1 2 STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS 3 SECURITIES DIVISION 4 IN THE MATTER OF determining SDO - 00 - 12Whether there has been a violation of the 5 Securities Act of Washington by: STIPULATED CENSURE б PACIFIC NORTHWEST ASSET Case No. 00-01-29 MANAGEMENT INC.. 7 Respondent. 8 9 10 11 THE STATE OF WASHINGTON TO: PACIFIC NORTHWEST ASSET MANAGEMENT, INC. 9230 BAYSHORE DR NW, STE 202 12 SILVERDALE, WA 98383 13 The Securities Division, Department of Financial Institutions, State of Washington, and respondent PACIFIC 14 NORTHWEST ASSET MANAGEMENT, INC. ("PNAM") do hereby agree to this Stipulated Censure. PNAM 15 admits to the findings of fact, as stated below, and wishes to avoid the time and expense of further investigation and 16 an action by or before the Securities Division and desires to obtain disposition of this matter without invoking any 17 rights to a hearing before the Securities Division. 18 19 FINDINGS OF FACT 20 21 1. Pacific Northwest Asset Management, Inc. ("PNAM") is an investment adviser registered with the State 22 of Washington, pursuant to RCW 21.20.040(3). 23 24 STIPULATED CENSURE 1 DEPARTMENT OF FINANCIAL INSTITUTIONS 25 **Securities Division** PO Box 9033 Olympia, WA 98507-9033 26 360-902-8760

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- 2. On or about March 10, 1998, PNAM filed an application to register as an Investment Adviser with the Securities Division. The application indicated that PNAM would have discretion in its dealings with customer accounts.
- 3. Monthly balance sheets created by PNAM during 1999 show a substantial portion its assets included loans to shareholders of PNAM. Loans to shareholders made up between 76% to 98% of PNAM's assets over the course of 1999.
- 4. Proper calculations of PNAM's net capital, which exclude shareholder's loans, show that PNAM's net capital was below \$5,000 during each month of 1999.
- 5. Upon discovery of the net capital deficiency the Securities Division immediately advised PNAM of the problem. PNAM prospectively corrected the problem by purchasing a surety bond in the amount of \$7,500, effective December 21, 1999.

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

## CONCLUSIONS OF LAW

PNAM, as described above, operated as a discretionary investment adviser without sufficient net capital, in violation of WAC 460-24A-170. Such practice is grounds for censure of PNAM pursuant to RCW 21.20.110.

## STIPULATED CENSURE

The Securities Division and PNAM have agreed on this Stipulated Censure as a basis for resolution of the violation described above.

Based on the foregoing,

 It is Agreed that PNAM is censured for violating the net capital rules of the Securities Act of Washington.

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STIPULATED CENSURE

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1	2. It is Agreed that entry of this Supulated	d Censure in no way limits or prevents the Securities Division
2	from taking action or seeking sanction	s or remedies which may be available to the Securities Division
3	under Washington law against any other party or against PNAM for conduct or actions not covered by	
4	this Stipulated Censure or to enforce the Stipulated Censure.	
5	3. It is Agreed that PNAM waives its right to a hearing in this matter.	
6	4. It is Agreed that the Securities Division	n has jurisdiction to enter this Consent Order.
7		
8	DATED this day of February, 2000.	
9	Pacific Northwest Asset Management, Inc., Respondent	
10	by:,	
11	Its:	
12		
13	EXECUTED this <u>1st</u> day of March, 2000.	
14		
15		<u>DEBORAH BORTNER</u> DEBORAH R. BORTNER
16		Securities Administrator
17		D 11
18		Presented by:
19		
20		Kristina L. Kneip Securities Examiner
21		
22	Approved by:	
23		
24	Michael E. Stevenson Chief of Enforcement	
25	STIPULATED CENSURE	3 DEPARTMENT OF FINANCIAL INSTITUTIONS Securities Division
26		PO Box 9033 Olympia, WA 98507-9033 360-902-8760