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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:

Frederick Allan Bieber,  
  
Respondent.

Order Number S-11-0596-13-SC01

STATEMENT OF CHARGES AND  
NOTICE OF INTENT TO ISSUE AN  
ORDER TO DENY FUTURE  
REGISTRATIONS, IMPOSE FINES,  
AND CHARGE COSTS

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THE STATE OF WASHINGTON TO:

Frederick Allan Bieber (CRD No. 1162042)

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**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that the Respondent Frederick Allan Bieber has engaged in dishonest and unethical practices in the securities business, and that this justifies the entry of an order to deny future securities registration applications pursuant to RCW 21.20.110(1), to impose fines pursuant to RCW 21.20.110(1), and to recover costs pursuant to RCW 21.20.390.

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**TENTATIVE FINDINGS OF FACT**

Respondent

1. Frederick Allan Bieber (“Bieber”) is a resident of Ridgefield, Washington. Bieber was first employed in the securities industry in 1983 and has been employed by several broker-dealers. Most recently, Bieber was employed with KMS Financial Services, Inc. (“KMS”) from August 2001 until

1 August 2008 and with Pacific West Securities, Inc. (“Pacific West”) from August 2008 until May 2011.  
2 Bieber was registered as a securities salesperson with the Washington State Securities Division for most  
3 periods between May 1992 and May 2011, including the entire time he was employed with KMS and  
4 Pacific West. Bieber is not currently registered with the Washington State Securities Division in any  
5 capacity. Bieber has a Central Registration Depository number of 1162042. Bieber has been a  
6 Washington State licensed insurance agent from 1995 to present.

7 Background

8 2. During the time that he was employed with KMS and Pacific West, Bieber conducted his  
9 securities business through his business, Columbia Shores Financial, Inc. (“Columbia Shores  
10 Financial”), a Washington corporation that Bieber was the President of. Bieber also operated his  
11 insurance business through Columbia Shores Financial. Columbia Shores Financial provided financial  
12 services primarily to residents of Washington and Oregon. In addition to providing financial services to  
13 the general public, Columbia Shores Financial also partnered with a credit union in Oregon to provide  
14 financial services to its members.

15 3. Columbia Shores Financial had an office in Vancouver, Washington and employees that worked  
16 at various branches of the credit union in Oregon, which allowed Bieber to conduct his securities  
17 business from several office locations. When employed with KMS and Pacific West, Bieber had an  
18 office in Vancouver, Washington and also operated his business through branches of the affiliated credit  
19 union in Oregon.

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22 Nature of the Conduct

1 *Introduction*

2 4. While employed at KMS, Bieber engaged in prohibited activities including not disclosing to his  
3 firm loans that a customer made to his immediate family members, arranging loans for and between  
4 customers, and entering into a personal financial transaction with a customer. When Bieber was later  
5 employed at Pacific West, he did not provide prompt written notice to his broker-dealer when he  
6 received compensation from an outside business activity. Bieber also made material misstatements to  
7 Pacific West on annual compliance questionnaires that he submitted regarding the outside compensation  
8 he received. In approximately May 2011, Bieber was permitted to resign from Pacific West after the  
9 firm received information regarding the loans he arranged while employed at KMS.

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11 *Loans to Bieber's Family Members*

12 5. Customer A is a resident of Columbia City, Oregon. He opened his first account with Bieber at  
13 KMS in October 2001. While a brokerage customer, Customer A loaned funds to Bieber's immediate  
14 family members, including to his step-son, step-daughter, and daughter. Customer A had become a  
15 friend of Bieber's and he purportedly approached Bieber's children as a friend of the family to offer the  
16 loans.

17 6. In approximately 2002 or 2003, Customer A loaned approximately \$20,000 to Bieber's step-son  
18 and wife for adoption costs. Customer A knew through speaking with Bieber that the couple needed  
19 funds to travel to the Marshall Islands to complete the adoption.

20 7. In approximately 2005 or 2006, Customer A loaned approximately \$70,000 to Bieber's step-  
21 daughter and husband for their home purchase. Bieber's step-daughter was the business manager at  
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1 Columbia Shores Financial, and Customer A knew through speaking with her and/or Bieber that she  
2 needed funds for this purpose.

3 8. Finally, in approximately 2005, Customer A loaned approximately \$60,000 to Bieber's daughter  
4 for the purchase of a vehicle. Customer A knew through speaking with Bieber that his daughter had a  
5 disability and that she needed funds to purchase a special vehicle she could drive.

6 9. Bieber did not request permission from KMS for such lending arrangements, nor did he  
7 subsequently disclose the loans to his firm.

### 8 *Loans Arranged for Customers*

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10 10. While employed at KMS, Bieber arranged loans for at least two customers, Customer B and  
11 Customer C. He purportedly received no compensation for arranging the loans. Bieber did not request  
12 permission from KMS prior to arranging loans for customers, nor did he subsequently disclose the loans  
13 to his firm.

### 14 Customer B

15 11. Customer B is a resident of John Day, Oregon. She opened her first account with Bieber at KMS  
16 in approximately December 2005, and continued as a customer of Bieber's for the remainder of time he  
17 was with KMS.

18 12. Customer B and her husband were planning on an early retirement at the time she established her  
19 account with Bieber. Customer B informed Bieber that she and her husband needed funds for living  
20 expenses for a few years until they were of age to access their retirement funds without penalty.

21 13. In response, Bieber arranged for Customer B and her husband to obtain a loan from another  
22 current brokerage customer, Customer A.

1 Customer C

2 14. Customer C is a resident of Rainier, Oregon. He opened his first account with Bieber at KMS in  
3 January 2008. Customer C maintained a brokerage account with Bieber for the remainder of time  
4 Bieber was with KMS and later transferred his account to Pacific West after Bieber changed firms.

5 15. Customer C established his account with Bieber shortly after he retired. Customer C asked  
6 Bieber for advice on how he could consolidate his high-interest credit card debt. Bieber told Customer  
7 C that he could arrange a loan that would enable Customer C to borrow funds at a lower interest rate to  
8 pay off his credit card debt.

9 16. Bieber arranged for Customer C to borrow \$100,000 from one of his former securities customers  
10 who resided in Washington. Bieber helped the lender draft an installment note, dated January 11, 2008,  
11 which was secured by Customer's C's residence. The note had an interest rate of 7.5% per annum and a  
12 maturity date in 2013. Customer C signed the note at Bieber's office without meeting the lender.

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14 *Personal Financial Transaction with a Customer*

15 17. In approximately 2006, Bieber and Customer A entered into an agreement regarding the  
16 purchase of an investment property. It was agreed that Bieber would locate a property and Customer A  
17 would provide the funds necessary to purchase it. Bieber was also responsible for maintaining the  
18 property and eventually selling it. Any profits would be divided between Bieber and Customer A,  
19 although the precise terms of the division of profits was not decided at that time.

20 18. In June 2006, Bieber located an investment property in North Powder, Oregon, and Customer A  
21 provided \$65,000 to purchase the property. As agreed, Bieber maintained the property. Over two years  
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1 later, in August 2008, Bieber transferred to Pacific West. Customer A transferred his brokerage  
2 accounts to Bieber's new firm and remained one of his customers until May 2011.

3 19. In March 2009, Bieber sold the investment property for \$120,000. Bieber received 70% of the  
4 profit and Customer A received the remaining 30%, in addition to receiving his principal contribution  
5 back. Bieber did not provide prompt written notice to Pacific West that he engaged in an outside  
6 business activity for which he received compensation.

7 20. Bieber also concealed the compensation he received from this transaction when completing his  
8 annual firm compliance questionnaires. In October 2009, Bieber submitted his 2009 Annual  
9 Compliance Questionnaire to Pacific West, and falsely indicated that he had not accepted any  
10 compensation from any person or entity, since joining Pacific West, that was not an approved outside  
11 business activity. In December 2010, Bieber submitted his 2010 Annual Compliance Questionnaire to  
12 Pacific West, and falsely indicated that he had not accepted any compensation from any person or entity,  
13 during the past two years, that was not an approved outside business activity.

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

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17 **CONCLUSIONS OF LAW**

18 1. Respondent Frederick Allan Bieber, as described above, failed to comply with FINRA Rule 2010  
19 (formerly known as NASD Rule 2110), Standards of Commercial Honor and Principals of Trade, by not  
20 disclosing to his firm loans that a customer made to his family members, arranging loans for and  
21 between customers, entering into a personal financial transaction with a customer, and making material  
22 misstatements to his firm on annual compliance questionnaires. Such conduct is a dishonest or unethical

1 practice as defined by WAC 460-22B-090(19), and is grounds for the denial of his future securities  
2 registration applications pursuant to RCW 21.20.110(1)(g). Such conduct is also grounds to impose a  
3 fine pursuant to RCW 21.20.110(1) and to recover investigative costs pursuant to RCW 21.20.390.

4 2. Respondent Frederick Allan Bieber, as described above, engaged in one or more dishonest or  
5 unethical practices in the securities business by engaging in an outside business activity for which he  
6 received compensation, without providing prompt written notice to his firm. At the time, this conduct  
7 was a violation of NASD Rule 3030, which was superseded by FINRA Rule 3270 in December 2010.  
8 Such conduct is a dishonest or unethical practice as defined by WAC 460-22B-090(19), and is grounds  
9 for the denial of his future securities registration applications pursuant to RCW 21.20.110(1)(g). Such  
10 conduct is also grounds to impose a fine pursuant to RCW 21.20.110(1) and to recover investigative  
11 costs pursuant to RCW 21.20.390.

### 12 13 **NOTICE OF INTENT TO DENY FUTURE REGISTRATIONS**

14 Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and  
15 Conclusions of Law, the Securities Administrator intends to order that any future securities registration  
16 applications of the Respondent Frederick Allan Bieber as an investment adviser, broker-dealer,  
17 investment adviser representative, or securities salesperson shall be denied.

### 18 19 **NOTICE OF INTENT TO IMPOSE FINES**

20 Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and  
21 Conclusions of Law, the Securities Administrator intends to order that the Respondent Frederick Allan  
22 Bieber shall be liable for and pay a fine of \$20,000.

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2 **NOTICE OF INTENT TO CHARGE COSTS**

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

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8 **AUTHORITY AND PROCEDURE**

9 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is  
10 subject to the provisions of RCW 34.05. The Respondent may make a written request for a hearing as set  
11 forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING  
12 accompanying this Statement of Charges.

13 If the Respondent does not request a hearing, the Securities Administrator intends to adopt the  
14 above Tentative Findings of Fact and Conclusions of Law as final, enter a permanent order to deny future  
15 securities registration applications, and impose the fines and costs sought.

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18 DATED AND ENTERED this 7th day of January, 2014.

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William M. Beatty  
Securities Administrator

Approved by:

*An Elm*

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Suzanne Sarason  
Chief of Enforcement

Reviewed by:

*RT KA*

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Robert Kondrat  
Financial Legal Examiner Supervisor

Presented by:

*Bridgett Fisher*

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Bridgett Fisher  
Enforcement Attorney