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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:

DONCASTER FINANCIAL, INC. AND
THOMAS DONCASTER

Respondents.

Order Number S-19-2766-20-CO01

CONSENT ORDER CONDITIONING
INVESTMENT ADVISER REGISTRATION

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THE STATE OF WASHINGTON TO: Doncaster Financial, Inc., CRD 304844
Thomas Doncaster, CRD 1926394

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This Consent Order is entered pursuant to the Securities Act of Washington, Chapter 21.20 RCW (“Securities Act”) between the Department of Financial Institutions Securities Division (“Securities Division”) and Respondents Doncaster Financial, Inc. (CRD 304844) and Thomas Doncaster (CRD 1926394).

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Thomas Doncaster is subject to Securities Division order S-06-137-11-CO01. In order S-06-137-11-CO01, he is ordered to cease and desist from violating the Washington Securities Act sections RCW 21.20.010 (the anti-fraud provision), RCW 21.20.702 (the provision prohibiting unsuitable recommendations, and RCW 21.20.040 (the investment adviser registration provision) and WAC 460-22B-090(19) (the administrative rule defining dishonest and unethical business practices).

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Thomas Doncaster is the president and chief compliance officer of Doncaster Financial. Doncaster Financial applied to the Securities Division for registration as an investment adviser.

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Under RCW 21.20.100(1)(f) and (m) an application for registration may be conditioned if an officer of the registrant is subject to an order that alleges a violation of the Securities Act or is subject to a cease

1 and desist order under the Securities Act. Order S-06-137-11-CO01 is grounds to deny or condition the
2 investment adviser registration of Doncaster Financial under RCW 21.20.110(1)(f) and (m). The Securities
3 Division believes that entry of an agreed Consent Order is in the public interest and is appropriate for the
4 protection of investors. Therefore, the Securities Administrator and Respondents do hereby agree to the
5 entry of the following order by the Securities Division.

6 **CONSENT ORDER**

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

8 IT IS AGREED AND ORDERED that before any investment adviser application submitted by
9 Respondents is approved, Respondents must do the following:

- 10 1. Purchase an E&O insurance policy with coverage of at least \$1 million that covers all advisory
11 activity conducted by Respondents. The policy may not limit negligence.
- 12 2. Retain an independent compliance firm to which the Securities Division does not object to provide
13 compliance oversight. The contract with the compliance firm may not limit the compliance firm's
14 liability and must provide that the compliance firm perform the following functions:
 - 15 a. Upon the opening of an advisory account, document a review of the recommendation to
16 open the account. The firm must contact the client to verify suitability information,
17 investment objectives, and appropriateness of the account. At a minimum, the following
18 information must be obtained:
 - 19 i. How and when the client and Respondents met.
 - 20 ii. The client's investment objective for the account.

1 h. Contact the Securities Division before terminating its contract with Thomas Doncaster or
2 Doncaster Financial.

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5 Additional Requirements Regarding the Compliance Firm(s)

6 IT IS FURTHER AGREED that Respondents provide written notification to the Securities Division
7 before terminating its relationship with the compliance firm providing oversight pursuant to this Consent
8 Order. Respondents must provide written notice to the Securities Division before hiring any subsequent
9 compliance firms and may only hire a compliance firm to which the Securities Division does not object.

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11 Disclosure Letter

12 IT IS FURTHER AGREED that if Respondents recommend a client liquidate any product the client
13 owned prior to hiring Respondents, to include non-securities products, Respondents must provide the client
14 a written disclosure letter that must be approved by Respondents' compliance firm with a complete
15 comparison of the specific details of the costs and benefits of the existing product to that of the
16 recommended product including at least the following:

- 17 a. All costs of liquidating the existing product(s) including surrender charges, tax penalties,
18 sales charges, and any other fees or costs;
- 19 b. Benefits lost in liquidating the existing product including future income, riders (identify the
20 specific riders lost and the consequence thereof), and any other lost benefits;

- 1 c. Cost of the recommended product to include total product cost, total advisory fee cost
2 (specifying the cost of the third-party money manager and any portion shared with
3 Respondents), transaction costs, the impact of market risk, and holding costs; and
4 d. The compensation received by Respondents that is in addition to that which is disclosed in
5 (c) above such as commissions and 12b-1 fees.

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7 Source Document

8 IT IS FURTHER AGREED that for each product Respondents recommend a client liquidate,
9 Respondents must obtain all related source documents including insurance policy statements and brokerage
10 statements. Respondents must maintain these documents and make them available for examination by the
11 Securities Division.

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13 Documentation that Recommendations are Consistent with Fiduciary Duty

14 IT IS FURTHER AGREED that Respondents will only make recommendations consistent with the
15 fiduciary duty and be for the benefit of the client. This includes the recommendation to open an advisory
16 account; to liquidate a product, including products the client currently holds but owned prior to hiring
17 Respondents and non-securities products, so that the proceeds may be added to the advisory account; and to
18 engage or change a third party money manager. Respondents must document the basis that the
19 recommendations are consistent with fiduciary duty. The documentation must be retained for at least six
20 years and must be made available for examination by the Securities Division. The six year retention period
21 begins when the client terminates all relationships with Respondents.

1 Third Party Money Manager

2 IT IS FURTHER AGREED that Respondents must use a third party money manager to manage the
3 client accounts. Before Respondents make a recommendation that clients switch third party money managers,
4 Respondents must determine that the switch is consistent with their fiduciary duty and be for the benefit of
5 the clients and the compliance firm must approve the switch.

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7 Written Comparison of the Costs of an Advisory Account to that of a Brokerage Account

8 IT IS FURTHER AGREED that before a client transfers assets from a brokerage account to open an
9 advisory account, Respondents must provide the client a written comparison of the cost of the current trading
10 volume and strategy employed in the brokerage account to the cost of the same trading volume and strategy
11 in an advisory account with an ongoing fee. Additionally, the comparison must clearly explain the
12 reoccurring nature and frequency of the ongoing fee, the formula for calculating the fee, the fee calculation,
13 the amount of assets under management the fee is based on, and time period covered by the fee. Respondent
14 must retain a copy of the comparison for at least six years, which shall commence when the client terminates
15 all relationships with the Respondents.

16
17 Email Communication

18 IT IS FURTHER AGREED that Respondents will utilize only one email account to communicate with
19 clients. Respondents will provide the Securities Division access to review all email correspondence and
20 accounts.

21
22 Books and Records

1 IT IS FURTHER AGREED that Respondents must retain all books and records as required by WAC
2 460-24A-200 and the records required by this order for the period described in WAC 460-24A-200(5) unless
3 a longer retention period is provided for in this order. Furthermore, the records must be maintained consistent
4 with WAC 460-24A-200(11).

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7 Advertising

8 IT IS FURTHER AGREED that Respondents may not provide performance guarantees or advertise or
9 show clients performance projections.

10 IT IS FURTHER AGREED that Respondents may not display diplomas or plaques unless they were
11 obtained from an accredited educational institution.

12
13 Advisory Fees

14 IT IS FURTHER AGREED that Respondents may charge an advisory fee only on assets in the advisory
15 account; and may not charge an advisory fee on assets that are not actively and continually managed or for
16 which other compensation is received such as commissions or ongoing 12b-1 fees.

17 IT IS FURTHER AGREED that Respondents may not exercise discretion in client accounts or have
18 custody of client assets or securities except to deduct advisory fees consistent with the investment advisory
19 rules chapter 460-24A WAC.

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21 Miscellaneous

1 IT IS FURTHER AGREED that Respondents will comply with the Securities Act and the rules
2 promulgated thereunder.

3 IT IS FURTHER AGREED that upon discovery of violations of this Consent Order, the Securities
4 Division will commence action to revoke Respondents' registrations or permanently bar Respondents.
5 Action may be taken against one or both Respondents.

6 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

7 IT IS FURTHER AGREED that Respondents enter into this Consent Order freely and voluntarily and
8 with full understanding of its terms and significance.

9 IT IS FURTHER AGREED that in consideration of the foregoing, Respondents waive the right to a
10 hearing and judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.

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12 **AUTHORITY AND PROCEDURE**

13 This Order is entered pursuant to the provisions of chapter 21.20 RCW and is subject to the provisions
14 of RCW 21.20.120 and Chapter 34.05 RCW.

15
16 SIGNED this 31st day of March, 2020.

17 By:

18 /s/

19 _____
20 Jeffery Kelvin, Pennsylvania Bar Association no. 17903
Attorney for Respondents

21 By:

22 /s/

23 CONSENT ORDER CONDITIONING
INVESTMENT ADVISER REGISTRATION

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

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2 Thomas Doncaster, CRD 1926394
3 Individually and as president of Doncaster
4 Financial, Inc. CRD 304844

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8 DATED AND ENTERED this 25th day of September, 2020.

9 By:

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11 _____
12 William M. Beatty
13 Securities Administrator

14 Approved by:

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16 _____
17 Suzanne Sarason
18 Chief of Enforcement

14 Presented by:

15 /s/

16 _____
17 Kristen Standifer
18 Financial Legal Examiner Supervisor