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

IN THE MATTER OF DETERMINING) Order No. S-13-1154-13-CO01
whether there has been a violation of the)
Securities Act of Washington by:) CONSENT ORDER
)
Cecilia Cabasco Sawyer,)
)
Respondent.)

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INTRODUCTION

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On March 29, 2013, the Securities Administrator of the state of Washington issued a Statement of Charges and Notice of Intent to Deny Future Registrations, to Impose Fines, and to Charge Costs, Order Number S-13-1154-13-SC01 (“Statement of Charges”), against Respondent Cecilia Cabasco Sawyer. Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division and the Respondent, Cecilia Cabasco Sawyer, do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondent Cecilia Cabasco Sawyer neither admits nor denies the Findings of Fact and Conclusions of Law as stated below.

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FINDINGS OF FACT

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Respondent

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1. Cecilia Cabasco Sawyer, aka Cecilia Cabasco Villanueva, (Sawyer) is an individual living in Federal Way, Washington. Sawyer is not currently registered with the Washington State Securities Division in any capacity. She was registered as a securities salesperson with PFS Investments, Inc. from March 29, 1996 to December 6, 2011. PFS Investments, Inc. is a Financial Industry Regulatory Authority (“FINRA”) member firm. Sawyer’s Central Registration Depository (“CRD”) number is 2549482. Sawyer was also licensed by the Washington Office of Insurance Commissioner (“OIC”) as an insurance producer from September 1, 1994 to July 23, 2012.

Nature of the Conduct

2. On November 24, 2002, Sawyer assisted Client A in purchasing a variable annuity. Client A and her husband, Client B, had been customers of Sawyer’s since approximately 2001. On the variable annuity application, Client B was listed as the primary beneficiary. Client A was listed as joint owner and Client A’s aunt was listed as the primary owner and annuitant. Client A signed the application on behalf of her aunt under a power of attorney. The initial purchase payment on the annuity was \$30,000. In March 2002, Client A and her aunt contributed an additional \$100,000 to the annuity. In November 2005, Clients A and B divorced. Because the annuity represented an inheritance from Client A’s aunt, both Client A and Client B understood that Client A would get the annuity death

benefit upon the death of her aunt. However, under the terms of the annuity, Client B would receive the annuity death benefit because he was listed as the primary beneficiary.

3. Client A's aunt passed away in December 2005. In January 2006, the insurance company holding the annuity mailed a letter to Sawyer. It offered condolences for the loss of the annuitant, and it noted that the annuity was payable to Client B, spouse of the insured. Sometime after her aunt's death, Client A asked Sawyer about the inheritance from her aunt. Sawyer indicated that there was a problem with the beneficiary designation on the annuity, but she was attempting to fix it.

4. On April 29, 2009, Sawyer opened a mailbox at The UPS Store in Federal Way. The next day, Sawyer completed an Annuity Claim Form claiming the annuity death benefit from Client A's aunt. On the claim form, the address for both Client B, the beneficiary, and Client A's aunt, the annuitant, matched the address of the mailbox Sawyer had opened the day before. While the Annuity Claim Form was purportedly signed by Client B, he denies completing or submitting the form.

5. The insurance company received the Annuity Claim Form on May 6, 2009, and Sawyer called the insurance company asking about the death benefit on May 18, May 29, and June 8, 2009. Each time, she was told the claim had not been processed because an original death certificate had not been provided. On July 17, 2009, Sawyer purchased a death certificate for Client A's aunt. On July 27, 2009, the insurance company received a letter from Sawyer with the death certificate enclosed. In the letter, Sawyer stated that the enclosed certificate should satisfy the requirement of an original death certificate. On July 30, 2009, the insurance company issued Client B a check for \$148,361. The check was mailed to Sawyer's mailbox, the address that was given for Client B on the Annuity Claim Form. Client B denies having any knowledge of the annuity death benefit until 2011, and he denies receiving the death benefit.

6. On August 12, 2009, a person claiming to be Client B opened a bank account under Client B's name at Qualstar Credit Union (Qualstar) in Tukwila. The address on the account matched the address of Sawyer's mailbox. The annuity check for \$148,361, supposedly endorsed by Client B, was deposited into the account the same day the account was opened.

7. On August 27, 2009, a \$6,000 check from the Qualstar account was written to Sawyer, a \$9,000 check from the Qualstar account was written to Sawyer's husband, and a \$2,700 check from the Qualstar account was written to Sawyer's father. Each of these checks was supposedly signed by Client B. Money from the account was also withdrawn through ATMs and by check card for payments made to restaurants, gas stations, airlines, clothing stores, shoe stores, internet and cable providers, supermarkets, and other retailers. By February 2010, the account had become overdrawn. Client B denies opening the account, writing checks on the account, withdrawing from the account, or having any knowledge of the account until 2011.

8. Sometime in the fall of 2009, Sawyer told Client A that the annuity from her aunt had lost value because of the bad economy. Sawyer represented to Client A that the death benefit payable to Client A was \$83,000. Sawyer

1 suggested putting this money into a variable annuity to benefit Client A's children, and Client A agreed. On
2 September 24, 2009, Sawyer completed a variable annuity application that listed Client A as the owner and annuitant
3 and Client A's children as beneficiaries. The initial purchase payment was \$83,000. That same day, an \$83,000 check
4 from the Qualstar account was written to the insurance company. The memo line noted the check was for Client A,
5 and the check was supposedly signed by Client B.

6 9. Client B became aware of the Qualstar account when he checked his credit report in the fall of 2011. After
7 some investigation, Client B filed a police report with the King County Sheriff claiming someone had opened a bank
8 account in his name. On November 14, 2011, Client B contacted PFS Investments, Inc., alleging that Sawyer had
9 obtained proceeds from a variable annuity that she was not entitled to. After the firm initiated an investigation into the
10 complaint, Sawyer verbally resigned from the firm on November 30, 2011.

11 *Criminal Action*

12 10. In March 2012, the King County Sheriff's Office recommended to the Prosecutor that Sawyer be charged
13 with Theft, Forgery, and Identity Theft in connection with her actions as described above. On October 20, 2012,
14 Sawyer pled guilty to one count of Identity Theft in the Second Degree. She was sentenced to 10 days of work release
15 and 240 hours of community restitution. She was also ordered to have no contact with Client B for five years.

16 *OIC Action*

17 11. Sawyer was a licensed insurance producer with OIC from September 1994 to July 2012. On July 2, 2012,
18 OIC entered an order revoking Sawyer's license pursuant to RCW 48.17.530. OIC determined that Sawyer's actions
19 as described above violated Washington insurance laws. It also determined that Sawyer misappropriated and
20 converted the annuity death benefit; that Sawyer forged the Annuity Claim Form and the variable annuity application;
21 and that Sawyer's actions as described above constituted the use of fraudulent or dishonest practices, or demonstrated
22 untrustworthiness.

23 *FINRA Action*

24 12. Sawyer was registered with PFS Investments, Inc., a FINRA member firm, from March 1996 to December
25 2012. Because Sawyer was associated with a FINRA member firm, she was required to comply with FINRA rules. On
August 17, 2012, FINRA initiated disciplinary action against Sawyer for violating FINRA Rules 2010 and 8210.
FINRA alleged that Sawyer violated FINRA Rule 2010 when she misappropriated death benefit funds, and it alleged
that Sawyer violated FINRA Rules 2010 and 8210 when she failed to provide information requested by FINRA
during its investigation. Sawyer failed to meaningfully respond to requests for information in letters from FINRA
dated December 29, 2011, May 3, 2012, and May 29, 2012. On March 28, 2013, FINRA issued a default decision
barring Sawyer from association with any FINRA member in any capacity for her actions as described above.

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

CONCLUSIONS OF LAW

I.

Cecilia Cabasco Sawyer engaged in forgery and manipulative or deceptive practices when she claimed the annuity death benefit in Client B's name. As outlined in the Findings of Fact, Sawyer falsely opened a bank account under Client B's name, forged Client B's endorsement on the benefit check, and deposited the check into the false account. Such conduct is dishonest or unethical practice as described by WAC 460-22B-090. As such, it is grounds for denial of any broker-dealer, securities salesperson, investment adviser, or investment adviser representative registration applications Cecilia Cabasco Sawyer may file in the future, pursuant to RCW 21.20.110(1)(g).

II.

Cecilia Cabasco Sawyer engaged in forgery and deceptive practices when she converted the annuity death benefit to her own use. As outlined in the Findings of Fact, Sawyer forged multiple checks on the bank account opened under Client B's name, and she withdrew money from the account for her own use. Such conduct is dishonest or unethical practice as described by WAC 460-22B-090. As such, it is grounds for denial of any broker-dealer, securities salesperson, investment adviser, or investment adviser representative registration applications Cecilia Cabasco Sawyer may file in the future, pursuant to RCW 21.20.110(1)(g).

III.

Cecilia Cabasco Sawyer engaged in forgery and incomplete disclosure or misstatement of material facts in connection with the purchase of Client A's 2009 variable annuity. As outlined in the Findings of Fact, Sawyer misrepresented the value and the beneficiary of the annuity death benefit to Client A, and she forged the check that was used to purchase the variable annuity. Such conduct is dishonest or unethical practice as described by WAC 460-22B-090. As such, it is grounds for denial of any broker-dealer, securities salesperson, investment adviser, or investment adviser representative registration applications Cecilia Cabasco Sawyer may file in the future, pursuant to RCW 21.20.110(1)(g).

IV.

Cecilia Cabasco Sawyer was convicted of Identity Theft in the Second Degree, which is a felony involving moral turpitude. Such a conviction is grounds for denial of any broker-dealer, securities salesperson, investment adviser, or investment adviser representative registration applications Cecilia Cabasco Sawyer may file in the future, pursuant to RCW 21.20.110(1)(c).

V.

Cecilia Cabasco Sawyer is the subject of an order by OIC revoking her insurance producer license because she violated Washington insurance laws. This finding by OIC is grounds for denial of any broker-dealer, securities

1 salesperson, investment adviser, or investment adviser representative registration applications Cecilia Cabasco
2 Sawyer may file in the future, pursuant to RCW 21.20.110(1)(f).

3 **VI.**

4 Cecilia Cabasco Sawyer is the subject of an order by FINRA, a self-regulatory organization, permanently
5 barring her from association with any FINRA member firm in any capacity. This action by FINRA is grounds for
6 denial of any broker-dealer, securities salesperson, investment adviser, or investment adviser representative
7 registration applications Cecilia Cabasco Sawyer may file in the future, pursuant to RCW 21.20.110(1)(e)(iii).

8 **CONSENT ORDER**

9 Based upon the foregoing and finding it in the public interest:

10 IT IS AGREED AND ORDERED that the Securities Administrator will deny any broker-dealer, securities
11 salesperson, investment adviser, or investment adviser representative registration applications Cecilia Cabasco
12 Sawyer may file in the future.

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

14 IT IS FURTHER AGREED that Respondent Cecilia Cabasco Sawyer enters into this Consent Order freely
15 and voluntarily and with a full understanding of its terms and significance.

16 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent Cecilia Cabasco Sawyer
17 waives her right to a hearing in this matter and to judicial review of this order.

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

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20 Signed this 9th day of September 2013.

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22 Signed by:

23 Approved as to Form by:

24 _____
25 Cecilia Cabasco Sawyer, individually

24 _____
25 Jeffrey S. Williams, Attorney for Respondent
WSBA No. 20338

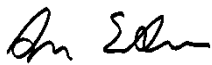
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SIGNED and ENTERED this 17th day of _____ 2013.



William M. Beatty
Securities Administrator

Approved by:



Suzanne Sarason
Chief of Enforcement

Presented by:



Holly Mack-Kretzler
Financial Legal Examiner

Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor