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

IN THE MATTER OF DETERMINING
registration under the Securities Act of
Washington of:

RESEARCH MONEY MANAGEMENT,
LLC, CRD #141298; JASON KIRK BESCOE,
CRD #2603245,

Respondents.

Order Number S-15-1698-16-FO01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL
ORDER TO CEASE AND DESIST, IMPOSE
FINES, AND RECOVER COSTS

THE STATE OF WASHINGTON TO: RESEARCH MONEY MANAGEMENT, LLC,
CRD #141298
JASON KIRK BESCOE, CRD # 2603245

On July 18, 2016, the Washington state Securities Administrator issued a Statement of Charges and Notice of Intent to Issue an Order to Cease and Desist, Impose Fines, and Recover Costs, order no. S-15-1698-16-SC01 (“Statement of Charges”). The Statement of Charges together with a Notice of Opportunity to Defend and Opportunity for Hearing (“Notice of Opportunity for Hearing”) and an Application for Adjudicative Hearing (“Application for Hearing”) were served on Respondents, Research Money Management, LLC (“RMM”) and Jason Kirk Bescoe, on July 25, 2016.

The Notice of Opportunity for Hearing advised the Respondents that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of notice. Respondents failed to request an administrative hearing within twenty days of receipt of the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for Hearing provided, or otherwise. The Securities Administrator therefore will adopt as final the following Findings

FINAL ORDER

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

1 of Fact and Conclusions of Law as set forth in the Statement of Charges and enter a final order against
2 the Respondents to cease and desist from violations of the Securities Act, and impose fines and costs
3 sought in the Statement of Charges.

4 The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

5 **FINDINGS OF FACT**

6 *Respondents*

7 1. Beginning in January 2011, RMM was registered as an investment adviser in Michigan.
8 RMM has never been licensed to conduct business as an investment adviser in Washington State. Its
9 investment adviser's Central Registration Depository ("CRD") number is 141298.

10 2. Jason K. Bescoe is the managing member and sole employee of RMM. His office is
11 located in Grand Blanc, Michigan. Bescoe was registered as a Michigan securities salesperson from July
12 1995 to August 2006. In August 2006 he applied to be licensed as a Michigan investment adviser
13 representative; however, he failed to take the qualifying examination and was not licensed at that time.
14 In March 2015, Michigan State initiated an administrative action against Mr. Bescoe for offering and
15 selling securities in Michigan without proper licensure in violation of the Michigan Securities Act. He
16 re-applied for licensure in Michigan on March 18, 2015. The administrative action was resolved through
17 the entry of a Stipulation on April 6, 2016 and he was granted a Conditional Registration in Michigan.
18 He has never been licensed to transact business as an investment adviser representative in Washington.
19 His CRD number is 2603245.

20 *Nature of the Conduct*

21 3. In March 2013, a Redmond, Washington registered investment adviser, Absolute Returns
22 Solutions, Inc., ("ARS"), CRD number 148106, contacted RMM to act as a third-party asset manager for

1 ARS's clients. RMM agreed to act as a third-party asset manager for ARS. In a third-party asset
2 manager arrangement one investment adviser manages another investment adviser's clients' funds.

3 4. Bescoe did not disclose to ARS that he was not registered as an investment adviser or
4 investment adviser representative. Further Bescoe did not disclose that RMM was not registered as an
5 investment adviser in Washington State.

6 5. Bescoe and RMM agreed to act as a third-party investment manager to ARS's clients. ARS
7 executed "Third Party Money Management Agreements" with its clients, which disclosed that RMM
8 would be acting as a third-party asset manager and that there would be a fee of 1.5% of the client's
9 portfolio for the service. ARS also provided each client a "Disclosure Statement to Client" that
10 disclosed that "RMM recommends an investment strategy to the client and manages the client's
11 designated assets as described in the investment advisory agreement." Further it stated that the client
12 would "pay RMM an investment advisory fee."

13 6. RMM executed an "Investment Advisory Contract" with the Washington state residents
14 wherein the Washington state resident retained RMM "to act as [an] investment advisor" and gave RMM
15 "unlimited and unrestricted discretionary authority to invest and reinvest the assets held in the
16 Investment Account." The Investment Advisory Contract also provided that the Washington state
17 residents agreed "to pay a fee each quarter in advance for the advisory services provided by the
18 advisor... The fee will be calculated using the quarter ending balance for the preceding period and will
19 not exceed .5% of the assets."

20 7. RMM exercised discretion in approximately 100 Washington investor accounts by
21 determining what securities to purchase and sell in the accounts and by executing the purchases and
22 sales.

1 8. In exchange for these services, RMM withdrew a quarterly management fee of 1.5% from
2 each client's brokerage account. RMM kept one-third of the fee and gave a two-thirds of the fee to ARS.
3 RMM withdrew approximately \$151,000 from the accounts of Washington state residents as
4 compensation for providing investment advisory services.

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

6 **CONCLUSIONS OF LAW**

7 1. RMM transacted business in Washington state as an investment adviser as defined in RCW
8 21.20.005(8) by recommending an investment strategy to Washington residents and managing
9 Washington residents' designated assets for compensation. RMM violated RCW 21.20.040(3) by
10 transacting business in Washington state as an investment adviser while not being registered as an
11 investment adviser in Washington state.

12 2. RMM violated RCW 21.20.040(5) by associating with an investment adviser representative
13 that was not so registered.

14 3. Bescoe acted as an investment adviser representative as defined in RCW 21.20.005(9) by
15 being the managing member of RMM, making recommendations to Washington investors regarding
16 securities, and managing accounts of Washington investors. Bescoe violated RCW 21.20.040(3) by
17 transacting business in Washington state as an investment adviser representative while not being
18 registered as an investment adviser representative in Washington state.

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

20 **FINAL ORDER**

21 IT IS HEREBY ORDERED that Respondents shall permanently cease and desist from violations
22 of RCW 21.20.040.

1 IT IS FURTHER ORDERED that Respondents shall be jointly and severally liable for and pay a fine
2 of at least \$30,000.

3 IT IS FURTHER ORDERED that Respondents shall be jointly and severally liable for and pay costs,
4 fees, and other expenses in the amount of at least \$2,000.

5 **AUTHORITY AND PROCEDURE**

6 This Final Order is entered pursuant to the provisions of chapter 21.20 RCW and is subject to the
7 provisions of chapter 21.20 RCW and chapter 34.05 RCW. The Respondents have a right to petition the
8 superior court for judicial review of this agency action under the provisions of chapter 34.05 RCW. For
9 the requirements of judicial review, see RCW 34.05.510 and the sections following. Pursuant to RCW
10 21.20.395, a certified copy of this Final Order may be filed in Superior Court. If so filed, the clerk shall
11 treat the order in the same manner as a superior court judgment as to the fine, and the fine may be
12 recorded, enforced, or satisfied in like manner.

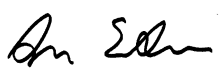
13 **WILLFUL VIOLATIONS OF THIS ORDER IS A CRIMINAL OFFENSE.**

14
15 SIGNED and ENTERED this 31st day of August, 2016.

16 

17
18 WILLIAM M. BEATTY
19 Securities Administrator

20 Approved by:

21 

22
23 Suzanne Sarason
24 Chief of Enforcement
25 FINAL ORDER

Presented by:

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22
23 Kristen Standifer
24 Financial Legal Examiner