

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

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

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 (the "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") by conduct as a registered state investment adviser, registered broker-dealer, registered broker-dealer agent, and registered investment adviser representative.

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).

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I. FINDINGS OF FACT

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

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

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

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

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

23 6. On December 13, 1983, the Administrator issued a temporary Cease and Desist
24 Order, under Order number C/S 84-6, against Giles and several other respondents. The

1 findings in the Order were that Giles and other respondents were acting as unregistered
2 investment adviser representatives, unregistered broker-dealer agents, unregistered agents of
3 the issuers, and were engaged in selling unregistered securities.

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

8 8. On July 3, 1984, the Administrator made permanent Order number C/S 84-6 by
9 issuing a permanent Cease and Desist Order.

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

16 10. Giles did not submit a Form U-4 disclosure reporting page to CRD for Order number
17 84-9.

18 11. Northwest filed through the IARD its Form ADV with the Administrator upon initial
19 registration and each year thereafter. On August 17, 2012, Northwest amended its Form ADV
20 stating that it operates in Alaska as Fidelity Financial Services and that it uses the website at
21 www.yourfidelity.org ("the website") to conduct business. Giles is listed as the registered
22 owner of the website. The website contains information regarding products and services, and
23 under the webpage for "Our Services," the website states Fidelity offers various insurance and
24 investment products, and tax preparation services. The Administrator observed on September

1 25, 2013, that the website included a statement that Fidelity is “licensed to sell insurance
2 products in Alaska (AK), Oregon (OR), Utah (UT) and Washington (WA).” Giles is licensed
3 to sell insurance in the states listed on the website; however, Fidelity is only licensed to sell
4 insurance products in Alaska. On January 30, 2014, the information regarding insurance
5 licensing was corrected on the website.

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

9 13. Beginning on April 13, 2011, Northwest prepared and made available to clients part
10 2B of its form ADV (“client brochure”). The client brochure contains certain information
11 about the investment adviser and each affiliated investment adviser representative. The
12 Northwest client brochure contained registration and disclosure information related to Giles
13 that stated that Giles had never been the subject of an administrative or regulatory action for
14 violation of an investment-related statute or regulation.

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

21 III. CONCLUSIONS OF LAW

22 1. All Respondents violated AS 45.55.160, by filing documents that contained material
23 that is false and misleading regarding the disclosure history of Giles and the states where
24 Fidelity was licensed to sell insurance.

1 2. Northwest violated 3 AAC 08.040(a)(13), because it did not correct its client
2 brochure between April 2011 and February 2014.

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

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

8 5. Giles violated AS 45.55.025(28) by misrepresenting his disclosure history as a
9 registered broker-dealer agent and filing information on the website that was misleading and
10 false.

11 6. Respondents are subject to a civil penalty pursuant to AS 45.55.920(b).

12 IV. ORDER

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

15 1. Northwest and Giles shall cease and desist from misrepresenting Giles' disclosure
16 history.

17 2. 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 3. Respondents shall properly disclose on their websites the insurance licenses held by
21 Fidelity or Giles and the states where licensed.

22 4. 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 Consent 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 **IT IS SO ORDERED.**

6 SUSAN BELL, Commissioner
7 Department of Commerce, Community and Economic Development

8
9 November 10, 2014

10 Date

/s/ Kevin Anselm

Kevin Anselm, Director

Division of Banking and Securities

11 Consent to Entry of Order
12 (for Northwest Financial Advisors, Inc.)

13 I, David Demars, enter into this Order as the Owner of Northwest Financial Advisors,
14 Inc. acknowledge that I have read the foregoing Order and that I know and fully understand
15 the Order contents; that I have had the opportunity to be represented by counsel in this
16 matter; that I acknowledge violations of the Alaska Securities Act; that I have been advised
17 of the right to a hearing; that I voluntarily and without any force or duress, consent to the
18 entry of this Order, without admitting or denying the factual allegations stated herein,
19 expressly waiving any right to a hearing in this matter; that I understand that the
20 Administrator reserves the right to take further action to enforce this Order or to take
21 appropriate action upon discovery of other violations of the Alaska Securities Act, and that I
22 will fully comply with the terms and conditions stated herein.

23 I further assure the Administrator that Northwest Financial Advisors, Inc. and its
24 members, officers, employees and agents will fully comply with the terms of this Order, the

1 Alaska Securities Act (AS 45.55) and regulations (3 AAC 08).

2 I understand that this Consent Order is a public document.

3 Northwest Financial Advisors, Inc.

4 10/20/14
Date

/s/ David Demars
David Demars

5

Owner
Title

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7 SUBSCRIBED AND SWORN TO before me this 14 day of Oct, 2014 at Spokane, WA

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/s/ Linda J. Beitey
Notary Public in and for Alaska
Linda J. Beitey
Notary Printed Name
My commission expires: 6/29/18

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Consent to Entry of Order
(for Crown Capital Securities, L.P.)

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I, Henrick Sundstedt, enter into this Order as the Executive Vice President of Crown Capital Securities, L.P. acknowledge that I have read the foregoing Order and that I know and fully understand the Order contents; that I have had the opportunity to be represented by counsel in this matter; that I acknowledge violations of the Alaska Securities Act; that I have been advised of the right to a hearing; that I voluntarily and without any force or duress, consent to the entry of this Order, without admitting or denying the factual allegations stated herein, expressly waiving any right to a hearing in this matter; that I understand that the Administrator reserves the right to take further action to enforce this Order or to take appropriate action upon discovery of other violations of the Alaska Securities Act, and that I will fully comply with the terms and conditions stated herein.

I further assure the Administrator that Crown Capital Securities, L.P. and its

1 members, officers, employees and agents will fully comply with the terms of this Order, the
2 Alaska Securities Act (AS 45.55) and regulations (3 AAC 08).

3 I understand that this Consent Order is a public document.

4 Crown Capital Securities, L.P.

5 November 3, 2014

/s/ Henrik Sundstedt

6 Date

Henrik Sundstedt

Executive Vice President

7 Title

8 SUBSCRIBED AND SWORN TO before me this 3rd day of November, 2014 at Orange,
9 California.

10 /s/ Brij Prasad

Notary Public in and for ~~Alaska~~ Orange

11 Brij Prasad

Notary Printed Name

12 My commission expires: 28 Aug 2016

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14 Consent to Entry of Order
(for Fidelity Financial Services, Inc. and Parley P. Giles)

15 I, Parley P. Giles, acknowledge for Fidelity Financial Services, Inc. and individually
16 that I have read the foregoing Order and that I know and fully understand the Order contents;
17 that I have had the opportunity to be represented by counsel in this matter; that I
18 acknowledge violating the Alaska Securities Act; that I have been advised of the right to a
19 hearing; that I voluntarily and without any force or duress, consent to the entry of this Order,
20 without admitting or denying the factual allegations state herein, expressly waiving any right
21 to a hearing in this matter; that I understand that the Administrator reserves the right to take
22 further action to enforce this Order or to take appropriate action upon discovery of other
23 violations of the Alaska Securities Act, and that I will fully comply with the terms and
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1 conditions stated herein.

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

5 I understand that this Consent Order is a public document.

6
7 10/22/14
Date

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

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9 SUBSCRIBED AND SWORN TO before me this 22 day of October, 2014 at Kenai, AK.

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11 /s/ Kristen Munn
Notary Public in and for Key Bank
Kristen Munn
Notary Printed Name
My commission expires: 2/8/18

12
13 Contact Person:
14 Roger W. Prince
Securities Examiner
15 (907) 269-8144
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