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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:

John Scott Winslow,

Respondent.

Order Number: S-21-3243-21-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

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THE STATE OF WASHINGTON TO: **John Scott Winslow (CRD No. 3071933)**

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STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondent John Scott Winslow has violated the Securities Act of Washington. The Securities Administrator believes those violations justify the entry of an order against the Respondent to cease and desist from such violations, to deny future securities registrations, to impose a fine, and to charge costs, pursuant to RCW 21.20.110, RCW 21.20.390, and RCW 21.20.395. The Securities Administrator finds as follows:

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TENTATIVE FINDINGS OF FACT

Respondent

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1. John Scott Winslow (“Winslow”) (CRD No. 3071933) is a resident of Fox Island, Washington. Winslow was first employed in the securities industry in 1998 and was employed by multiple broker-dealers and investment advisers. Winslow was registered with the Securities Division as a securities salesperson and investment adviser representative at Edward Jones from September 2013 until he was terminated in December 2021. Since his termination, Winslow has not been registered as a securities salesperson or investment adviser representative.

1 **Nature of the Conduct**

2 *Introduction*

3 2. Between approximately 2011 and 2021, Winslow was a securities salesperson and
4 investment adviser representative for a retired senior citizen (hereinafter “senior client”). The senior client
5 (now age 78) is a widow whose husband died in 2011. Around that time, she became a client of Winslow,
6 who was working for UnionBanc Investment Services, LLC. In 2013, Winslow began working for Edward
7 Jones, and the senior client opened new accounts at Edward Jones. The senior client’s annual income was
8 approximately \$23,000. During much of the relevant time period, the senior client did not own a car and
9 resided alone. Winslow visited the senior client at her home on multiple occasions and drove her to stores
10 and appointments. As an investment adviser representative, Winslow had a fiduciary duty to act primarily
11 for the benefit of his client. Winslow breached his fiduciary duty and engaged in deceptive, dishonest, and
12 unethical business practices by borrowing hundreds of thousands of dollars from the senior client, failing to
13 repay her, and failing to disclose the loan to his firm.

14 *Transfers to Winslow and Wood Monkey*

15 3. Between 2017 and 2020, the senior client transferred more than \$550,000 to Winslow’s
16 personal bank account and to one of his businesses, Wood Monkey. Winslow told the senior client that he
17 needed money to buy a house and that he would repay her more than she made on her Edward Jones
18 investments. Winslow did not provide the senior client with a written agreement for the loan. Winslow did
19 not disclose to Edward Jones that he received a loan from his client.¹ Winslow did not repay the senior
20 client.

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23 ¹ The Edward Jones policy manual states in part: “Edward Jones does not allow lending arrangements with clients.” In very limited circumstances (such as if the client is an immediate family member), representatives can seek prior written approval for an exception to this policy.

1 4. Beginning in 2017, the senior client paid a total of more than \$28,000 to Winslow's
2 business, Wood Monkey. The senior client wrote at least three checks to Wood Monkey and also sent a
3 wire transfer to a bank account in the name of Wood Monkey.

4 5. Between 2017 and June 2020, Winslow received a total of approximately \$521,800 through
5 wire transfers that were sent to Winslow's bank account. To facilitate the wire transfers, Winslow sold
6 securities in the senior client's accounts at Edward Jones. Proceeds from these securities sales were first
7 transferred to the senior client's bank account, and then wired to Winslow's bank account.

8 6. In October 2019, Winslow purchased a residence on Fox Island for approximately \$363,000.
9 After Winslow purchased the home, the senior client wired additional funds to Winslow's personal bank
10 account. Between October 2019 and December 2019, the senior client wired more than \$100,000 to
11 Winslow. In April 2020, the senior client wired \$86,000 to Winslow. In June 2020, the senior client wired
12 an additional \$86,000 to Winslow.

13 7. In connection with the sale of securities in the senior client's accounts, Winslow made false
14 and misleading statements in Edward Jones records regarding his communications with the senior client.
15 Winslow made entries that falsely indicated that the senior client initiated the sale of securities to cover
16 various expenses, such as medical bills, remodeling expenses, and yard work. In truth, much of these funds
17 were transferred to Winslow. For example, on November 8, 2019, Winslow made notes indicating that the
18 senior client requested a \$42,000 transfer to her bank account. Winslow falsely stated: "She is completing
19 the project at her rental home." In truth, the senior client did not own a rental home. A few days after the
20 \$42,000 was deposited into the senior client's bank account, the senior client wired the same amount
21 (\$42,000) to Winslow's bank account.

Liquidating Annuities

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2 8. In 2020, Winslow liquidated annuities that were held by the senior client, which caused her
3 to incur nearly \$4,000 in surrender charges. In April 2020, Winslow liquidated an annuity that was worth
4 approximately \$50,000 and the senior client incurred a surrender charge of approximately \$1,300.
5 Winslow made an entry in Edward Jones records that falsely stated that the senior client had “decided to
6 remove the funds from her contract and donate them.” A couple of weeks after the annuity was liquidated,
7 the proceeds were transferred to an account at another firm, as discussed below. In December 2020,
8 Winslow liquidated an annuity that was worth approximately \$142,000 and the senior client incurred a
9 surrender charge of approximately \$2,600. When Winslow was questioned by Edward Jones supervision
10 staff, he falsely stated that the senior client wanted to liquidate the annuity to “free up cash” to purchase
11 another residence.

After the Senior Client Receives an Inheritance, Funds are Transferred to Another Firm

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13 9. In February 2020, the senior client received more than \$800,000 as an inheritance from a
14 deceased relative. A check for more than \$500,000 was deposited into the senior client’s account at
15 Edward Jones and approximately \$300,000 worth of securities were deposited into a new brokerage
16 account at Vanguard that was opened in January 2020. A few months later, in September 2020, Winslow
17 made notes in Edward Jones records stating that the senior client wanted to move “more assets to
18 Vanguard” and “start making distributions to a few animal shelters by the end of the year.”

19 10. In January 2021, the senior client’s remaining assets at Edward Jones were transferred to her
20 account at Vanguard. In May 2021, the email address for the senior client’s account at Vanguard was
21 changed to an email address used by Winslow.

Purchases of Gold Coins Using the Vanguard Account

11. Beginning in September 2020 and continuing through April 2021, more than \$370,000 was paid out of the senior client's account at Vanguard for the purchase of gold coins from an online bullion dealer. In September 2020, a new account was opened at the bullion dealer using one of Winslow's email addresses. Later that month, three gold coins were purchased using the account and shipped to the senior client's residence. The billing and shipping contacts for the account were later changed from the senior client to Winslow. Subsequent orders of gold coins totaling more than \$360,000 were shipped to a post office box used by Winslow on Fox Island, Washington.

Securities Division Examination and Failure to Comply with a Subpoena

12. On December 3, 2021, financial examiners from the Securities Division conducted an examination of Winslow's office in Gig Harbor. During an interview, Winslow was asked about funds that he received from the senior client. Winslow claimed that he received a total of approximately \$221,000 as gifts from the senior client, and that the senior client loaned him \$300,000 for his house.

13. Edward Jones has policies that strictly limit the amount of gifts that can be received by its associates from clients. Edward Jones associates must obtain approval from the field supervision department to keep or accept gifts. Edward Jones generally prohibits its associates from having lending arrangements with clients.

14. Winslow did not disclose to Edward Jones that he received funds from the senior client. Winslow did not obtain approval from Edward Jones to receive gifts or a loan from the senior client. Winslow stated that he purchased gold coins for the senior client and left them on a table in her residence. When contacted by the Securities Division, the senior client did not recall receiving gold coins from Winslow.

1 21.20.110(1)(g), any securities salesperson registration that John Scott Winslow may seek in the future and
2 justifies the imposition of a fine.

3 2. John Scott Winslow violated RCW 21.20.020(1)(c), because he engaged in dishonest and
4 unethical practices as the director may define by rule while receiving consideration from the other party
5 primarily for advising the other person as to the value of securities or their purchase or sale. John Scott
6 Winslow violated WAC 460-24A-220(6) by borrowing money from an investment advisory client. As set
7 forth in the Tentative Findings of Fact, John Scott Winslow also violated WAC 460-24A-220(20) by
8 engaging in acts, practices, or courses of business which are fraudulent, deceptive, manipulative or
9 unethical. Such conduct constitutes grounds, pursuant to RCW 21.20.110(1)(g), to deny any investment
10 adviser representative registration that John Scott Winslow may seek in the future and justifies the
11 imposition of a fine.

12 3. John Scott Winslow, as set forth in the Tentative Findings of Fact, in connection with the
13 offer or sale of securities, violated RCW 21.20.010 because he employed a device, scheme, or artifice to
14 defraud; made an untrue statement of a material fact or omitted to state a material fact necessary in order to
15 make the statements made, in the light of the circumstances under which they are made, not misleading; or
16 engaged in an act, practice, or course of business which operates or would operate as a fraud or deceit upon
17 another person.

18 4. Under RCW 21.20.110(1)(e)(iii), the Securities Administrator may deny, suspend, revoke,
19 restrict, condition, or limit any application or registration of any broker-dealer, salesperson, investment
20 adviser representative, or investment adviser, upon a finding that the applicant or registrant is the subject of
21 an order, entered after notice and opportunity for hearing, by a self-regulatory organization suspending or
22 expelling the registrant from membership in a self-regulatory organization. FINRA's 2022 AWC
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1 constitutes an order expelling Winslow from membership in a self-regulatory organization under RCW
2 21.20.110(1)(e)(iii).

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

4 Pursuant to RCW 21.20.390(1), and based upon the above based upon the above Tentative Findings
5 of Fact and Conclusions of Law, the Securities Administrator intends to order that the Respondent John
6 Scott Winslow shall cease and desist from violations of RCW 21.20.010.

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

8 Pursuant to RCW 21.20.110(1)(e) and RCW 21.20.110(1)(g), and based upon the above Tentative
9 Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that any future
10 application for securities salesperson or investment adviser representative registration of Respondent John
11 Scott Winslow shall be denied.

12 **NOTICE OF INTENT TO IMPOSE A FINE**

13 Pursuant to RCW 21.20.110(1)(g) and RCW 21.20.395, and based upon the above Tentative
14 Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that the Respondent
15 John Scott Winslow shall be liable for and shall pay a fine of \$100,000.

16 **NOTICE OF INTENT TO CHARGE COSTS**

17 Pursuant to RCW 21.20.110(7) and RCW 21.20.390, and based upon the above Tentative Findings
18 of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent John Scott
19 Winslow shall be liable for and shall pay the costs, fees, and other expenses incurred in the administrative
20 investigation and hearing of this matter, in an amount not less than \$15,000.

21 **AUTHORITY AND PROCEDURE**

22 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is
23 subject to the provisions of RCW 21.20.120 and Chapter 34.05 RCW. Respondent John Scott Winslow

1 may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND
2 AND OPPORTUNITY FOR HEARING accompanying this Order. If the Respondent does not make a
3 hearing request in the time allowed, the Securities Administrator intends to adopt the above Tentative
4 Findings of Fact and Conclusions of Law as final as to the Respondent, and as described above, enter a
5 permanent order to cease and desist, to deny future registrations, and to impose the fine and costs sought.

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8 SIGNED and ENTERED this 27th day of September, 2022.



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11 /s/

12 _____
13 William M. Beatty
14 Securities Administrator

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16 Approved by:

Presented by:

17 /s/

/s/

18 _____
19 Brian J. Guerard
20 Chief of Enforcement

21 _____
22 Robert Kondrat
23 Financial Legal Examiner