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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 the State
of Washington by:

Joel Barth; Northwest Capital Advisors,
Ltd.

Respondents.

Order Number S-09-367-10-FO01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL ORDER
TO CEASE AND DESIST AND TO CHARGE
COSTS

THE STATE OF WASHINGTON TO: Joel Barth;
Northwest Capital Advisors, Ltd.

On March 24, 2010, the Securities Administrator of the State of Washington issued a Statement of Charges and Notice of Intent to Enter Order to Cease and Desist and to Charge Costs S-09-367-10-SC01, hereinafter referred to as "Statement of Charges," against Respondents Joel Barth and Northwest Capital Advisors, Ltd.

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", was served on Joel Barth and Northwest Capital Advisors, Ltd. on March 27, 2010.

The Notice of Opportunity for Hearing advised Joel Barth and Northwest Capital Advisors, Ltd. that they had twenty days from the date they received the notice to file a written application for an administrative hearing on the Statement of Charges. Joel Barth, individually and on behalf of Northwest Capital Advisors,

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1 Ltd., waived the right to a hearing in this matter, and, in lieu thereof, submitted a written statement for
2 consideration by the Securities Administrator.

3 After considering the written statement, the Securities Administrator makes the following findings of
4 fact and conclusions of law.

5 **FINDINGS OF FACT**

6 Respondents

7
8 1. Northwest Capital Advisors, Ltd. (NWCA) is a Washington corporation with its principal
9 place of business at 4742 42nd Avenue SW, Suite 368, Seattle, WA 98116. Asset Management Advisors,
10 LLC (AMA), a Nevada limited liability company, is NWCA's sole shareholder. NWCA's stated business is
11 investing in distressed real estate and secured assets including making or investing in loans and investing in
12 real estate secured by deeds of trust encumbering primarily Washington real estate, both commercial and
13 residential.

14 2. Joel Barth (Barth) is the manager and owner of AMA. Barth is NWCA's sole director and
15 employee.

16 Nature of the Offering

17 3. In or around September of 2008, NWCA began an offering of 2,500,000 shares of NWCA
18 Series A Convertible Participating Preferred Stock (stock) in an attempt to raise \$2,500,000. Under the
19 terms of NWCA's Private Placement Memorandum (PPM), the minimum investment amount was \$25,000.
20

21 Personal Offers

22 4. Barth personally delivered the PPM to at least two Washington residents with whom Barth
23 had previously worked. Barth also e-mailed the PPM to at least one of the recipients of the PPM.

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1 5. The PPM included information regarding the securities offered, anticipated dividends,
2 NWCA's business, NWCA's management, Barth's biography, the risks of investing in NWCA, and the use
3 of proceeds of the offering. The PPM also included a subscription agreement and a purchase agreement.

4 6. Barth made no representations about NWCA's financial health to any of the persons with
5 whom Barth discussed NWCA's offering or to whom Barth provided the PPM.

6 Offers on the Internet

7 7. Barth made two postings promoting NWCA's offering on websites accessible to the general
8 public.

9 8. The first posting was made on June 17, 2009 on a third party website on which entrepreneurs
10 can solicit capital. The posting was headed "Seeking Equity Partners for Distressed Asset Acquisitions."

11 9. The posting described NWCA as an "active company currently doing deals." The posting
12 included Barth's name, a minimum investment amount of \$50,000 and indicated NWCA's focus on
13 distressed income property acquisitions and hard money loans.

14 10. The website's members were able to contact Barth directly. The posting invited "accredited
15 angel investors" to contact NWCA to obtain a "confidential memorandum." As of November 13, 2009, this
16 posting had been viewed one hundred twelve times.

17 11. The second posting was made on the website www.raisecapital.com, and headed "Equity
18 Needed for Real Estate Acquisitions."

19 12. The posting identified NWCA by name, indicated a goal of \$5 million raised and identified
20 NWCA's intended business markets of distressed real estate and loan acquisitions. The posting described
21 NWCA's offering as "15% Series A Preferred Stock."

1 13. The posting included the e-mail address jbarth@northwestcapitaladvisors.com and a toll-free
2 phone number at which to contact NWCA to request an “information package.” As of February 8, 2010, this
3 posting was still available to the general public.

4 14. On November 18, 2009, Barth represented to the Securities Division that no NWCA stock
5 had been sold during the offering described above.

6
7 Misrepresentations and Omissions

8 15. Barth made a false statement of material fact in connection with the June 17, 2009 posting by
9 describing NWCA as an “active company currently doing deals.” At that time, NWCA did not maintain an
10 office and had not begun making “hard money loans” which the posting identified as a “focus” of NWCA.
11 Moreover, at that time, Barth was attempting to raise capital to “get [NWCA] going.”

12 16. In the offers of NWCA stock described in paragraphs four through six of the Tentative
13 Findings of Fact, Barth failed to disclose material information which made the disclosed information
14 misleading to potential investors. Barth failed to provide potential investors with material information
15 regarding NWCA’s financial condition prior to the offering. The PPM stated only that NWCA did not have
16 “any historical operating losses and only very minimal secured liabilities.” Stating that NWCA did not have
17 any “historical operating losses” is misleading because NWCA, prior to the distribution of the PPM, had
18 never been an active business. Moreover, neither Barth nor the PPM identified NWCA’s “very minimal
19 secured liabilities” to offerees.

20 17. In the offers of NWCA stock described in paragraphs four through six of the Tentative
21 Findings of Fact, Barth failed to disclose material information which made the disclosed information
22 misleading to potential investors. In the PPM, NWCA declared its intent to pay investors dividends “equal

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1 to 15% of the face amount of the investment by each Series A Shareholder annually....” This statement is
2 misleading because the PPM did not discuss why Respondents believe that NWCA would ever be able to
3 pay such dividends or the likelihood that such dividends would be paid.

4 18. In the offers of NWCA stock described in paragraphs four through six of the Tentative
5 Findings of Fact, Barth made inconsistent statements to potential investors about how the net proceeds of
6 NWCA’s offering may be used. The PPM stated that NWCA will have “significant flexibility” in using the
7 net proceeds of the offering and that NWCA may use the proceeds for sales and marketing, lending and
8 investment activities, infrastructure, operating costs and establishing a reserve of working capital. However,
9 the Form D filed for NWCA with the Securities and Exchange Commission, which Barth included with the
10 PPM when the PPM was distributed to potential investors, indicated that NWCA intended to use less than
11 one percent of the offering’s proceeds on salaries and fees, nearly ninety six percent on real estate
12 purchases, and four percent as working capital.

13
14 Registration Status

15 19. On June 13, 2008, the Securities Division received a Notice of Exempt Offering of Securities
16 filed on behalf of NWCA pursuant to Section 18(b)(4)(D) of the Securities Act of 1933 and WAC 460-44A-
17 506. Pursuant to WAC 406-44A-506, Respondents were required to comply with the conditions of
18 Regulation D.

19 20. Barth is not currently registered as a securities salesperson or broker-dealer in the State of
20 Washington and was not so registered during the offering described above.

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1 Action by the Pennsylvania Securities Commission

2 21. On September 9, 2009, the Pennsylvania Securities Commission (PSC) entered a Summary
3 Order to Cease and Desist against NWCA, Asset Management Advisors, LLC, and Barth. The PSC found
4 that NWCA, AMA, and Barth offered unregistered securities to a Pennsylvania resident and made an untrue
5 statement of a material fact in connection with the offer, sale or purchase of a security in violation of
6 Pennsylvania law.

7 **CONCLUSIONS OF LAW**

8 Based upon the above findings of fact, the following conclusions of law are made:

- 9
- 10 1. The internet postings described above and providing the PPM to Washington residents each
11 constitute the offer or sale of securities as defined at RCW 21.20.005(10) and (12).
- 12 2. The internet postings described above violate the prohibition of general solicitation and
13 general advertising of 17 CFR 230.502(c). Therefore, Respondents failed to meet the requirements
14 necessary to claim the exemption available under Rule 506 of the Securities Act of 1933 and WAC 460-
15 44A-506.
- 16 3. The offer or sale of said securities are in violation of RCW 21.20.140 because no registration
17 for such offer or sale is on file with the Securities Administrator and no valid claim of exemption under
18 WAC 460-44A-506 exists.
- 19 4. Barth has violated RCW 21.20.040 by offering or selling said securities while not registered
20 or exempted from registration as a securities salesperson or broker-dealer in the State of Washington.
- 21 5. Barth violated RCW 21.20.010 because, as set forth in the Tentative Findings of Fact, Barth,
22 in connection with the offer or sale of securities, made misstatements of material facts or omitted to state

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1 material facts necessary in order to make the statements made, in light of the circumstances under which
2 they were made, not misleading.

4 **FINAL ORDER**

5 It is hereby ORDERED that the Respondents, Joel Barth, Northwest Capital Advisors, Ltd., their
6 agents, and employees each cease and desist from offering and/or selling securities in any manner in
7 violation of RCW 21.20.140, the securities registration section of the Securities Act of Washington.

8 It is further ORDERED that Joel Barth and Northwest Capital Advisors, Ltd., their agents, and
9 employees each cease and desist from violation of RCW 21.20.010, the anti-fraud section of the
10 Securities Act of Washington.

11 It is further ORDERED that Joel Barth and Northwest Capital Advisors, Ltd., their agents, and
12 employees each cease and desist from violation of RCW 21.20.040, the broker-dealer and securities
13 salesperson registration section of the Securities Act of Washington.

14 It is further ORDERED that Joel Barth and Northwest Capital Advisors, Ltd. shall be jointly and
15 severally liable for and shall pay investigative costs of \$2,000.

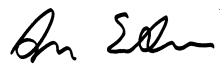
17 **AUTHORITY AND PROCEDURE**

18 This Final Order is entered pursuant to the provisions of RCW 21.20.390, and is subject to the
19 provisions of Chapter 34.05 RCW. Respondents have the right to petition the superior court for judicial
20 review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for filing
21

1 a Petition for Judicial Review, see RCW 34.050.510 and sections following. Pursuant to RCW
2 21.20.395, a certified copy of this order may be filed in Superior Court.

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

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6 DATED AND ENTERED this 30th day of April, 2010.

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10 _____
11 Suzanne Sarason
12 Chief of Enforcement

13 Presented by:

14 

15 _____
16 Edward R. Thunen
17 Financial Legal Examiner