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**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:

Yuri Prostov;
Global Investment Management Inc., dba
Global Investment Advisors,
Respondents.

Order No. S-16-2088-20-SC01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL ORDER TO
CEASE AND DESIST, TO DENY FUTURE
REGISTRATIONS, TO IMPOSE A FINE, AND TO
CHARGE COSTS

THE STATE OF WASHINGTON TO:

Yuri Prostov
Global Investment Management Inc., dba
Global Investment Advisors (CRD #144000)

On August 31, 2020, the Securities Administrator of the state of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, To Deny Future Registrations, To Impose a Fine, and to Charge Costs, Order No. S-16-2088-20-SC01 (“Statement of Charges”). The Statement of Charges, together with a Notice of Opportunity for Hearing (“Notice”) and an Application for Adjudicative Hearing (“Application”), were served on Respondents Yuri Prostov and Global Investment Management Inc., dba Global Investment Advisors, on September 25, 2020. The Notice advised Respondents Yuri Prostov and Global Investment Management Inc., dba Global Investment Advisors that the Application must be received within twenty days from the date of receipt of the notice. Respondents Yuri Prostov and Global Investment Management Inc., dba Global Investment Advisors failed to request an administrative hearing within twenty days of receipt of the Statement of Charges and Notice.

The Securities Administrator therefore adopts as final the following Findings of Fact and Conclusions of Law as set forth in the Statement of Charges and enters a final order against Respondents Yuri Prostov and Global Investment Management Inc., dba Global Investment Advisors to cease and desist

1 from violations of the Securities Act, to deny future registrations, and to impose the fines and costs sought
2 in the Statement of Charges.

3 **FINDINGS OF FACT**

4 Respondents

5 1. Yuri Prostov (Prostov) resides in Bellevue, Washington. Prostov was the President and Chief
6 Operations Officer of Global Investment Management Inc. dba Global Investment Advisors. From June
7 2009 to December 2014, Prostov was a registered investment adviser representative in Washington State
8 for Global Investment Management Inc. dba Global Investment Advisors. Prostov has a Central
9 Registration Depository (CRD) number of 5668876.

10 2. Global Investment Management Inc. dba Global Investment Advisors (Global Investment
11 Management), a Delaware corporation, was registered as a foreign profit corporation in Washington State
12 from December 16, 2009 until April 3, 2020. Global Investment Management operated out of Bellevue,
13 Washington. From June 2009 to December 2014, Global Investment Management was a registered
14 investment adviser in Washington State. Global Investment Management has a CRD number of 144000.

15 Nature of the Conduct

16 *Overview*

17 3. Beginning no later than June 2016 and continuing through at least January 2017, Prostov and
18 Global Investment Management acted as an unregistered investment adviser and/or investment adviser
19 representative for at least two Washington State investors. Prostov and Global Investment Management
20 charged these investors an annual fee for these advisory services, which included discretionary securities
21 trading in their retail brokerage accounts.

Conduct

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2 4. In the summer of 2016, Prostov and Global Investment Management entered into an
3 Engagement Contract: Investment Advisory & Financial Planning Services Agreement with at least two
4 Washington State investors. On the cover page of these Engagement Contracts, Prostov is identified as the
5 Chief Investment Officer. The signature line of these Engagement Contracts identifies Prostov as
6 “Investment Advisor.” The Engagement Contract refers to Prostov and Global Investment Management as
7 money manager, investment advisor, financial advisor, and financial planner.

8 5. Prostov and Global Investment Management charged an upfront fee from the investors for the
9 investment advisory services. Prostov and Global Investment Management charged one investor \$500 for
10 six months of investment advisory services, which the investor paid upfront in full. Prostov and Global
11 Investment Management charged another investor \$2,500 for twelve months of investment advisory
12 services, which the investor paid upfront \$1,000.

13 6. The investors both held retail brokerage accounts at Fidelity Brokerage Services LLC
14 (“Fidelity”). In June and July 2016, both investors granted limited trading authority to some of their Fidelity
15 retail brokerage accounts to Prostov. This limited trading authority gave Prostov the authority to view the
16 investors’ accounts online and to buy and sell securities on their behalf. Prostov used this limited trading
17 authority to review the investors’ accounts and to execute discretionary trades on behalf of at least one
18 investor.

19 7. In August 2016, Fidelity removed Prostov’s trading authority over both of the investors’
20 accounts, and Prostov could no longer use his own login credentials to access and make trades in the
21 investors’ accounts.

22 8. Shortly after Fidelity removed Prostov’s trading authority, Prostov requested both investors
23 to provide him with their Fidelity login credentials so that he could still review and make trades in their

1 accounts. Both investors agreed and provided Prostov with their login credentials. Prostov used these login
2 credentials to review and exercise discretionary trading in their accounts.

3 9. For one of the investors, after the initial six month term concluded, Prostov and Global
4 Investment Management sent a letter to the investor stating that they owed an additional \$342.22 in
5 management fees. In the letter, Prostov and Global Investment Management misrepresented that the service
6 agreement the investor had signed included an annual 1% assets under management fee. In reality, the
7 service agreement did not include an assets under management fee, but rather a \$500 fee for six months of
8 investment advisory services, which the investor paid up front. Prostov and Global Investment Management
9 attached monthly invoices to this letter for the previous seven months, which calculated and billed the
10 purported asset under management fees. In these monthly invoices, Prostov and Global Investment
11 Management described the service as “Investment Management & Financial Planning Services.” Prostov
12 and Global Investment Management also included in the invoices detailed information of the investor’s
13 portfolio holdings, including monthly capital gains.

14 10. In December 2016 and January 2017, the investors decided to end their investment advisory
15 relationship with Prostov and Global Investment Management.

16 **Registration Status**

17 11. Prostov is not currently registered as an investment adviser or investment adviser
18 representative in the state of Washington.

19 12. Global Investment Management is not currently registered as an investment adviser or
20 investment adviser representative in the state of Washington.

21 Based upon the above Findings of Fact, the following Conclusions of Law are made:
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23

1 **CONCLUSIONS OF LAW**

2 1. Yuri Prostov acted as an investment adviser and/or an investment adviser representative as
3 defined in RCW 21.20.005(8) and (9) by advising individuals on purchasing and/or selling securities in
4 Fidelity brokerage accounts for compensation.

5 2. Global Investment Management Inc. dba Global Investment Advisors acted as an investment
6 adviser as defined in RCW 21.20.005(8) by advising individuals on purchasing and/or selling securities in
7 Fidelity brokerage accounts for compensation.

8 3. Yuri Prostov violated RCW 21.20.040(3) by acting as an investment adviser and/or
9 investment adviser representative while not so registered in the state of Washington.

10 4. Global Investment Management Inc. dba Global Investment Advisors violated RCW
11 21.20.040(3) by acting as an investment adviser while not so registered in the state of Washington.

12 5. Yuri Prostov has acted as an investment adviser, as defined in RCW 21.20.005(8), by
13 representing himself to be an investment advisor, financial planner, financial advisor, chief investment
14 officer, and money manager. By doing so while not registered as an investment adviser and/or investment
15 adviser representative, or exempt from such registration in the state of Washington, Yuri Prostov has
16 violated RCW 21.20.040(4).

17 6. Global Investment Management Inc. dba Global Investment Advisors has acted as an
18 investment adviser, as defined in RCW 21.20.005(8), by representing itself to be an investment advisor,
19 financial planner, financial advisor, and money manager. By doing so while not registered as an investment
20 adviser, or exempt from such registration in the state of Washington, Global Investment Management Inc.
21 dba Global Investment Advisors has violated RCW 21.20.040(4).

22 7. Yuri Prostov violated RCW 21.20.020, as described above, by misrepresenting the advisory
23 fees. Such conduct is a course of business which operates as deceit upon the client.

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

3 SIGNED and ENTERED this 22nd day of October, 2020.

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7 _____
8 William M. Beatty
9 Securities Administrator

8 Approved by:

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11 _____
12 Suzanne Sarason
13 Chief of Enforcement

8 Presented by:

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11 _____
12 Brian J. Guerard
13 Financial Legal Examiner Supervisor