

1  
2  
3  
4  
5  
6  
7  
8

**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:

Pinnacle Wealth Advisors, Inc.;  
Raymond A. Birch,

Respondents.

Order Number S-13-1396-14-CO01

CONSENT ORDER

9 THE STATE OF WASHINGTON TO: Pinnacle Wealth Advisors, Inc. (IARD No. 117517)  
Raymond A. Birch (CRD No. 2274411)

10 Pursuant to the Securities Act of Washington, the Securities Administrator of the State of  
11 Washington and the Respondents, Pinnacle Wealth Advisors Inc., LLC, and Raymond Birch, enter into  
12 this CONSENT ORDER in settlement of the matters alleged herein. The Respondents neither admit nor  
13 deny the Findings of Fact and Conclusions of Law as stated below.  
14

15 **FINDINGS OF FACT**

16 Respondents

17 1. Pinnacle Wealth Advisors (“Pinnacle”) (IARD No. 117517) is an Oregon corporation  
18 maintaining a principal place of business in Clackamas, Oregon.

19 2. Raymond A. Birch (“Birch”) (CRD No. 2274411) is an Oregon resident. Birch is president  
20 and an Oregon-registered representative of Pinnacle Wealth Advisors and a manager of Anderson  
21 Heights Development, LLC. Birch was registered as a securities salesperson in Washington between  
22 1992 and 1999, and as an investment adviser representative between 2001 and 2011.

23 CONSENT ORDER

1

24 **DEPARTMENT OF FINANCIAL INSTITUTIONS**  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

1 Related Persons

2 3. Anderson Heights Development, LLC (“AHD”) is an active Washington limited liability  
3 company organized on June 29, 2007 for the purpose of developing real estate in Benton County,  
4 Washington.

5 4. Steven M. Jossi (“Jossi”) (CRD No. 4739559) is an Oregon resident. During the period  
6 relevant to this Consent Order, Jossi was a member of Pinnacle Wealth Advisors. On or about March 21,  
7 2014, Jossi resigned from Pinnacle Wealth Advisors. Jossi is a manager of AHD.

8 Nature of the Offering

9 5. In 2008, AHD, through Birch and Jossi, raised approximately \$2,400,000 through the offer  
10 and sale of promissory notes to approximately twenty-eight investors residing in Oregon and Washington  
11 in order to purchase, develop, and sell residential real estate in south Richland, Washington. AHD  
12 offered and sold \$550,000 of these promissory notes to three Washington residents. The notes provided  
13 for interest at 9.5% per annum, to be paid quarterly, and matured on December 31, 2012.

14 6. The Washington investors were advisory clients of Pinnacle and learned about the  
15 opportunity through those relationships.

16 7. In approximately September 2011, AHD granted a deed of trust to secure the noteholders’  
17 investments to one investor whom the other investors had designated to act as their agent.

18 8. In 2012, AHD entered into Final Settlement Agreements with two Washington investors.  
19 These agreements provided for full repayment of the investors’ principal and partial payment of the total  
20 interest promised by the notes. Respondents’ counsel has represented to the Securities Division that AHD  
21 fully repaid the third Washington investor.

1 9. AHD is not currently registered to sell its securities in the State of Washington, has not  
2 previously been so registered, and has not filed a claim of exemption from registration.

3 **CONCLUSIONS OF LAW**

4 1. The offer and/or sale of promissory notes described above constitute the offer and/or sale of  
5 a security as defined in RCW 21.20.005(14) and (17).

6 2. The offer and/or sale of said securities is in violation of RCW 21.20.140 because no  
7 registration for such offer and/or sale is on file with the Securities Administrator.

8 3. Such conduct is a ground pursuant to RCW 21.20.110(1)(b) to restrict any investment  
9 adviser registration that Pinnacle Wealth Advisors may seek, and to restrict any investment advisor and  
10 investment adviser representative registrations that Raymond A. Birch may seek.

11 **CONSENT ORDER**

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

13 IT IS AGREED AND ORDERED that Raymond A. Birch, and his agents and employees each  
14 shall cease and desist from violating RCW 21.20.140.

15 IT IS FURTHER ORDERED that any investment adviser or investment adviser representative  
16 registrations that the Securities Administrator may grant Raymond A. Birch, shall restrict Raymond A.  
17 Birch from offering, selling, or recommending to Washington residents securities issued by any person,  
18 as defined at RCW 21.20.005(12), that is owned, controlled, or managed, directly or indirectly, by  
19 Raymond A. Birch, or by any of his relatives as defined at 21.20.005(13).

20 IT IS FURTHER ORDERED that any investment adviser registration that the Securities  
21 Administrator may grant Pinnacle Wealth Advisors, shall restrict Pinnacle Wealth Advisors from  
22 offering, selling, or recommending to Washington residents securities issued by any person, as defined at

1 RCW 21.20.005(12), that is owned, controlled, or managed, directly or indirectly, by any representative,  
2 employee, or agent of Pinnacle Wealth Advisors or by any relative, as defined at RCW 21.20.005(13), of  
3 any such persons.

4 IT IS FURTHER AGREED AND ORDERED that Respondents Pinnacle Wealth Advisors Inc.,  
5 and Raymond A. Birch, shall pay investigative costs of \$1,000 prior to entry of this Consent Order.

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

8 IT IS FURTHER AGREED that Respondents Pinnacle Wealth Advisors Inc. and Raymond A.  
9 Birch, each enter into this Consent Order freely and voluntarily and with a full understanding of its terms  
10 and significance.

11 IT IS FURTHER AGREED that in consideration of the foregoing, Respondents, Pinnacle Wealth  
12 Advisors Inc. and Raymond A. Birch, each waive their right to a hearing and to judicial review of this  
13 matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.

14 Signed this 7th day of April, 2015.

15  
16 Signed by:

17 Pinnacle Wealth Advisors, Inc.

18 By: /s/ Raymond A. Birch

19 Title: President

1 Signed by:

2 Raymond A. Birch  
3 Raymond A. Birch, individually  
4

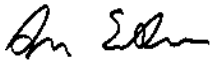
5  
6 SIGNED AND ENTERED this 23rd day of April, 2015.  
7

8 

9  
10 \_\_\_\_\_  
11 William M. Beatty  
12 Securities Administrator

13 Approved by:

Presented by:

14 

15 

16 \_\_\_\_\_  
17 SUZANNE SARASON  
18 Chief of Enforcement

19 \_\_\_\_\_  
20 Edward R. Thunen  
21 Financial Legal Examiner

22 Reviewed by:

23 

24 \_\_\_\_\_  
25 Robert Kondrat  
Financial Legal Examiner Supervisor