

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING) Order No.: S-11-0722-11-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND NOTICE OF
) INTENT TO SUSPEND AND/OR REVOKE
PETERS & COMPANY, INC. P.S.,) INVESTMENT ADVISER REGISTRATION AND
) IMPOSE FINES
Respondent.)

THE STATE OF WASHINGTON TO: PETERS & COMPANY, INC. P.S.
2448 76th Ave. S.E., Ste 207
Mercer Island, WA 98040-2744

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondent, PETERS & COMPANY, INC. P.S., has violated the Securities Act of Washington. The Securities Administrator believes those violations justify the suspension and/or revocation of PETERS & COMPANY, INC. P.S.’s investment adviser registration pursuant to RCW 21.20.110(1). The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I. Respondent

1. PETERS & COMPANY, INC. P.S. (“PETERS & CO”) is a corporation organized under the laws of the State of Washington with its principal place of business at 2448 76th Ave. S.E., Ste 207, Mercer Island, WA 98040-2744. The President and Registered Agent of the corporation is Stephen F. Peters. The fiscal year end for PETERS & CO is December 31.

1 2. PETERS & CO is currently registered as an investment adviser with the Securities Division pursuant
2 to RCW 21.20.040 under file number 30001088. That registration expires on December 31, 2011. The file
3 number for PETERS & CO in the Investment Adviser Registration Depository (“IARD”) is 0117159.

4 II. Nature of the Conduct

5 3. Each investment adviser registered with the Securities Division is required, under WAC 460-24A-
6 060, to file with the Securities Division a fiscal year end balance sheet prepared in accordance with generally
7 accepted accounting principles. The balance sheet must be filed no more than ninety days after the end of
8 the adviser’s fiscal year.

9 4. Each investment adviser registered with the Securities Division is required, under WAC 460-24A-
10 205, to file annual updating amendments to its Form ADV with the IARD within ninety days after the end of
11 its fiscal year. These annual updating amendments must include any changes to Form ADV Part 1 and Form
12 ADV Part 2.

13 5. The Securities Division reviews each Investment Adviser’s balance sheet and annual amendments to
14 its Form ADV as a part of the Securities Division’s mission to protect the public from dishonest or
15 fraudulent practices.

16 6. The Respondent is required to submit its annual filings on or before March 31 each year. The
17 Respondent last submitted a balance sheet to the Securities Division on May 14, 2010 for its fiscal year
18 ending December 31, 2009. The Respondent’s most recent Form ADV Part 1 was filed with IARD on May
19 14, 2010.

20 7. The Securities Division contacted the Respondent about the required annual filings twice before the
21 March 31, 2011 deadline and at least five times after the filing deadline. The Respondent was contacted by
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1 e-mail, letter, and phone. The Securities Division used the contact information listed on the Respondent's
2 most recent Form ADV Part 1 for each communication.

3 8. On February 11, 2011, the Securities Division sent a memorandum via e-mail to all investment
4 advisers registered in the State of Washington with a fiscal year end in December reminding them of the
5 requirement to submit a fiscal year-end balance sheet prepared in accordance with generally accepted
6 accounting principles and to file Form ADV Part 1 and Form ADV Part 2 on IARD by March 31, 2011. The
7 memorandum included filing instructions and a warning that advisers who failed to file the required
8 documents would be referred to Enforcement for administrative action which could include suspension
9 and/or revocation of their registration and imposition of fines.

10 9. On March 17, 2011, the Securities Division sent another reminder e-mail message to all investment
11 advisers, including the Respondent, who had not filed the required documents. This e-mail included filing
12 instructions and a warning of possible administrative action for non-compliance.

13 10. On May 24, 2011, the Securities Division mailed a letter informing the Respondent that the Securities
14 Division had not yet received the required annual filing documents. The letter included filing instructions
15 and warned the Respondent that if the required documents were not filed by June 3, 2011, the Securities
16 Division would begin an administrative action. The letter was also sent as an e-mail message.

17 11. On June 4, 2011, the Respondent sent an e-mail to Nelda Shannon, a Financial Examiner with the
18 Securities Division, asking to review PETERS & CO's file with Ms. Shannon and attached a copy of the
19 Respondent's Form ADV Part 2. This e-mail was sent from the same e-mail address the Securities Division
20 had sent notices about the filing requirements.

21 12. On June 6, 2011, Ms. Shannon sent a reply e-mail to the Respondent's June 4, 2011 e-mail. This e-
22 mail again informed the Respondent that Form ADV Part 1 and Form ADV Part 2 must be uploaded to the
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1 IARD system and the fiscal year end balance sheet must be sent to the Securities Division. This e-mail
2 included a reference to the May 24th notice and filing instructions.

3 13. On June 23, 2011, Elizabeth Smith, a compliance attorney with the Securities Division, called and
4 spoke with Stephen Peters. Ms. Smith informed Mr. Peters that the Securities Division had not received the
5 required documents and the Securities Division would start an administrative action which could include
6 suspension and/or revocation of his registration and imposition of fines if these documents were not filed by
7 July 1, 2011. Ms. Smith also sent an e-mail message to the Respondent on June 23, 2011 summarizing this
8 phone call and reiterating the July 1, 2011 deadline.

9 14. As of the date of this Statement of Charges, the Respondent has not submitted a balance sheet or
10 annual updating amendments to its Form ADV on IARD for its fiscal year ending December 31, 2010.

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

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14 **CONCLUSIONS OF LAW**

15 1. PETERS & COMPANY, INC. P.S., as described above, has willfully violated WAC 460-24A-060
16 because it has not filed a balance sheet prepared in accordance with generally accepted accounting
17 principles within 90 days of its December 31, 2010 fiscal year end.

18 2. PETERS & COMPANY, INC. P.S. has willfully violated WAC 460-24A-205 because it has not
19 filed updated Form ADV Part 1 and Form ADV Part 2 with the IARD within 90 days of its December 31,
20 2010 fiscal year end.

21 3. The willful violations of WAC 460-24A-060 and WAC 460-24A-205 each constitutes a ground for
22 the entry of an order suspending and/or revoking the registration of PETERS & CO as an investment
23 adviser under RCW 21.20.110(1)(b) and imposing a fine under RCW 21.20.110(1).

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NOTICE OF INTENT TO SUSPEND OR REVOKE REGISTRATION

Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that the investment adviser registration of the Respondent be suspended or revoked.

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NOTICE OF INTENT TO IMPOSE FINES

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

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AUTHORITY AND PROCEDURE

This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the provisions of RCW 21.20.120 and Chapter 34.05 RCW. The respondent, PETERS & COMPANY, INC. P.S., may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. If the Respondent does not request a hearing, the Securities Administrator intends to adopt the foregoing Tentative Findings of Fact and Conclusions of Law as final, and enter an order against the Respondent revoking the Respondent's investment adviser registration and imposing the fine sought.

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WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

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Signed and Entered this 19th day of August 2011.

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William M. Beatty
Securities Administrator

Approved by:



Suzanne Sarason
Chief of Enforcement

Presented by:



Elizabeth A. L. Smith
Financial Legal Examiner