not misleading; and engaged in an act, practice, or course
8 of business that operated as a fraud or deceit upon customers.

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10 **NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST**

11 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities
12 Administrator intends to order that the Respondent Rhonda Lee Breard shall cease and desist from
13 violation of RCW 21.20.010.
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16 **NOTICE OF INTENT TO DENY FUTURE REGISTRATIONS**

17 Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and
18 Conclusions of Law, the Securities Administrator intends to order that any future securities
19 applications of the Respondent Rhonda Lee Breard as an investment adviser, broker-dealer,
20 investment adviser representative, or securities salesperson shall be denied.
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NOTICE OF INTENT TO IMPOSE FINES

Pursuant to RCW 21.20.395 and RCW 21.20.110, and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that the Respondent Rhonda Lee Breard shall be liable for and pay a fine of \$50,000.

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NOTICE OF INTENT TO CHARGE COSTS

Pursuant to RCW 21.20.390(5), and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that the Respondent Rhonda Lee Breard shall be liable for and pay the Securities Division the costs, fees and other expenses incurred in the conduct of the investigation of this matter in an amount not less than \$25,000.

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AUTHORITY AND PROCEDURE

This Statement of Charges is entered pursuant to the provisions of RCW 21.20.110, RCW 21.20.390, and RCW 21.20.395 and is subject to the provisions of RCW 21.20.120 and RCW 34.05. The Respondent, Rhonda Lee Breard, may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order.

If the Respondent does not request a hearing in this matter, the Securities Administrator intends to adopt the foregoing Tentative Findings of Fact and Conclusions of Law as final, and as described above

1 enter a permanent order to cease and desist, bar future securities registrations, and impose the fine and
2 recover costs.

3 DATED AND ENTERED this 6th day of April, 2010.

4 By:

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6 _____
7 Suzanne Sarason
8 Chief of Enforcement

9 Presented by:

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11 _____
12 Bridgett Fisher
13 Enforcement Attorney

14 Presented by:

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16 _____
17 Jiyoung Kwon
18 Enforcement Attorney