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

IN THE MATTER OF DETERMINING ) Order No.: S-11-0724-11-FO01  
Whether there has been a violation of the )  
Securities Act of Washington by: ) ENTRY OF FINDINGS OF FACT AND  
 ) CONCLUSIONS OF LAW AND FINAL ORDER TO  
SUHRCO REAL ESTATE ADVISORS, INC., ) REVOKE INVESTMENT ADVISER REGISTRATION  
 ) AND TO IMPOSE A FINE  
Respondent. )

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**THE STATE OF WASHINGTON                      SUHRCO REAL ESTATE ADVISORS, INC.**  
**TO:    2010 NE 156<sup>th</sup> PL. NE, #100**  
**Bellevue, WA 98007**

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On August 19, 2011, the Securities Division entered a Statement of Charges and Notice of Intent to Suspend and/or Revoke Investment Adviser Registration and Impose Fines, S-11-0724-11-SC01 (“Statement of Charges”), against Suhrco Real Estate Advisors, Inc (“SUHRCO”). The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing (“Notice of Opportunity for Hearing”) and an Application for Adjudicative Hearing (“Application for Hearing”), were served on SUHRCO on August 25, 2011. The Notice of Opportunity for Hearing advised SUHRCO that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. SUHRCO failed to request an administrative hearing within twenty days of receipt of the Statement of Charges and Notice of Opportunity for Hearing, either on the provided Application for Hearing, or otherwise.

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The Securities Administrator therefore will adopt as final as to SUHRCO the following Findings of Fact and Conclusions of Law and enter a final order against SUHRCO to revoke investment adviser registration and impose a fine.

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ENTRY OF FINDINGS OF FACT AND CONCLUSIONS OF LAW  
AND FINAL ORDER TO REVOKE INVESTMENT ADVISER  
REGISTRATION AND TO IMPOSE A FINE

1 **FINDINGS OF FACT**

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3 The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

4 **I. Respondent**

5 1. SUHRCO REAL ESTATE ADVISORS, INC. (“SUHRCO”) is a corporation organized under the  
6 laws of the State of Washington with its principal place of business at 2010 NE 156<sup>th</sup> PL. NE, #100,  
7 Bellevue, WA 98007. The President and Registered Agent of the corporation is Craig E. Suhrbier. Karen  
8 Warnick is listed on the Respondent’s most recent Form ADV Part 1 filing with the Investment Adviser  
9 Registration Depository (“IARD”) as the Vice President and Administrator and the person responsible for  
10 supervision and compliance. The fiscal year end for SUHRCO is December 31.

11 2. SUHRCO is currently registered as an investment adviser with the Securities Division pursuant to  
12 RCW 21.20.040 under file number 30001035. That registration expires on December 31, 2011. The file  
13 number for SUHRCO in IARD is 116954.

14 3. SUHRCO has two registered investment adviser representatives: Edwin Suhrbier (CRD No.  
15 4509575) and Beverly Suhrbier (CRD No. 4509578). Edwin Suhrbier died on November 9, 2009. Karen  
16 Warnick is not currently and has never been registered as an investment adviser representative.

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18 **II. Nature of the Conduct**

19 **A. Annual Licensing Documents**

20 4. Each investment adviser registered with the Securities Division is required, under WAC 460-24A-  
21 060, to file with the Securities Division a fiscal year end balance sheet prepared in accordance with generally  
22 accepted accounting principles (“GAAP”). The balance sheet must be filed no more than ninety days after  
23 the end of the adviser’s fiscal year.

1 5. Each investment adviser registered with the Securities Division is required, under WAC 460-24A-  
2 205, to file annual updating amendments to its Form ADV with IARD within ninety days after the end of its  
3 fiscal year. These annual updating amendments must include any changes to Form ADV Part 1 and Form  
4 ADV Part 2.

5 6. The Securities Division reviews each Investment Adviser's balance sheet and annual amendments to  
6 its Form ADV as a part of the Securities Division's mission to protect the public from dishonest or  
7 fraudulent practices.

8 7. The Respondent is required to submit its annual filings on or before March 31 each year. The  
9 Respondent last submitted a balance sheet to the Securities Division on August 16, 2010 for its fiscal year  
10 ending December 31, 2009. The Respondent's most recent Form ADV Part 1 was filed with IARD on  
11 September 4, 2003.

12 8. On August 9, 2010, the Securities Division filed a Statement of Charges against SUHRCO for  
13 violating WAC 460-24A-060 (for failure to file a GAAP compliant fiscal year end balance sheet), WAC  
14 460-25A-205 (for failure to file its annual updating amendments with IARD), and RCW 21.20.005 (for  
15 employing Karen Warnick as an unregistered investment adviser representative). On August 16, 2010,  
16 SUHRCO filed a 2009 fiscal year end balance sheet but has not further responded to that Statement of  
17 Charges.  
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19 9. The Securities Division contacted the Respondent about the required annual filings twice before the  
20 March 31, 2011 deadline and at least five times after the filing deadline. The Respondent was contacted by  
21 email, letter, and phone. The Securities Division used the contact information listed on the Respondent's  
22 most recent Form ADV Part 1 for each communication.  
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1 10. On February 11, 2011, the Securities Division sent a memorandum via email to all investment  
2 advisers registered in the State of Washington with a fiscal year end in December reminding them of the  
3 requirement to submit a GAAP compliant fiscal year-end balance sheet and to file Form ADV Part 1 and  
4 Form ADV Part 2 with IARD by March 31, 2011. The memorandum included filing instructions and a  
5 warning that advisers who failed to file the required documents would be referred to Enforcement for  
6 administrative action which could include suspension and/or revocation of their registration and imposition  
7 of fines.

8 11. On March 17, 2011, the Securities Division sent another reminder email to all investment advisers,  
9 including the Respondent, who had not filed the required documents. This email included filing instructions  
10 and a warning of possible administrative action for non-compliance.

11 12. On May 24, 2011, the Securities Division mailed a letter informing the Respondent that the Securities  
12 Division had not yet received the required annual filing documents. The letter included filing instructions  
13 and warned the Respondent that if the required documents were not filed by June 3, 2011, the Securities  
14 Division would begin an administrative action. The letter was also sent as an email.

15 13. On June 23, 2011, Elizabeth Smith, a compliance attorney with the Securities Division, called, left  
16 voice mail messages, and spoke with Karen Warnick. Ms. Smith informed Ms. Warnick that the Securities  
17 Division had not received the required documents and the Securities Division would start an administrative  
18 action which could include suspension and/or revocation of SUHRCO's registration and imposition of fines  
19 if these documents were not filed by July 1, 2011. Ms. Smith also sent an email to the Respondent on June  
20 23, 2011 summarizing this phone call and reiterating the July 1, 2011 deadline.

21 14. On July 7, 2011, Karen Warnick sent an email to Ms. Smith informing the Securities Division that  
22 SUHRCO would submit the required documents during the week of July 11, 2011. Ms. Smith sent a return  
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1 email to Ms. Warnick informing SUHRCO that the Securities Division was starting the administrative orders  
2 process and asked SUHRCO to submit the required documents as soon as possible.

3 15. As of the date of this Final Order, the Respondent has not submitted a balance sheet to the Securities  
4 Division or annual updating amendments to its Form ADV with IARD for its fiscal year ending December  
5 31, 2010.

### 6 **B. Investment Adviser Representatives**

7 16. Each investment adviser representative's Form U-4 is required, under WAC 460-24A-205, to be  
8 updated within thirty days whenever an event occurs which makes the information disclosed on the form  
9 inaccurate. Investment advisers are required, under RCW 21.20.110(1)(j), to supervise or establish  
10 supervisory procedures to ensure that each of its representatives comply with RCW Chapter 21.20 and all  
11 rules adopted under that chapter. In the case of the death of an investment adviser representative, the  
12 investment adviser is required, under RCW 21.20.080 and WAC 460-24A-080, to ensure that a Form U-5 is  
13 filed with IARD to terminate that representative's registration.

14 17. SUHRCO currently has two registered investment adviser representatives listed on IARD: Edwin  
15 Suhrbier and Beverly Suhrbier. Their most recent U-4 amendments were filed with IARD on September 4,  
16 2003. Edwin Suhrbier died on November 9, 2009.

17 18. Each investment adviser registered with the Securities Division is required, under RCW 21.20.040, to  
18 employ, supervise, or associate with only registered investment adviser representatives. Investment adviser  
19 representatives are defined as anyone who: "(a) Makes any recommendations or otherwise renders advice  
20 regarding securities; (b) Manages accounts or portfolios of clients; (c) Determines which recommendation or  
21 advice regarding securities should be given; (d) Solicits, offers, or negotiates for the sale of or sells  
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1 investment advisory services; or (e) Supervises employees who perform any of the functions under (a)  
2 through (d) of this subsection.” RCW 21.20.005(9) (formerly codified at RCW 21.20.005(14)).

3 19. Karen Warnick is listed on SUHRCO’s most recent Form ADV Part 1B, Item 2 as SUHRCO’s  
4 employee responsible for supervision and compliance.

5 20. The Securities Division informed SUHRCO and Ms. Warnick multiple times that Ms. Warnick needs  
6 to be registered as an investment adviser representative if she is to be responsible for SUHRCO’s supervision  
7 and compliance, including the August 9, 2010 Statement of Charges mentioned in Paragraph eight (8) of this  
8 Final Order.

9 21. As of the date of this Final Order, a Form U-5 has not been filed Edwin Suhrbier and Ms. Warnick is  
10 not registered as an investment adviser representative.

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12 **CONCLUSIONS OF LAW**

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

- 15 1. SUHRCO REAL ESTATE ADVISORS, INC., as described above, has willfully violated WAC  
16 460-24A-060 because it has not filed a balance sheet prepared in accordance with generally accepted  
17 accounting principles within 90 days of its December 31, 2010 fiscal year end.
- 18 2. SUHRCO REAL ESTATE ADVISORS, INC. has willfully violated WAC 460-24A-205 because it  
19 has not filed updated Form ADV Part 1 and Form ADV Part 2 with IARD within 90 days of its December  
20 31, 2010 fiscal year end.
- 21 3. SUHRCO REAL ESTATE ADVISORS, INC. has willfully violated RCW 21.20.110(1)(j) by  
22 failing to file a Form U-5 terminating the license of its investment adviser representative, Edwin  
23 Suhrbier.

1 4. SUHRCO REAL ESTATE ADVISORS, INC. has willfully violated RCW 21.20.040(5) by  
2 employing Karen Warnick as an investment adviser representative, as that term is defined in RCW  
3 21.20.005(9) (formerly codified at RCW 21.20.005(14)), when she was not registered as an investment  
4 adviser representative in the State of Washington.

5 4. The willful violation of WAC 460-24A-060, WAC 460-24A-205, RCW 21.20.110(1)(j), and RCW  
6 21.20.040(5) each constitutes a ground for the entry of an order revoking the registration of SUHRCO  
7 REAL ESTATE ADVISORS, INC. as an investment adviser under RCW 21.20.110(1)(b) and imposing a  
8 fine under RCW 21.20.110(1).

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10 **FINAL ORDER**

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

12 IT IS HEREBY ORDERED that SUHRCO's investment adviser registration is revoked.

13 IT IS FURTHER ORDERED that SUHRCO shall be liable for and pay a fine in the amount of  
14 \$1,000.

15 **AUTHORITY AND PROCEDURE**

16 This FINAL ORDER is entered pursuant to the provisions of RCW 21.20.110 and 21.20.390, and is  
17 subject to the provisions of RCW 21.20.120 and Chapter 34.05 RCW. Respondents have the right to  
18 petition the superior court for judicial review of this agency action under the provisions of RCW 34.05. For  
19 the requirements for Judicial Review, see RCW 34.05.510 and sections following. Pursuant to RCW  
20 21.20.395, a certified copy of this Order may be filed in Superior Court. If so filed, the clerk shall treat the  
21 Order in the same manner as a Superior Court judgment as to the fine, and the fine may be recorded,  
22 enforced, or satisfied in like manner.  
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WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

Signed and Entered this 8th day of December 2011.



William M. Beatty  
Securities Administrator

Approved by:



Suzanne Sarason  
Chief of Enforcement

Presented by:



Elizabeth A. L. Smith  
Financial Legal Examiner