

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

4 IN THE MATTER OF DETERMINING) Order Number S-05-015-05-SC01
5 Whether there has been a violation of the)
6 Securities Act of Washington by:) STATEMENT OF CHARGES AND NOTICE
7 Legacy Capital Group; Pacific Capital) OF INTENT TO ENTER ORDER TO CEASE
8 Development; Guy Beatty) AND DESIST AND TO IMPOSE FINES
9) AND RECOVER COSTS
10)
11 Respondents.)

12 THE STATE OF WASHINGTON TO: Legacy Capital Group
13 Pacific Capital Development
14 Guy Beatty

15 **STATEMENT OF CHARGES**

16 Please take notice that the Securities Administrator of the State of Washington has reason
17 to believe that Respondents, Legacy Capital Group, Pacific Capital Development, and Guy
18 Beatty, have each violated the Securities Act of Washington and that their violations justify the
19 entry of an order of the Securities Administrator under RCW 21.20.390 against each to cease and
20 desist from such violations. The Securities Administrator finds as follows:

21 **TENTATIVE FINDINGS OF FACT**

22 **I. PARTIES**

23 1. Legacy Capital Group Ltd. ("Legacy") is a trust established in Oregon with its
24 principal place of business at One World Trade Center, 121 SW Salmon Street, 11th Floor,
Portland, Oregon 97204.

2. Guy Beatty is the principal of Legacy.

STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER ORDER TO CEASE AND DESIST AND TO IMPOSE FINES AND RECOVER COSTS

1

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

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

2 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities
3 Administrator intend to order that Respondents, Legacy Capital Group, Pacific Capital
4 Development, Guy Beatty, their agents and employees each cease and desist from violations of
5 RCW 21.20.010, RCW 21.20.040, and RCW 21.20.140.

6
7 **NOTICE OF INTENT TO IMPOSE FINES AND RECOVER COSTS**

8 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and
9 Conclusions of Law, the Securities Administrator intends to order that Respondents, Legacy
10 Capital Group, Pacific Capital Development, and Guy Beatty, shall be jointly and severally liable
11 for and pay a fine of \$20,000.

12 Pursuant to RCW 21.20.390 and based upon the Tentative Findings of Fact and
13 Conclusions of Law, the Securities Administrator intends to order that Respondents, Legacy
14 Capital Group, Pacific Capital Development, and Guy Beatty, shall be jointly and severally liable
15 for and pay to the Securities Division the costs, fees, and other expenses incurred in the conduct
16 of investigating this matter, in an amount no less than \$ 5,000.

17
18 **AUTHORITY AND PROCEDURE**

19 This Statement of Charges is entered pursuant to the provisions of RCW 21.20.390 and
20 21.20.395 and is subject to the provisions of RCW 34.05. The Respondents, Legacy Capital
21 Group, Pacific Capital Development, and Guy Beatty, may each make a written request for a
22 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY
23 FOR HEARING accompanying this order.

1 If a Respondent does not request a hearing, the Securities Administrator intends to adopt
2 the above Tentative Findings of Fact and Conclusions of Law as final and enter a permanent
3 cease and desist order and impose fines and costs as to that Respondent.

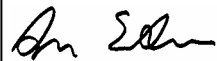
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5 **CONTINUING INVESTIGATION**

6 The Securities Division is continuing to investigate this matter, including the practices of
7 Respondents, to determine the full extent of the violations of the Securities Act that may have
8 occurred.

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10 Dated and Entered this 9th day of September, 2005.

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12 
13 MICHAEL E. STEVENSON
14 Securities Administrator

15 Approved by:

16 

17 Suzanne Sarason
18 Chief of Compliance &
19 Examinations

20 Presented by:

21 

22 Kate Reynolds
23 Financial Legal Examiner