

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

4 IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Securities Act of Washington by:

5 Yuri Prostov,  
6 Global Investment Management Inc., dba  
Global Investment Advisors,  
Respondents.

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

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

7 **THE STATE OF WASHINGTON TO:**

8 Yuri Prostov (CRD #5668876)  
9 Global Investment Management Inc., dba  
Global Investment Advisors (CRD #144000)

10 **STATEMENT OF CHARGES**

11 Please take notice that the Securities Administrator of the state of Washington has reason to believe  
12 that Respondents Yuri Prostov and Global Investment Management Inc., dba Global Investment Advisors  
13 violated the Securities Act of Washington. The Securities Administrator believes these violations justify  
14 the entry of an order against the Respondents Yuri Prostov and Global Investment Management Inc., dba  
15 Global Investment Advisors to cease and desist from such violations, to deny certain registrations they may  
16 seek in the future, to impose a fine, and to charge costs pursuant to RCW 21.20.110, RCW 21.20.390, and  
17 RCW 21.20.395. The Securities Administrator finds as follows:

18 **TENTATIVE FINDINGS OF FACT**

19 Respondents

20 1. Yuri Prostov (Prostov) resides in Bellevue, Washington. Prostov was the President and Chief  
21 Operations Officer of Global Investment Management Inc. dba Global Investment Advisors. From June  
22 2009 to December 2014, Prostov was a registered investment adviser representative in Washington State  
23

1 for Global Investment Management Inc. dba Global Investment Advisors. Prostov has a Central  
2 Registration Depository (CRD) number of 5668876.

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

### 8 Nature of the Conduct

#### 9 *Overview*

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

#### 15 *Conduct*

16 4. In the summer of 2016, Prostov and Global Investment Management entered into an  
17 Engagement Contract: Investment Advisory & Financial Planning Services Agreement with at least two  
18 Washington State investors. On the cover page of these Engagement Contracts, Prostov is identified as the  
19 Chief Investment Officer. The signature line of these Engagement Contracts identifies Prostov as  
20 "Investment Advisor." The Engagement Contract refers to Prostov and Global Investment Management as  
21 money manager, investment advisor, financial advisor, and financial planner.

22 5. Prostov and Global Investment Management charged an upfront fee from the investors for the  
23 investment advisory services. Prostov and Global Investment Management charged one investor \$500 for

1 six months of investment advisory services, which the investor paid upfront in full. Prostov and Global  
2 Investment Management charged another investor \$2,500 for twelve months of investment advisory  
3 services, which the investor paid upfront \$1,000.

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

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

13 8. Shortly after Fidelity removed Prostov’s trading authority, Prostov requested both investors  
14 to provide him with their Fidelity login credentials so that he could still review and make trades in their  
15 accounts. Both investors agreed and provided Prostov with their login credentials. Prostov used these login  
16 credentials to review and exercise discretionary trading in their accounts.

17 9. For one of the investors, after the initial six month term concluded, Prostov and Global  
18 Investment Management sent a letter to the investor stating that they owed an additional \$342.22 in  
19 management fees. In the letter, Prostov and Global Investment Management misrepresented that the service  
20 agreement the investor had signed included an annual 1% assets under management fee. In reality, the  
21 service agreement did not include an assets under management fee, but rather a \$500 fee for six months of  
22 investment advisory services, which the investor paid up front. Prostov and Global Investment Management  
23 attached monthly invoices to this letter for the previous seven months, which calculated and billed the

1 purported asset under management fees. In these monthly invoices, Prostov and Global Investment  
2 Management described the service as “Investment Management & Financial Planning Services.” Prostov  
3 and Global Investment Management also included in the invoices detailed information of the investor’s  
4 portfolio holdings, including monthly capital gains.

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

### 7 **Registration Status**

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

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

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

### 13 **CONCLUSIONS OF LAW**

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

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

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

22 4. Global Investment Management Inc. dba Global Investment Advisors violated RCW  
23 21.20.040(3) by acting as an investment adviser while not so registered in the state of Washington.

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

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

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

13           8. Global Investment Management Inc. dba Global Investment Advisors violated RCW  
14 21.20.020, as described above, by misrepresenting the advisory fees. Such conduct is a course of business  
15 which operates as deceit upon the client.

16           **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

17           Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities  
18 Administrator intends to order, pursuant to RCW 21.20.390(1), that Respondents Yuri Prostov and Global  
19 Investment Management Inc. dba Global Investment Advisors, their agents and employees, each shall cease  
20 and desist from violations of RCW 21.20.040 and RCW 21.20.020.

21           **NOTICE OF INTENT TO DENY FUTURE REGISTRATIONS**

22           Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and Conclusions  
23 of Law, the Securities Administrator intends to order that any future securities registration applications of

1 Respondents Yuri Prostov and Global Investment Management Inc. dba Global Investment Advisors as an  
2 investment adviser, broker-dealer, investment adviser representative, or securities salesperson shall be denied.

3 **NOTICE OF INTENT TO IMPOSE FINES**

4 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of Law,  
5 the Securities Administrator intends to order that Respondent Yuri Prostov shall be liable for and shall pay a  
6 fine of \$10,000.

7 **NOTICE OF INTENT TO CHARGE COSTS**

8 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law,  
9 the Securities Administrator intends to order that Respondent Yuri Prostov shall be liable for and shall pay  
10 the costs, fees, and other expenses incurred in the administrative investigation and hearing of this matter in  
11 an amount not less than \$2,000.

12 **AUTHORITY AND PROCEDURE**

13 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject  
14 to the provisions of Chapter 34.05 RCW. Respondents Yuri Prostov and Global Investment Management  
15 Inc. dba Global Investment Advisors may each make a written request for a hearing as set forth in the Notice  
16 of Opportunity for Hearing accompanying this Order. If a respondent does not make a hearing request in  
17 the time allowed, the Securities Administrator intends to adopt the above Tentative Findings of Fact and  
18 Conclusions of Law as final and to enter a permanent order to cease and desist as to that respondent, to  
19 impose any fines sought against that respondent, and to charge any costs sought against that respondent.

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21 SIGNED and ENTERED this 31st day of August, 2020.  
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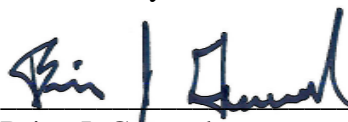


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William M. Beatty  
Securities Administrator

Approved by:

Presented by:



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Suzanne Sarason  
Chief of Enforcement

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Brian J. Guerard  
Financial Legal Examiner