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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:

JAMES F. REITAN CFP LLC;
JAMES F. REITAN,

Respondents.

Order Number S-08-098-08-FO01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL
ORDER TO REVOKE REGISTRATION AND
IMPOSE FINES

THE STATE OF WASHINGTON TO:

James F. Reitan CFP LLC (CRD #120473)
James F. Reitan (CRD #1308635)

STATEMENT OF CHARGES

On April 21, 2008, the Securities Administrator of the State of Washington issued Statement of Charges and Notice of Intent to Revoke Registration and Impose Fines S-08-089-08-SC01, hereinafter referred to as "Statement of Charges," against James F. Reitan CFP LLC and James F. Reitan.

The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing, hereinafter referred to as "Notice of Opportunity for Hearing," and an Application for Adjudicative Hearing, hereinafter referred to as "Application for Hearing," were served on James F. Reitan CFP LLC and James F. Reitan on May 19, 2008.

The Notice of Opportunity for Hearing advised James F. Reitan CFP LLC and James F. Reitan that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. James F. Reitan CFP LLC and James F. Reitan each returned the Application for Hearing and indicated that each waived the right to a hearing. In lieu of

1 requesting a hearing, James F. Reitan CFP LLC and James F. Reitan submitted a statement for
2 consideration by the Securities Administrator.

3 Having considered the statement submitted and finding no grounds for amendment of the Statement
4 of Charges, the Securities Administrator will therefore adopt as final the findings of fact and conclusions
5 of law as set forth in the Statement of Charges.

6 FINDINGS OF FACT

7 Respondents

8 1. James F. Reitan CFP LLC is a Washington limited liability company formed on December 2,
9 2004 with its place of business located at 22005 – 6th Avenue South #312, Des Moines, Washington 98198.
10 James F. Reitan CFP LLC provides financial planning services. Prior to forming as a limited liability
11 company, the business operated as a sole proprietorship under the name James F. Reitan. The sole
12 proprietorship James F. Reitan became a licensed investment adviser in Washington on October 24, 2002.
13 The investment adviser changed its business name to James F. Reitan CFP LLC when the business entity
14 changed from a sole proprietorship to a limited liability company. James F. Reitan CFP LLC has only one
15 office.

16 2. James F. Reitan (“Reitan”) is a resident of Des Moines, Washington. Reitan has been
17 registered as an investment adviser representative associated with the investment adviser James F. Reitan
18 CFP LLC since December 2, 2004. Reitan is owner and holds all executive offices for James F. Reitan CFP
19 LLC. Reitan has not been associated with any other investment advisers.
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1 Background

2 3. Every investment adviser registered in the State of Washington must make and keep true,
3 accurate, and current books and records as specified in WAC 460-24A-200(1). Among other records,
4 investment advisers must maintain the following:

- 5 a. A general ledger that reflects the assets, liabilities, reserve, capital, income, and expense
6 accounts for the investment adviser's business.
- 7 b. All trial balances, financial statements, and internal audit working papers relating to the
8 investment adviser's business. Financial statements include a balance sheet, income
9 statement, cash flow statement, and net worth computation.
- 10 c. Written copies of all agreements between an investment adviser and its clients. Under
11 WAC 460-24A-220, any contract for advisory services must be in writing and must
12 include the service provided; the terms of the contract; the advisory fee; the formula for
13 computing the fee; the amount of prepaid fee to be returned in the event of contract
14 termination or nonperformance; whether the contract grants discretionary power to the
15 adviser; and a non-assignment clause which states that the agreement will not be assigned
16 without prior written consent of the client.

17 4. Investment advisers must maintain and preserve the records required by WAC 460-24A-
18 200(1) in an easily accessible place for at least five years from the end of the fiscal year during which the
19 last entry was made on the record. Records from the most recent two years must be maintained on the
20 premises of the principal office of the investment adviser.

21 5. Pursuant to RCW 21.20.100(4), the Securities Division conducts routine examinations of
22 investment advisers licensed by the State of Washington. Examiners inform licensees of deficiencies

1 discovered during an examination through a deficiency letter process. During the deficiency letter process,
2 the licensee must provide a response indicating how it will remedy the deficiencies.

3 Nature of the Conduct

4 6. On November 11, 2005, a Securities Division examiner conducted a routine investment
5 adviser examination of James F. Reitan CFP LLC. During the examination, the examiner discovered that
6 James F. Reitan CFP LLC did not maintain financial records including a general ledger, income statement,
7 balance sheet, or supporting financial records. In addition, the examiner discovered that James F. Reitan
8 CFP LLC provided a scope of work letter to clients. The scope of work letter was not an executed
9 investment advisory contract and did not contain all the information required by WAC 460-24A-220 for
10 investment advisory contracts. The examiner alerted Reitan to the deficiencies revealed in the examination
11 in a deficiency letter dated November 23, 2005. Reitan provided a written response on March 22, 2006 and
12 represented that he had purchased financial software and had taken other steps to eliminate the deficiencies.

13 7. On January 23, 2008, a Securities Division examiner conducted another routine examination
14 of James F. Reitan CFP LLC. The examiner found that James F. Reitan CFP LLC still did not maintain the
15 required books and records, including a general ledger that reflects assets, liabilities, reserve, capital, income
16 and expense accounts; financial statements including a balance sheet, income statement, cash flow
17 statement, and net worth computation; and investment advisory contracts for each client with required
18 disclosures. James F. Reitan CFP LLC maintained only a year-end balance sheet. James F. Reitan CFP
19 LLC maintained scope of work letters which informed clients of the service he provided and the hourly fee
20 charged. However, these scope of work letters were not available for all clients and did not contain the
21 information required by WAC 460-24A-220 for investment advisory contracts.

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

2 **CONCLUSIONS OF LAW**

3 1. James F. Reitan CFP LLC and James F. Reitan failed to maintain the records required by
4 investment advisers registered in the State of Washington, including the general ledger required under
5 WAC 460-24A-200(1)(b), the financial statements required under WAC 460-24A-200(1)(f), and written
6 client agreements as required under WAC 460-24A-200(1)(j). Failure to comply with the recordkeeping
7 provisions of WAC 460-24A-200 is grounds for revocation of investment adviser registration under
8 RCW 21.20.110(1)(b).

9 2. James F. Reitan CFP LLC and James F. Reitan engaged in an unethical business practice, as
10 defined by WAC 460-24A-220(16), by failing to enter written advisory contracts with clients that disclosed
11 the service provided; the terms of the contract; the advisory fee; the formula for computing the fee; the
12 amount of prepaid fee to be returned in the event of contract termination or nonperformance; whether the
13 contract grants discretionary power to the adviser; and a non-assignment clause which states that the
14 agreement will not be assigned without prior written consent of the client. Engaging in an unethical
15 business practice is grounds for revocation of investment adviser and investment adviser representative
16 registration under RCW 21.20.110(1)(g).

17 **FINAL ORDER**

18 It is hereby ORDERED that the investment adviser registration for Respondent James F. Reitan
19 CFP LLC is revoked.

20 It is further ORDERED that the investment adviser representative registration for James F. Reitan is
21 revoked.

1 It is further ORDERED that Respondents James F. Reitan CFP LLC and James F. Reitan shall be
2 jointly and severally liable for and pay a fine of \$5,000.

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4 **AUTHORITY AND PROCEDURE**

5 This Final Order is entered pursuant to the provisions of RCW 21.20.110(1) and is subject to the
6 provisions of RCW 21.20.120 and Chapter 34.05 RCW. Respondents each have the right to petition the
7 superior court for judicial review of this agency action under the provisions of chapter 34.05 RCW. For
8 the requirements for filing a Petition for Judicial Review, see RCW 34.050.510 and sections following.
9 Pursuant to 21.20.395, a certified copy of this order may be filed in Superior Court. If so filed, the clerk
10 shall treat the order in the same manner as a Superior Court judgment as to the fine, and the fine may be
11 recorded, enforced, or satisfied in like manner.

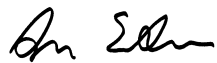
12 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

13 DATED and ENTERED this 23rd day of July, 2008.

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16 _____
17 MICHAEL E. STEVENSON
18 Securities Administrator

19 Approved by:

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21 _____
22 SUZANNE E. SARASON
23 Chief of Compliance and Examinations

24 Presented by:

25 

JILL M. VALLEY
Enforcement Attorney