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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:

Peters & Company Inc PS;
Stephen F. Peters

Respondents.

Order No.: S-12-0958-12-CO01

CONSENT ORDER AND ORDER VACATING
SUMMARY ORDER S-12-0977-12-TO01

Case Nos. S-12-0977; S-11-0722

THE STATE OF WASHINGTON TO:

**Peters & Company Inc PS;
Stephen F. Peters**

Introduction

On May 25, 2012, the Securities Division entered a Summary Order to Suspend Investment Adviser and Investment Adviser Representative Registrations and Notice of Intent to Revoke Investment Adviser and Investment Adviser Representative Registrations and to Impose Fines (“Summary Order”), S-12-0977-12-TO01, against Respondents Peters & Company, INC, P.S. (“Peters & Co”) and Stephen F. Peters (“Peters”). Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the Department of Financial Institutions (“Securities Division”) and Respondents Peters & Co and Peters do hereby enter into this Consent Order in settlement of the above captioned matters.

Findings of Fact

I. Respondents

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 mailing address for Peters & Co is P.O. Box 170, Mercer Island, WA 98040-2744.

1 2. Peters & Co is currently registered as an investment adviser with the Securities Division pursuant to RCW
2 21.20.040 under file number 30001088. Peters & Co's Investment Adviser Registration Depository ("IARD") number
3 is 0117159. Peters & Co's fiscal year end is December 31.

4 3. Stephen F. Peters is the President and Registered Agent of Peters & Co. He is registered with the Securities
5 Division as the sole investment adviser representative of Peters & Co. His Central Registration Depository ("CRD")
6 number is 2620655. He is not registered with any other investment adviser or federally covered adviser.

7 *II. Nature of the Conduct*

8 4. Each investment adviser registered with the Securities Division must make annual filings with the director
9 within 90 days after the adviser's fiscal year end.

10 5. An adviser must, under WAC 460-24A-060, file with the Securities Division a fiscal year end balance sheet.
11 The Securities Division reviews these balance sheets to determine whether the advisers are compliant with the
12 minimum financial requirements as set forth in WAC 460-24A-170.

13 6. An adviser must, under WAC 460-24A-205, file an annual updating amendment to its Form ADV with the
14 IARD. This annual updating amendment must include any changes to Form ADV Part 1 and Form ADV Part 2.

15 7. The Securities Division reviews each Investment Adviser's balance sheet and annual amendments to its Form
16 ADV as a part of the Securities Division's mission to protect the public from dishonest or fraudulent practices. This
17 annual review is an important aspect of the Securities Division's regulatory oversight of investment advisers.

18 8. Peters & Co has a history of failing to file its annual updates in a timely manner. Despite repeated reminders
19 Peters & Co did not make its 2011 annual filings within 90 days of its fiscal year ended 2011. On August 19, 2011,
20 the Securities Division filed a Statement of Charges against Peters & CO for violating WAC 460-24A-060 and WAC
21 460-24A-205 by failing to make these filings. In response to that Statement of Charges, Peters & Co filed its 2010
22 fiscal year end annual documents on October 4, 2011, 187 days after its required filing deadline of March 31, 2011.
23 Peters & Co waived its right to a hearing and submitted a statement in lieu thereof.

1 9. On February 13, 2012, March 19, 2012, and March 26, 2012, the Securities Division contacted Peters & Co,
2 by electronic mail sent to the contact email address listed on IARD, of its March 31, 2012 deadline to make its 2012
3 annual filings for its fiscal year ended 2011. These emails included detailed instructions on how to file the balance
4 sheet and the IARD annual updating amendment. The emails also informed the Respondents that the Securities
5 Division would take action to suspend or revoke the Respondents' licenses if the 2011 fiscal year end documents were
6 not filed on or before the March 31, 2012 deadline.

7 10. On May 25, 2012, the Securities Division entered the Summary Order to Suspend Investment Adviser and
8 Investment Adviser Representative Registrations and Notice of Intent to Revoke Investment Adviser and Investment
9 Adviser Representative Registrations and to Impose Fines, S-12-0977-12-TO01, against Respondents Peters & Co and
10 Peters.

11 **Conclusions of Law**

12 1. As set forth in the Findings of Fact, PETERS & COMPANY, INC. P.S. has willfully violated WAC 460-
13 24A-060 by failing to file a balance sheet for the year ended December 31, 2011. Such conduct constitutes grounds
14 for an order to suspend or revoke investment adviser registration under RCW 21.20.110(1)(b).

15 2. As set forth in the Findings of Fact, PETERS & COMPANY, INC. P.S. has willfully violated WAC 460-
16 24A-205 by failing to file its annual updating amendment to Form ADV Part 1 and Form ADV Part 2 with the
17 IARD for the year ended December 31, 2011. Such conduct constitutes grounds for an order to suspend or revoke
18 investment adviser registration under RCW 21.20.110(1)(b).

19 3. As set forth in the Findings of Fact, STEPHEN F. PETERS, as the person who controls Peters & Co is
20 responsible for Peters & Co's violations of WAC 460-24A-060 and WAC 460-24A-205. Such conduct constitutes
21 grounds for an order to suspend or revoke investment adviser representative registration under RCW 21.20.110(6).

22 4. The willful violations of WAC 460-24A-060 and WAC 460-24A-205 each constitute a ground for the entry
23 of an order to impose fines under RCW 21.20.110(1).

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CONSENT ORDER

Respondents Peters & Co and Peters understand that Peters & Co is required under WAC 460-24A-060 to submit to the Securities Division an annual balance sheet prepared in accordance with generally accepted accounting principles for Peters & Co each year within 90 days after the end of its fiscal year end and that failure to do so may result in a licensing action to suspend or revoke its investment adviser registration, charge costs, and impose fines.

Respondents Peters & Co and Peters understand that Peters & Co's is required under WAC 460-24A-205 to file annual updating amendment to Form ADV Part 1 and Form ADV Part 2 with the Investment Adviser Registration Depository each year within 90 days after the end of its fiscal year and that failure to do so may result in a licensing action to suspend or revoke its investment adviser registration, charge costs, and impose fines.

IT IS AGREED AND ORDERED that Respondent Peters & Co will continue to disclose this Consent Order on Peters & Co's securities related licensing disclosure documents (including, but not limited to, Form ADV Parts 1 and 2) for ten years from the date of entry of this Consent Order.

IT IS FURTHER AGREED AND ORDERED that Respondent Peters will continue to ensure that this Consent Order is disclosed on any of his securities related licensing disclosure documents (including, but not limited to, Form U4 and Form ADV Part 2B) for ten years from the date of entry of this Consent Order.

IT IS FURTHER AGREED that Respondents Peters & Co and Peters shall be jointly and severally liable for and pay a fine of \$2,000. The payment of the fine shall be made as follows: Peters & Co and Peters shall make an initial payment of \$500 on or before the entry of this Consent Order; Peters & Co and Peters shall then make quarterly payments of \$375 for four (4) consecutive quarters on or before the fifteenth day of the quarter to pay the remaining \$1,500.

IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

IT IS FURTHER AGREED that Respondents Peters & Co and Peters enter into this Consent Order freely and voluntarily and with a full understanding of its terms and significance.

1 In consideration of the foregoing, Respondents Peters & Co and Peters waive any rights to a hearing in this
2 matter and judicial review of this order, and the Securities Division hereby vacates Summary Order to Suspend
3 Investment Adviser and Investment Adviser Representative Registrations and Notice of Intent to Revoke Investment
4 Adviser and Investment Adviser Representative Registrations and to Impose Fines, S-12-0977-12-TO01.

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

6 SIGNED this _____ day of _____ 2012.

7 _____/s/_____

8 Peters & Company Inc PS;

9 Stephen F. Peters

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11 Signed and Entered this 9th day of October 2012.

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15 William M. Beatty
16 Securities Administrator

17 Approved by:

18 Presented by:

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23
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25 Suzanne E. Sarason
Chief of Enforcement

Elizabeth A.L. Smith
Financial Legal Examiner