

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

4 IN THE MATTER OF DETERMINING) Order No.: S-17-2222-17-FO01
5 Whether there has been a violation of the)
6 Securities Act of Washington by:) ENTRY OF FINDINGS OF FACT AND CONCLUSIONS OF
7) LAW AND FINAL ORDER TO REVOKE REGISTRATION,
8 CITIUM WEALTH MANAGEMENT, LLC CRD) IMPOSE A FINE, AND CHARGE COSTS
9 #138593 and J. TODD LARSON, CRD)
10 #5073565)
11 Respondents.)

12 THE STATE OF WASHINGTON TO: CITIUM WEALTH MANAGEMENT, LLC, CRD# 138593
13 J. TODD LARSON, CRD # 5073565

14 **INTRODUCTION**

15 On June 22, 2017, the Securities Administrator of the state of Washington issued a Summary Order
16 to Suspend Registration and Notice of Intent to Enter an Order to Revoke Registration, Impose a Fine, and
17 Charge Costs S-17-222-17-TO01 (“Summary Order”) against Respondents. The Summary Order, a Notice
18 of Opportunity to Defend and Opportunity for Hearing (“Notice of Opportunity for Hearing”), and an
19 Application for Adjudicative Hearing (“Application for Hearing”) were served on Respondents on June 27,
20 2017.

21 The Notice of Opportunity for Hearing advised Respondents that a written application of an
22 administrative hearing on the Summary Order must be received within twenty days from the date of the
23 receipt of the notice. The Summary Order advised Respondents that if a hearing was not requested, the
24 Securities Administrator intended to adopt the “Tentative Findings of Fact” and “Conclusions of Law” as set
forth in the Summary Order as final and enter a final order against Respondents to revoke registration,
impose a fine, and charge costs.

25 **ENTRY OF FINDINGS OF FACTS AND CONCLUSIONS**
26 **OF LAW AND FINAL ORDER TO REVOKE**
27 **REGISTRATION, IMPOSE A FINE, AND CHARGE COSTS**

1 Respondents failed to request an administrative hearing within twenty days of receipt of the
2 Summary Order and Notice of Opportunity for Hearing, either on the Application for Hearing provided or
3 otherwise. The Securities Administrator therefore will adopt as final the findings of fact and conclusions of
4 law as set forth in the Summary Order and enter a final order against the Respondents to revoke Citium
5 Wealth Management LLC's investment adviser registration and J. Todd Larson's investment adviser
6 representative registration, impose a fine, and charge costs.

7 **FINDINGS OF FACT**

8 **Respondents**

9 1. Citium Wealth Management, LLC, ("Citium") was registered as an adviser with the
10 Washington State Securities Division from March 28, 2006 to June 28, 2017, when its registration was
11 suspended. Citium's investment adviser Central Registration Depository ("CRD") number is 138593.

12 2. J. Todd Larson is the managing member of Citium. He was registered as an investment
13 adviser representative with the Securities Division from March 28, 2006 to June 28, 2017, when his
14 registration was suspended. His CRD number is 5073565.

15 **Nature of the Conduct**

16 3. Each investment adviser registered with the Securities Division must make annual filings with
17 the director after the investment adviser's fiscal year-end.

18 4. An investment adviser must, under WAC 460-24A-060, file with the Securities Division a
19 fiscal year-end balance sheet within 120 days following the end of the fiscal year-end. The Securities Division
20 reviews these balance sheets to determine whether the investment adviser met the minimum financial
21 requirements as set forth in WAC 460-24A-170.

1 5. An investment adviser must, under WAC 460-24A-205, file an updated Form ADV with CRD
2 within 90 days of its fiscal year-end. This annual amendment must include any changes to Form ADV Parts
3 1 and 2. The Securities Division reviews the annual updates to Form ADV to determine whether the
4 investment adviser is making necessary disclosure to investors.

5 6. Citium has a fiscal year-end of December 31. Citium's 2016 year-end balance sheet was due
6 by April 30, 2017 and the annual update to Form ADV was due by March 31, 2017.

7 7. As of Citium's last Form ADV filed on April 8, 2016, Respondents managed \$45,082,190 in
8 95 client accounts. Respondents have discretion, the ability to decide which securities to purchase or sell for
9 the client, in the client accounts.

10 8. On December 7, 2016, the Securities Division telephoned Citium to remind it about the
11 upcoming renewal requirement. There was no answer and the voicemail was full. The Securities Division
12 followed up by sending Citium an email reminder to timely file its renewal information.

13 9. Larson responded to the Securities Division's email and stated the firm would be purchased by
14 year-end. The Securities Division then informed Citium that unless a succession or a Form ADV-W had been
15 filed by December 31, 2016, Citium would need to file the required annual update to Form ADV and the year-
16 end balance sheet.

17 10. The Securities Division sent Respondents at least six additional reminders by email to remind
18 Respondents to file the annual update for Form ADV and a balance sheet.

19 11. On June 5, 2017, the Securities Division again called Respondents to remind Respondents to
20 file the annual update to Form ADV and a balance sheet; however, there was no answer and the voicemail
21 box was full. The Securities Division then mailed Respondents another reminder, which was not returned as
22 undeliverable.

1 12. Citium did not submit an annual update to Form ADV or a 2016 fiscal year-end balance sheet.

2 13. The Securities Division was unable to determine whether Citium was complying with the
3 minimum financial requirements as set forth in WAC 460-24A-170 and could not verify whether Citium is
4 conducting its business lawfully.

5 14. In addition, Respondents failed to timely file Citium's annual updating amendments to Form
6 ADV for the years ended December 31, 2013; 2014; and 2015.

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

8 **CONCLUSIONS OF LAW**

9 1. As set forth in the Findings of Facts, Respondent Citium, willfully violated WAC 460-24A-
10 060 by failing to file a 2016 fiscal year-end balance sheet. Such conduct is grounds for an order to revoke an
11 investment adviser registration under RCW 21.20.110(1)(b).

12 2. As set forth in the Tentative Findings of Facts, Respondent Citium willfully violated WAC
13 460-24A-205 by failing to file an annual updating amendment to Form ADV parts 1 and 2 with 90 days of its
14 years ended December 31, 2016. In addition, Respondent Citium willfully violated WAC 460-24A-205 by
15 failing to file an annual updating amendment to Form ADV parts 1 and 2 with 90 days of its years ended
16 December 31, 2013; 2014; and 2015. Such conduct is grounds for an order to revoke an investment adviser
17 registration under RCW 21.20.110(1)(b).

18 3. The willful violations of WAC 460-24A-060 and WAC 460-24A-205 each constitute a ground
19 for the entry of an order imposing fines under RCW 21.20.110(4).

20 4. The willful violations of WAC 460-24A-060 and WAC 460-24A-205 each constitute a ground
21 for the entry of an order charging costs under RCW 21.20.110(7).

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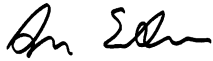
DATED AND ENTERED THIS 11th day of September, 2017.



William M. Beatty
Securities Administrator

Approved by:

Presented by:



Suzanne Sarason
Chief of Enforcement



Kristen Standifer
Compliance Legal Examiner