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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-SC01

STATEMENT OF CHARGES AND NOTICE
OF INTENT TO ENTER AN ORDER TO
CEASE AND DESIST, IMPOSE FINES, AND
RECOVER COSTS

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

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STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that the Respondents, Research Money Management, LLC (“RMM”) and Jason Kirk Bescoe, have violated the Securities Act of Washington. The Securities Administrator believes those violations justify the entry of an order against the Respondents to cease and desist from such violations pursuant to RCW 21.20.390, to impose fines pursuant to RCW 21.20.395, and recover costs pursuant to RCW 21.20.395. The Securities Administrator finds as follows:

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STATEMENT OF CHARGES AND NOTICE OF INTENT TO
ENTER AN ORDER TO CEASE AND DESIST, IMPOSE A
FINE, AND RECOVER COSTS

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

1 **TENTATIVE FINDINGS OF FACT**

2 *Respondents*

3 1. RMM has been registered as an investment adviser in Michigan since January 2011. RMM
4 has never been licensed to conduct business as an investment adviser in Washington State. Its investment
5 adviser’s Central Registration Depository (“CRD”) number is 141298.

6 2. Jason K. Bescoe is the managing member and sole employee of RMM. His office is
7 located in Grand Blanc, Michigan. Bescoe was registered as a Michigan securities salesperson from July
8 1995 to August 2006. In August 2006 he applied to be licensed as a Michigan investment adviser
9 representative; however, he failed to take the qualifying examination and was not licensed at that time.
10 In March 2015, Michigan State initiated an administrative action against Mr. Bescoe for offering and
11 selling securities in Michigan without proper licensure in violation of the Michigan Securities Act. He
12 re-applied for licensure in Michigan on March 18, 2015. The administrative action was resolved through
13 the entry of a Stipulation on April 6, 2016 and he was granted a Conditional Registration in Michigan.
14 He has never been licensed to transact business as an investment adviser representative in Washington.
15 His CRD number is 2603245.

16 *Nature of the Conduct*

17 3. In March 2013, a Redmond, Washington registered investment adviser, Absolute Returns
18 Solutions, Inc., (“ARS”), CRD number 148106, contacted RMM to act as a third-party asset manager for
19 ARS’s clients. RMM agreed to act as a third-party asset manager for ARS. In a third-party asset manager
20 arrangement one investment adviser manages another investment adviser’s clients’ funds.

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

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

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

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

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

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

2 **CONCLUSIONS OF LAW**

3 1. RMM transacted business in Washington state as an investment adviser as defined in RCW
4 21.20.005(8) by recommending an investment strategy to Washington residents and managing Washington
5 residents' designated assets for compensation. RMM violated RCW 21.20.040(3) by transacting business
6 in Washington State as an investment adviser while not being registered as an investment adviser in
7 Washington State.

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

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

15 **NOTICE OF INTENT TO ORDER RESPONDENT TO CEASE AND DESIST**

16 Pursuant to RCW 21.20.390, and based upon the above Tentative Findings of Fact and Conclusions
17 of Law, the Securities Administrator intends to order that the Respondents permanently cease and desist
18 from violations of RCW 21.20.040.

19 **NOTICE OF INTENT TO IMPOSE FINES**

20 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of
21 Law, the Securities Administrator intends to order that Respondents shall be jointly and severally liable for
22 and pay a fine of at least \$30,000.

1 **NOTICE OF INTENT TO RECOVER COSTS**

2 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of
3 Law, the Securities Administrator intends to order that Respondent shall be jointly and severally liable for
4 and pay the costs, fees, and other expenses in the amount of at least \$2,000.

5 **AUTHORITY AND PROCEDURE**

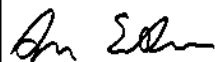
6 This Statement of Charges is entered pursuant to the provisions of chapter 21.20 RCW and is
7 subject to the provisions of chapter 21.20 RCW and 34.05 RCW. The Respondents may make a written
8 request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
9 OPPORTUNITY FOR HEARING accompanying this Order. If a respondent does not request a hearing,
10 the Securities Administrator intends to adopt the foregoing Tentative Findings of Fact and Conclusions of
11 Law as final as to that respondent, and enter an order to cease and desist, impose fines, and recover costs
12 of that respondent.

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14 DATED and ENTERED this 18th day of July, 2016.

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18 WILLIAM M. BEATTY
19 Securities Administrator

20 Approved by:

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22 _____
23 Suzanne Sarason
24 Chief of Enforcement

20 Presented by:

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22 _____
23 Kristen Standifer
24 Financial Legal Examiner