

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING) Order No.: S-13-1343-13-CO01
5 whether there has been a violation of the)
6 Securities Act of Washington by:)
7)
8)
9)
10)
11)
12)
13)
14)
15)
16)
17)
18)
19)
20)
21)
22)
23)
24)
25)
SPF, INC;) CONSENT ORDER
Fredric P. Sjoholm)
Respondents.)

7 **INTRODUCTION**

8 Pursuant to the Securities Act of Washington, RCW 21.20.390, the Securities Division of the
9 Department of Financial Institutions (“Securities Division”) and Respondents, SPF, INC (“SPF”) and
10 Fredric P. Sjoholm, do hereby enter into this CONSENT ORDER in settlement of the matters alleged
11 herein.

12 **FINDINGS OF FACT**

- 13 1. SPF, INC (“SPF”) is located in Mercer Island, Washington. Its current Central Registration
14 Depository (“CRD”) number is 166840. It was previously registered as an investment adviser with the SEC
15 from 1992 until August of 2010. Its CRD number while registered with SEC was 106046. SPF has not
16 been registered as an investment adviser since August of 2010.
- 17 2. Fredric P. Sjoholm is the president and sole employee of SPF. His office is in Mercer Island,
18 Washington. His CRD number is 2307750. Mr. Sjoholm was registered as an investment adviser
19 representative of SPF from 1993 until December 2005 when SPF failed to renew his registration. Mr.
20 Sjoholm was also registered as an investment adviser representative of HS Investments from 1995 until June
21 of 2007. Mr. Sjoholm has not been registered as an investment adviser representative since June of 2007.
- 22 3. SPF applied for investment adviser registration with the Securities Division in February of 2013.
23 SPF’s application stated that SPF currently had ten million dollars of assets under management and six
24 clients. After contacting Mr. Sjoholm regarding his current assets under management, the Securities
25 Division conducted a pre-licensing visit. During that visit the Securities Division discovered that after SPF

1 and Mr. Sjöholm were no longer registered as an investment adviser or investment adviser representative,
2 SPF and Mr. Sjöholm continued to provide discretionary investment management to multiple clients and
3 those clients continued to compensate SPF and Mr. Sjöholm for providing that service.

4 4. Mr. Sjöholm was forthcoming and admitted that he had been providing investment advice for
5 compensation while unregistered. Mr. Sjöholm represented to the Securities Division that he believed he
6 and SPF qualified for an exemption from registration as long as SPF had fewer than six clients. He also
7 stated that he initiated registration with the Securities Division after he reached the sixth client. However,
8 no such exemption from registration exists if the investment adviser is located in Washington State.

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

11 **CONCLUSIONS OF LAW**

12 SPF, Inc is acting as an investment adviser, as defined under RCW 21.20.005(8), by providing asset
13 management services to clients for compensation.

14 SPF, Inc violated RCW 21.20.040(3) by transacting business in Washington State as an investment
15 adviser while not registered as an investment adviser in the State of Washington.

16 Fredric P. Sjöholm is acting as an investment adviser representative, as defined under RCW
17 21.20.005(9), by managing the accounts of clients as the sole owner and individual associated with SPF.

18 Fredric P. Sjöholm violated RCW 21.20.040(3) by transacting business in Washington State as an
19 investment adviser representative while not registered as an investment adviser representative in the State of
20 Washington.

21 **CONSENT ORDER**

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

23 IT IS AGREED AND ORDERED that SPF, INC shall cease and desist from acting as an
24 unregistered investment adviser in violation of RCW 21.20.040(3).

25 IT IS AGREED AND ORDERED that Fredric P. Sjöholm shall cease and desist from acting as an
unregistered investment adviser representative in violation of RCW 21.20.040(3).

1 IT IS FURTHER AGREED AND ORDERED that Respondents SPF, INC and Fredric P. Sjöholm
2 shall be jointly liable for and shall pay a fine in the amount of \$10,000 prior to the entry of this Consent
3 Order.

4 IT IS FURTHER AGREED that this Consent Order alone will not constitute a bar to the approval of
5 an application of the Respondent, SPF, INC for registration as an investment adviser in the state of
6 Washington.

7 IT IS FURTHER AGREED that this Consent Order alone will not constitute a bar to the approval of
8 an application of the Respondent, Fredric P. Sjöholm for registration as an investment adviser or as an
9 investment adviser representative in the state of Washington.

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

11 IT IS FURTHER AGREED that Respondents SPF, INC and Fredric P. Sjöholm entered into this
12 Consent Order freely and voluntarily and with a full understanding of its terms and significance.

13 IT IS FURTHER AGREED that in consideration of the foregoing, Respondents, SPF, INC and
14 Fredric P. Sjöholm, waive their right to a hearing and to judicial review of this matter pursuant to RCW
15 21.20.440 and Chapter 34.05 RCW.

16 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

17 Signed this _____ day of _____ 20__.

18 Signed by:

19 SPF, INC

20 By _____
21 Fredric P. Sjöholm as President of
22 SPF, INC

23 Signed by:

24 _____
25 Fredric P. Sjöholm

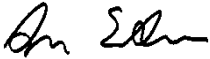
1 SIGNED and ENTERED this 25th day of October 2013.

2
3
4 

5 _____
6 William M. Beatty
7 Securities Administrator

8 Approved by:

9 Presented by:

10 

11 

12 _____
13 Suzanne Sarason
14 Chief of Enforcement

15 _____
16 Elizabeth A.L. Smith
17 Financial Legal Examiner