

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:

INVESTMENT AND ESTATE
STRATEGIES, LLC, and

ERNEST MARION DILL, JR.,

Respondents.

SDO - 47 - 99

STATEMENT OF CHARGES AND NOTICE
OF INTENTION TO ENTER ORDER
SUSPENDING REGISTRATION

Case No. 98-04-112

THE STATE OF WASHINGTON TO: INVESTMENT AND ESTATE STRATEGIES, LLC
114 W. MAGNOLIA ST. SE, #406
BELLINGHAM, WA 98225

and

ERNEST MARION DILL, JR.
3127 BAY ROAD
FERNDAL, WA 98248

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Investment and Estate Strategies, LLC., and Ernest Marion Dill, Jr., have violated the Securities Act of Washington and that those violations justify the entry of an order of the Securities Administrator under RCW 21.20.110 suspending Respondents' investment adviser and investment adviser representative registration. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

RESPONDENT

1. Investment and Estate Strategies, LLC ("IES") is registered with the State of Washington as an investment adviser and has been so registered since June 1995. IES is located at 114 W. Magnolia St. SE #406, Bellingham, Washington 98225.

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

1 was priced on November 25, 1998 it's NAV had risen to \$14.20, resulting in a constructive loss of \$2065.47 to the
2 customer.

3 10. Dill did not contact the customer prior to selling the five mutual funds in her account.

4 Dill Failed to Execute Written Discretionary Agreements

5 11. The customer had not signed an agreement giving Dill discretionary authority over her account. Dill's
6 practice over the years had been to make trades in the customer's account without prior authorization. Dill failed to
7 obtain written discretionary agreement that would have allowed him to trade without consulting the customer first.

8 12. On or about April 23, 1999 Dill sent a letter to the customer in response to a complaint the customer had
9 sent to the Securities and Exchange Commission, regarding the unauthorized trades. In that letter Dill wrote "I have
10 always managed your securities with discretion as to timing . . . I have always selected the securities and executed your
11 investments on the basis of the soundest judgment I could exercise."

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

13 **CONCLUSIONS OF LAW**

14 13. Dill, as described above, engaged in dishonest and unethical practices in the securities business, as
15 defined by WAC 460-24A-220(4), by executing transactions on behalf of customers without authorization to do so. Such
16 practice is grounds for the suspension or revocation of Respondents' investment adviser and investment adviser
17 representative registration pursuant to RCW 21.20.110(1)(g).

18 14. Dill, as described above, engaged in dishonest and unethical practices in the securities business, as
19 defined by WAC 460-24A-220(2), by exercising discretionary power in effecting transactions for customers accounts
20 without first obtaining written discretionary authority form his customer. Such practice is grounds for the suspension or
21 revocation of Respondents' investment adviser and investment adviser representative registration pursuant to RCW
22 21.20.110(1)(g).

