



STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

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January 21, 2010

Dear Registered Investment Adviser:

We are writing to remind you of fiscal year end requirements that must be completed within 90 days of the end of your fiscal year. If your fiscal year ends on December 31, you must satisfy these requirements by March 31, 2010.

File Balance Sheet and Fiscal Year End Report

You must complete the attached Fiscal Year End Report, which should be signed by a principal of the firm, and submit it together with the firm's balance sheet dated as of your fiscal year end. If your principal place of business is in the State of Washington, your balance sheet must show a net worth of at least \$35,000 if you have custody and \$10,000 if you have discretion. If your firm is headquartered in another state, you just need to check off that you are in compliance with that state's net worth requirements, if any.

The balance sheet, Fiscal Year End Report and Form ADV Part II (if an amendment is needed) should be sent to the attention of Bruce Johnson, whose contact information is listed at the end of this notice. Since the report form requires a manual signature please send the form and the balance sheet via regular mail or express delivery.

Form ADV Part 1 – Annual Amendment

Pursuant to WAC 460-24A-205(1)(b), you must annually file a Form ADV Part 1 on the IARD system. Annual amendments are filed by accessing the IARD system at <https://www.webiard.com/iad>. Once you are on the site map, look under the Forms column, ADV, click on New Filing, and then under ADV Filing Types click on "Submit an annual updating amendment to your registration for your fiscal year ended _____". For more detailed information on this process, please consult the IARD User's Manual, Chapter Five: Organization Form Filing at http://www.iard.com/firm_users_man.asp. The IARD Help Desk at 240-386-4848 can also assist you if you have any problems.

In the past some advisers mistakenly believed they had filed the updated Form and were surprised to be contacted by the Securities Division because no Form had been received. Before you submit the filing, click on the "Completeness Check" hyperlink in the upper left hand corner and take care of any problems. Next, click on "Print Preview" and either print off or download a copy of the Form for your records. Then, click on

“Submit Filing”, which opens up another screen. It should say “ADV on-line completeness checks passed successfully”. Then click on “Submit Filing” and another screen appears that should say “Filing Successfully Queued for Submission”. Click on “OK”, and then you should get a message that the filing was successfully submitted.

Because we have had difficulty getting a number of advisers to file Form ADV Part 1 on an annual basis, this year we will be strictly enforcing this rule and advisers who do not file will be referred to Enforcement for administrative action. This will be true even for advisers who determine that no information needs to be updated. In this case, all you need to do is click through each Item, pass the completeness check, and then submit the Form as outlined above.

Amend Form ADV Part II

You must review your firm’s Form ADV Part II, make any necessary amendments, and file those with the Securities Division, either directly with the Division or through the IARD. On the North American Securities Administrators Association’s website at http://www.nasaa.org/industry_regulatory_resources/investment_advisers/758.cfm, a .pdf version of the Form is available that can be filled out and saved to your computer, so that you will be able make changes to it in the future without having to retype the whole Form again. There are also instructions for uploading the Form to IARD.

Review your Form U4’s

Form U4 was amended in November 2009 by adding several additional disclosure questions. At that time the Division notified advisers of the need to update Form U4 for their investment adviser representatives. If you have not already done so, please review the information disclosed for your representatives, answer the additional questions in Section 14, and resubmit the U4’s on the CRD system.

Send Form ADV Part II and Privacy Policy to Clients

WAC 460-24A-145(3)(a) requires advisers to deliver, or offer to deliver, a copy of their most recent Form ADV Part II to their clients on an annual basis. For your records, the best practice is to attach a copy of the Form (or your offer of the Form) to your client list and note the date it was sent (doing this via e-mail is acceptable). If only the offer was made, you need to track who requested the Form and when it was sent out.

Federal Trade Commission rules require you to annually furnish a copy of your privacy policy to your clients. Again, the best practice is to attach a copy of the policy to your client list and note the date it was sent.

Warning to late and non-filers

As a registered investment adviser you are required at all times to be in compliance with the statutes and rules regulating advisers. Although we are not required to do so, as a courtesy our practice has been to contact advisers who fail to make the proper filings and remind them of their obligations. The Division has a zero-tolerance policy for tardy or non-filers.

Absent some extenuating circumstance, which should be communicated in writing to the Division, advisers who fail to file the required documents by March 31st can expect to be referred to Enforcement for administrative action, which may include the suspension or revocation of your registration and fines.

Questions?

If you have any questions regarding this notice, please contact Bruce Johnson at:

Phone: 360-902-8781

E-mail: bjohnson@dfi.wa.gov

Fax: 360-704-6981

Regular Mail

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Express Delivery

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