

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF BANKING AND SECURITIES

In the matter of:)
)
)
 Northwest Financial Advisors, Inc.;)
 Crown Capital Securities, L.P.;)
 Fidelity Financial Services, Inc.; and)
 Parley P. Giles, Individual)
)
)
)
)
 Respondents.)
)

AMENDED ORDER NO: 13-440-S
ORDER TO CEASE AND DESIST,
ASSESSING A CIVIL PENALTY AND
CONSENT TO ORDER

The Director of the Department of Commerce, Community, and Economic Development, Division of Banking and Securities (“Administrator”), has conducted an investigation into certain business activities of Northwest Financial Advisors, Inc. (“Northwest”), Crown Capital Securities, L.P. (“Crown”), Fidelity Financial Services, Inc. (“Fidelity”), and Parley P. Giles (“Giles,” collectively, “Respondents”) and has determined that Respondents violated certain provisions of AS 45.55 (the “Alaska Securities Act”).

Respondents agree that the Administrator has jurisdiction over Respondents and these matters pursuant to the Alaska Securities Act.

Respondents wish to resolve and settle this matter with the Administrator. As evidenced by the authorized signatures on this Order, Respondents consent to the entry of this Order assessing a civil penalty based on the Conclusions of Law and Order. Each Respondent waives its right of appeal under AS 45.55.920(d).

I. BACKGROUND

On November 10, 2014, the Administrator entered into a Consent Order, no. 13-440-

1 S, with Respondents. The Administrator and Respondents agree that it is appropriate to
2 vacate the original order and enter into this Amended Order.

3 II. FINDINGS OF FACT

4 1. Northwest is a Washington State registered investment adviser located at 104 S
5 Freya, Suite 218, Spokane, WA 99202.

6 2. The CRD and IARD are national databases that the securities industry and state
7 regulators, including the Administrator, use as the repository for filing and review of
8 registration and other documents required for registration and notice purposes. Northwest
9 was first registered with the Administrator on April 6, 2006, and is registered through the
10 IARD under registration number 116257.

11 3. Crown is a California broker-dealer firm located as 725 Town and Country Road,
12 Suite 350, Orange, CA 92868. Crown was first registered with the Administrator on May 14,
13 1999, and is registered through the CRD under registration number 6312.

14 4. Fidelity is an Alaska corporation located at 805 Frontage Road, Suite 200A, Kenai,
15 AK 99611. Fidelity conducts insurance sales and tax preparation services, and operates a
16 website at www.yourfidelity.org (“the website”). Fidelity is licensed to sell insurance in
17 Alaska. Fidelity is owned by Parley and Linda Giles. Fidelity is not registered in CRD.

18 5. Giles is a registered representative of Crown and a registered investment adviser
19 representative of Northwest. Giles was first registered with the Administrator as a registered
20 representative of Crown on April 21, 2006, and as a registered investment adviser
21 representative of Northwest on May 15, 2006. Giles is registered through the CRD under
22 registration number 1062137. In addition, Giles is licensed to sell insurance in the states of
23 Alaska, Washington, Oregon and Utah.

24 6. On December 13, 1983, the Administrator issued a temporary Cease and Desist

1 Order, under Order number C/S 84-6, against Giles and several other respondents. The
2 findings in the Order were that Giles and other respondents were acting as unregistered
3 investment adviser representatives, unregistered broker-dealer agents, unregistered agents of
4 the issuers, and were engaging in selling unregistered securities.

5 7. On December 15, 1983, the Administrator issued a summary postponement of request
6 for registration as a securities agent under Order number 84-9. The Order postponed the
7 application of Giles to become a securities agent because he failed to submit certain required
8 documentation.

9 8. On July 3, 1984, the Administrator made permanent Order number C/S 84-6 by
10 issuing a permanent Cease and Desist Order. The Administrator approved Giles' registration
11 in 1986 and Giles has been registered in Alaska since that time.

12 9. On or about July 9, 1999, Giles submitted a disclosure reporting page to CRD under
13 record number 3853, which stated he was subject to a cease and desist order issued by the
14 Administrator. The statements made in the disclosure reporting page incorrectly stated the
15 findings of Order number C/S 84-6, because Giles failed to include the Administrator's
16 findings that he was acting as an unregistered investment adviser representative, unregistered
17 broker-dealer agent, unregistered agent of the issuer and selling unregistered securities.

18 10. Giles did not submit a form U-4 disclosure reporting page to CRD for Order number
19 84-9.

20 11. Northwest filed through the IARD its Form ADV with the Administrator upon initial
21 registration and each year thereafter. On August 17, 2012, Northwest amended its Form
22 ADV stating that it operates in Alaska as Fidelity Financial Services and that it uses the
23 website to conduct business. Giles is listed as the registered owner of the website. The
24 website contains information regarding products and services, and under the webpage for

1 “Our Services,” the website states Fidelity offers various insurance and investment products,
2 and tax preparation services. The Administrator observed on September 25, 2013, that the
3 website included a statement that Fidelity is “licensed to sell insurance products in Alaska
4 (AK), Oregon (OR), Utah (UT) and Washington (WA).” Giles is licensed to sell insurance
5 in the states listed on the website; however, Fidelity is only licensed to sell insurance
6 products in Alaska. On January 30, 2014, the information regarding insurance licensing was
7 corrected on the website.

8 12. Since April 10, 2006, Crown has listed Giles as a registered representative on its
9 Form BR in CRD and disclosed the branch operates using the other business name of
10 Fidelity Financial Services, Inc. and the website. Giles is supervised by Crown.

11 13. Beginning on April 13, 2011, Northwest prepared and made available to clients part
12 2B of its form ADV (“client brochure”). The client brochure contains certain information
13 about the investment adviser and each affiliated investment adviser representative. The
14 Northwest client brochure contained registration and disclosure information related to Giles
15 that stated that Giles had never been the subject of an administrative or regulatory action for
16 violation of an investment-related statute or regulation.

17 14. From April 13, 2011 to February 7, 2014, Northwest made additional amendments to
18 its client brochure that contained similar statements regarding Giles never having been the
19 subject of an administrative or regulatory action for violation of an investment-related statute
20 or regulation. On February 7, 2014, Northwest amended its client brochure to disclose that
21 Giles has not been the subject of an administrative or regulatory action for violation of an
22 investment-related statute or regulation within the past ten years.

23 III. CONCLUSIONS OF LAW

24 1. Northwest violated 3 AAC 08.040(a)(13) because it did not correct its client brochure

1 between April 2011 and February 2014.

2 2. Crown violated AS 45.55.050(k) by failing to maintain an adequate supervisory
3 system to review information that was disseminated on the website used by Giles.

4 3. Crown violated AS 45.55.025(28) by failing to adequately supervise Giles by
5 allowing Giles' registration record to contain incorrect disclosure records and allowing Giles
6 to file information on the website that was incorrect.

7 4. Giles violated AS 45.55.025(28) by incorrectly representing his disclosure history as
8 a registered broker-dealer agent and filing information on the website that was incorrect.

9 5. Respondents are subject to a civil penalty pursuant to AS 45.55.920(b).

10 **IV. ORDER**

11 Pursuant to AS 45.55.920, and on the basis of the Findings of Fact, Conclusions of Law
12 and Respondents' consent to the entry of this Amended Order, the Administrator ORDERS:

13 1. The Consent Order entered on November 10, 2014 is hereby VACATED and
14 replaced with this Amended Consent Order.

15 2. Northwest and Giles shall cease and desist from incorrectly representing Giles'
16 disclosure history.

17 3. Northwest and Giles shall immediately update all records in CRD and IARD to
18 properly reflect the disclosure record of Giles relating to this Order and previous
19 administrative actions issued by the Administrator.

20 4. Respondents shall properly disclose on their websites the insurance licenses held by
21 Fidelity or Giles and the states where licensed.

22 5. All Respondents are jointly and severally liable and shall pay a civil penalty under
23 AS 45.55.920(b) in the amount of twelve thousand five hundred dollars (\$12,500), with six
24 thousand two hundred and fifty dollars (\$6,250) suspended for a period of five (5) years. If

1 any Respondent fails to comply with any term or condition of this Order, or if any
2 Respondent commits any violation of the Alaska Securities Act, the suspended portion of the
3 civil penalty will be immediately due and payable, and the registration of Crown, Northwest
4 and Giles may be suspended or revoked.

5 6. This Order is not intended to indicate that Respondents should be subject to a
6 statutory disqualification under Section 3(a)(39) of the Securities Exchange Act of 1934 or
7 any other disqualification contained in the federal securities laws or regulations, or the rules
8 and regulations of self-regulatory organizations or various states' securities laws, including
9 any disqualifications from relying upon the registration exemptions or associated safe harbor
10 provisions.

11 **IT IS SO ORDERED.**

12 Chris Hladick, Commissioner
13 Department of Commerce, Community
14 and Economic Development

15 August 11, 2015
16 Date

/s/ Kevin Anselm
Kevin Anselm, Director
Division of Banking and Securities

17 **Consent to Entry of Amended Order**
18 (For Northwest Financial Advisors, Inc.)

19 I, David Demars, enter into this Amended Order as the Owner of Northwest Financial
20 Advisors, Inc., acknowledge that I have read the foregoing Amended Order and that I know
21 and fully understand the Amended Order contents; that I have had the opportunity to be
22 represented by counsel in this matter; that I have been advised of the right to a hearing; that I
23 voluntarily and without any force or duress, consent to the entry of this Amended Order,
24 without admitting or denying the factual allegations stated herein, expressly waiving any

1 right to a hearing in this matter; that I understand that the Administrator reserves the right to
2 take further action to enforce this Amended Order or to take appropriate action upon
3 discovery of other violations of the Alaska Securities Act, and that I will fully comply with
4 the terms and conditions stated herein.

5 I further assure the Administrator that Northwest Financial Advisors, Inc. and its
6 members, officers, employees and agents will fully comply with the terms of this Amended
7 Order, the Alaska Securities Act (AS 45.55) and regulations (3 AAC 08).

8 I understand that this Amended Order is a public document.

9 Northwest Financial Advisors, Inc.

10 8/4/2015
Date

/s/ David Demars
David Demars, Owner

11
12 SUBSCRIBED AND SWORN TO before me this 4 day of August, 2015 at
13 Spokane, WA.

14
15 /s/ T.M. Demars
Notary Public in and for Alaska

16 T.M. Demars
Notary Printed Name
17 My commission expires: 7/29/18

18
19 **Consent to Entry of Amended Order**
(For Crown Capital Securities, L.P.)

20 I, Henrik Sundstedt, enter into this Amended Order as Executive Vice President of
21 Crown Capital Securities, L.P., acknowledge that I have read the foregoing Amended Order
22 and that I know and fully understand the Amended Order contents; that I have had the
23 opportunity to be represented by counsel in this matter; that I have been advised of the right
24 to a hearing; that I voluntarily and without any force or duress, consent to the entry of this

1 Amended Order, without admitting or denying the factual allegations stated herein, expressly
2 waiving any right to a hearing in this matter; that I understand that the Administrator reserves
3 the right to take further action to enforce this Amended Order or to take appropriate action
4 upon discovery of other violations of the Alaska Securities Act, and that I will fully comply
5 with the terms and conditions stated herein.

6 I further assure the Administrator that Crown Capital Securities, L.P. and its
7 members, officers, employees and agents will fully comply with the terms of this Amended
8 Order, the Alaska Securities Act (AS 45.55) and regulations (3 AAC 08).

9 I understand that this Amended Order is a public document.

10 Crown Capital Securities, L.P.

11 8/10/15
12 Date

/s/ Henrik Sundstedt
Henrik Sundstedt, Executive Vice President

13 SUBSCRIBED AND SWORN TO before me this 10th day of Aug, 2015 at
14 Orange, CA.

15 /s/ Brij Prasad
16 Notary Public in and for Orange, CA

17 Brij Prasad
18 Notary Printed Name
My commission expires: 23rd Aug 2016

19
20 **Consent to Entry of Amended Order**
(For Fidelity Financial Services, Inc. and Parley P. Giles)

21 I, Parley P. Giles, enter into this Amended Order for Fidelity Financial Services, Inc.
22 and individually, acknowledge that I have read the foregoing Amended Order and that I
23 know and fully understand the Amended Order contents; that I have had the opportunity to
24

1 be represented by counsel in this matter; that I have been advised of the right to a hearing;
2 that I voluntarily and without any force or duress, consent to the entry of this Amended
3 Order, without admitting or denying the factual allegations stated herein, expressly waiving
4 any right to a hearing in this matter; that I understand that the Administrator reserves the
5 right to take further action to enforce this Amended Order or to take appropriate action upon
6 discovery of other violations of the Alaska Securities Act, and that I will fully comply with
7 the terms and conditions stated herein.

8 I further assure the Administrator that I and Fidelity Financial Services, Inc. and its
9 members, officers, employees and agents will fully comply with the terms of this Amended
10 Order, the Alaska Securities Act (AS 45.55) and regulations (3 AAC 08).

11 I understand that this Amended Order is a public document.

12
13 8-3-15
14 Date

13 /s/ Parley P. Giles
14 Parley P. Giles, President of Fidelity Financial
15 Services, Inc. and Individually

16 SUBSCRIBED AND SWORN TO before me this 3rd day of August, 2015 at
Kenai, Alaska.

17
18 /s/ Morgan Vann
Notary Public in and for Alaska

19 Morgan Vann
20 Notary Printed Name
My commission expires: 04/01/2019

21
22 Contact Person:
23 Kristy Naylor
Chief of Enforcement and Securities
(907) 269-7675

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