

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

IN THE MATTER OF DETERMINING ) Order No.: S-17-2117-17-CO01  
whether there has been a violation of the )  
Securities Act of Washington by: ) CONSENT ORDER AND ORDER VACATING  
 ) ORDER NO. S-17-2117-17-FO01  
Kevin Bonner, )  
 )  
Respondent. )

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**INTRODUCTION**

On March 10, 2017, the Securities Administrator of the state of Washington entered a statement of charges and notice of intent to enter order to deny future registrations, cease and desist, to impose a fine, and to charge costs — Order No. S-17-2117-17-SC01 — against Respondent Kevin Bonner (“Statement of Charges”). On April 11, 2017, the Securities Division received a letter from Kevin Bonner waiving his right to a hearing, and in lieu thereof, submitted a written statement for consideration by the Securities Administrator. On April 20, 2017, the Securities Administrator entered findings of fact and conclusions of law and final order to deny future registrations, to cease and desist, to impose a fine, and to charge costs — Order No. S-17-2117-17-FO01 — against Respondent Kevin Bonner (“Final Order”). On May 12, 2017, Respondent Kevin Bonner sent a financial declaration to the Securities Division, which demonstrated that Respondent Kevin Bonner is under significant financial hardship. After consideration of Respondent Kevin Bonner’s financial hardship, the Securities Division has agreed to modify the fine and costs ordered against him in the Final Order, including the introduction of a payment plan. The Securities Division does hereby vacate the Final Order, and the Securities Division and Respondent Kevin Bonner do hereby agree to this Consent Order in settlement of the above captioned matter. The Securities Division makes, and Respondent Kevin Bonner admits, the following findings of fact and conclusions of law:

1 **FINDINGS OF FACT**

2 Respondent

3 1. Kevin Bonner (“Bonner”) resides in Seattle, Washington. Bonner was registered as an  
4 investment adviser representative and securities salesperson for Lincoln Financial Securities Corporation  
5 (“Lincoln Financial”) in Washington State from November 1990 until May 2016. Bonner has a Central  
6 Registration Depository (“CRD”) number of 1601140. Bonner is a Washington State licensed certified  
7 public accountant (“CPA”). Bonner has a Washington State Board of Accountancy number of 07642. The  
8 Certified Financial Planner Board of Standards, Inc. (“CFP Board”), a self-regulatory organization, granted  
9 Bonner the right to use the CFP designation. Bonner has a CFP Board ID No. of 32921.

10 Nature of the Conduct

11 2. While registered at Lincoln Financial, Bonner engaged in dishonest or unethical business  
12 practices by borrowing money from a client. In addition, Bonner engaged in dishonest or unethical conduct  
13 when he misrepresented to Lincoln Financial that he had not borrowed money from a client. Both the  
14 Washington State Board of Accountancy and the CFP Board took disciplinary action against Bonner  
15 relating to his borrowing of money from a client. In documents subsequently filed with the Securities  
16 Division, Bonner misrepresented his regulatory disciplinary history to the Division and failed to inform the  
17 Division of his regulatory disciplinary history within thirty days of the disciplinary action.

18 *Borrowing from a Client*

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20 3. For approximately thirty years, Bonner worked in various capacities including as a securities  
21 salesperson, accountant, and bookkeeper for a Washington State client. Bonner worked as a securities  
22 salesperson for this client from at least June 2003 through March 2013.

23 4. In or around 2008, Bonner approached his client for a loan.  
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1 5. The client agreed to loan Bonner \$50,000. At first, this loan was not memorialized in writing;  
2 it was a handshake deal based on years of friendship and trust.

3 6. For the next several years, Bonner struggled to pay back his client for this loan. By March  
4 2013, Bonner had paid back his client approximately \$10,000.

5 7. In or around March 2013, Bonner memorialized his loan from his client in a promissory note.  
6 The loan amount on this note was \$40,000 (\$50,000 less the \$10,000 Bonner had managed to pay back)  
7 with an annual interest rate of four percent.

8 8. Over the years, Bonner had made intermittent payments totaling approximately \$17,000 to  
9 his client on this note.

10 9. In December 2014, Bonner filed for chapter seven bankruptcy. In his bankruptcy filing,  
11 Bonner included his client's note as a debt he sought to discharge. In March, 2015, as a result of the  
12 bankruptcy proceeding, Bonner's \$28,327 debt to his client was discharged.

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14 *Regulatory Action Disclosure*

15 10. When Bonner first registered as a securities salesperson in Washington State, he was required  
16 to disclose information about his personal history and background by filing a Form U4. While Bonner was  
17 registered in Washington State, he was required to update any changes to the answers in his U4 within thirty  
18 days of the change. The Form U4 and all of its amendments are official filings with the Director of the  
19 Securities Division.

20 11. On April 2, 2015, the Washington State Board of Accountancy accepted a stipulated  
21 agreement and order of assurance from Bonner. In this order, Bonner stipulated to entering into a  
22 promissory note with a tax client. Bonner stipulated that borrowing funds from his client was a violation of  
23 WAC 4-30-142(9)(b). The Washington State Board of Accountancy suspended Bonner's CPA license for  
24 two years. This suspension was immediately stayed pending Bonner's compliance with the order. The order  
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1 required Bonner to pay a fine, to pay the investigative costs, and to complete a total of sixteen hours of  
2 continuing professional education. Bonner timely completed all requirements of the stipulated agreement  
3 and order of assurance.

4 12. Question 14(F) of the Form U4 asks whether the applicant has ever had an authorization to  
5 act as an accountant that was suspended. After the Washington State Board of Accountancy ordered the  
6 suspension of his CPA license, Bonner failed to file an updated Form U4 disclosing the suspension, under  
7 Question 14(F), within thirty days of the order. Further, on March 29, 2016, Bonner filed a Form U4 that  
8 answered “no” to Question 14(F). When Bonner answered “no” to Question 14(F), Bonner falsely stated  
9 that he had never had his CPA license suspended. As of the date of this Statement of Charges, Bonner has  
10 not filed a Form U4 disclosing the suspension of his CPA license.

11 13. On July 10, 2015, the CFP Board sent a complaint to Bonner for alleged violations of its  
12 Rules of Conduct. On December 4, 2015, The CFP Board entered an order against Bonner. In this Order, the  
13 CFP Board found four separate grounds for discipline against Bonner. Each ground for discipline stemmed  
14 from the March 2013 promissory note Bonner had entered into with his client. The CFP Board issued  
15 Bonner a public letter of admonition and required Bonner to provide the CFP Board with proof that he had  
16 completed all of the requirements imposed by the stipulated agreement and order Bonner entered into with  
17 the Washington State Board of Accountancy.

18 14. Question 14(E)(2) of the Form U4 asks whether the applicant has ever been found by any  
19 self-regulatory organization to be involved in a violation of its rules. After the CFP Board ordered to issue  
20 Bonner a public letter of admonition for violations of its disciplinary rules, Bonner failed to file an updated  
21 Form U4 disclosing his letter of admonition, under Question 14(E)(2), within thirty days of the order.  
22 Further, on March 29, 2016, Bonner filed a Form U4 that answered “no” to Questions 14(E)(2). When  
23 Bonner answered “no” to Question 14(E)(2), Bonner falsely stated that a self-regulatory organization had  
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1 never found him to be involved in a violation of its rules. As of the date of this Statement of Charges,  
2 Bonner has not filed a Form U4 disclosing his CFP Board letter of admonition.

3 *Misrepresentation to Lincoln Financial*

4 15. Lincoln Financial strictly prohibits its registered representatives from borrowing money from  
5 any Lincoln Financial client other than direct family members.

6 16. Lincoln Financial required Bonner to complete an annual compliance questionnaire so that  
7 Lincoln Financial could remain fully informed about any possible conflicts of interest or other issues  
8 relating to Bonner's duties as a registered representative. When Bonner submitted his responses to the  
9 questionnaire, he certified that all of his answers were true and correct, and that all statements and answers  
10 he provided accurately represented his activities. Lincoln Financial disclosed to Bonner that any false  
11 answers submitted in his questionnaire could result in disciplinary action including termination of his  
12 broker/dealer contract.

13 17. On at least three occasions, from 2013 to 2015, Bonner misrepresented on his annual  
14 compliance questionnaires to Lincoln Financial that he had not entered into any loan agreements with  
15 Lincoln Financial clients, when, in fact, he had. In May 2016, in response to Bonner's undisclosed loan  
16 arrangement with his client, Lincoln Financial terminated Bonner's registration with the firm.

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

18 **CONCLUSIONS OF LAW**

19 1. Kevin Bonner borrowed money from a client, which is dishonest or unethical business  
20 practice as defined by WAC 460-22B-090(1). Such conduct is grounds for denial of any future securities  
21 registration applications, imposition of a fine, and charging of costs pursuant to RCW 21.20.110(1)(g) and  
22 RCW 21.20.110(7).  
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1           2.       Kevin Bonner made a materially false or misleading statement to the Division when he filed  
2 a Form U4 in which he falsely answered a question related to the suspension of his CPA license by the  
3 Washington State Board of Accountancy. Such conduct is a violation of RCW 21.20.350, and it is grounds  
4 for denial of any future securities registration applications, imposition of a fine, and charging of costs  
5 pursuant to RCW 21.20.110(1)(a), RCW 21.20.110(1)(b), and RCW 21.20.110(7).

6           3.       Kevin Bonner made a materially false or misleading statement to the Division when he filed  
7 a Form U4 in which he falsely answered a question related to the disciplinary action taken against him by  
8 the CFP Board. Such conduct is a violation of RCW 21.20.350, and it is grounds for denial of any future  
9 securities registration applications, imposition of a fine, and charging of costs pursuant to RCW  
10 21.20.110(1)(a), RCW 21.20.110(1)(b), and RCW 21.20.110(7).

11           4.       Kevin Bonner failed to meet his continuing obligation to promptly file updated Form U4s  
12 with the Division when he did not disclose the suspension of his CPA license by the Washington State  
13 Board of Accountancy within thirty days of the order. Such conduct violates WAC 460-22B-060, and it is  
14 grounds for denial of any future securities registration applications, imposition of a fine, and charging of  
15 costs pursuant to RCW 21.20.110(1)(b) and RCW 21.20.110(7).

16           5.       Kevin Bonner failed to meet his continuing obligation to promptly file updated Form U4s  
17 with the Division when he did not disclose the disciplinary action taken against him by the CFP Board  
18 within thirty days of the order. Such conduct violates WAC 460-22B-060, and it is grounds for denial of any  
19 future securities registration applications, imposition of a fine, and charging of costs pursuant to RCW  
20 21.20.110(1)(b) and RCW 21.20.110(7).

21           6.       Kevin Bonner engaged in deceptive practices when, on at least three occasions, he made  
22 misstatements of material facts to Lincoln Financial relating to the loan agreement he entered into with his  
23 client, which is a dishonest or unethical practice as defined by WAC 460-22B-090. Such conduct is grounds  
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1 for denial of any future securities registration applications, imposition of a fine, and charging of costs  
2 pursuant to RCW 21.20.110(1)(g) and RCW 21.20.110(7).

3 **CONSENT ORDER**

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

5 IT IS AGREED AND ORDERED that any broker-dealer, securities salesperson, investment adviser,  
6 or investment adviser representative registration applications Respondent Kevin Bonner may file in the  
7 future will be denied.

8 IT IS FURTHER AGREED AND ORDERED that Respondent Kevin Bonner shall cease and desist  
9 from violations of RCW 21.20.350.

10 IT IS FURTHER AGREED AND ORDERED that Respondent Kevin Bonner shall pay a fine of  
11 \$5,000.

12 IT IS FURTHER AGREED AND ORDERED that Respondent Kevin Bonner shall pay investigative  
13 costs of \$1,000.

14 IT IS FURTHER AGREED AND ORDERED that the payment of the fine and costs described  
15 above shall be made as follows: Respondent Kevin Bonner shall pay \$250 towards the investigative costs on  
16 or before the entry of this Consent Order. Respondent Kevin Bonner shall then pay the remaining  
17 investigative costs and fine in monthly payments for the following twenty-three consecutive months, with  
18 each monthly payment in the amount of \$250. The first \$750 in payments will pay the investigative costs  
19 balance, and the remaining \$5,000 in payments will pay the fine. Each payment shall be due on the first  
20 business day following the first day of the month.

21 IT IS FURTHER AGREED that if Respondent Kevin Bonner fails to make any monthly payment,  
22 the remainder of the fine imposed in this Consent Order shall become immediately due and payable, and the  
23 Securities Division may seek enforcement of the Consent Order pursuant to RCW 21.20.395.

24 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.  
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1 IT IS FURTHER AGREED that Respondent Kevin Bonner enters into this Consent Order freely and  
2 voluntarily and with a full understanding of its terms and significance.

3 IT IS FURTHER AGREED that in consideration of the foregoing, the Securities Division hereby  
4 vacates the Final Order S-17-2117-17-FO01 against Respondent Kevin Bonner.

5 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

6 Signed this 7th day of June 2017.

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8 Signed by:

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10 /s/ \_\_\_\_\_  
Kevin Bonner, Individually

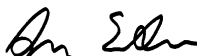
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13 SIGNED and ENTERED this 5th day of July 2017.


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William M. Beatty  
Securities Administrator

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20 Approved by:

Presented by:

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Suzanne Sarason  
Chief of Enforcement

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Brian J. Guerard  
Financial Legal Examiner



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Reviewed by:



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Jack McClellan  
Financial Legal Examiner Supervisor