PRESTON DuFAUCHARD
California Corporations Commissioner
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BEFORE THE DEPARTMENT OF CORPORATIONS
OF THE STATE OF CALIFORNIA

In the Matter of the Statement of Issues of THE CALIFORNIA CORPORATIONS COMMISSIONER, Complainant, vs. PORTFOLIO GROUP ADVISORS, Respondent.	File No.: CRD 152572 ORDER DENYING APPLICATION FOR AN INVESTMENT ADVISER CERTIFICATE PURSUANT TO CORPORATIONS CODE SECTION 25232

TO: PORTFOLIO GROUP ADVISORS
3240 Professional Drive
Auburn, California 95602

1. On April 29, 2011, the California Department of Corporations ("Department") brought an administrative action to deny a certificate of investment adviser to Portfolio Group Advisors ("Respondent") pursuant to Corporations Code section 25232 because Respondent has willfully made in its application for a certificate filed with the commissioner a statement which was false or misleading with respect to a material fact, or has willfully omitted to state in the application or report a material fact which is required to be stated therein, in that Respondent's principal, Jeremy Lance Skalland, ("Skalland") was a felon and had his insurance license denied.

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2. On April 13, 2010, Respondent filed an application for an investment adviser certificate with the California Corporations Commissioner ("Complainant" or "Commissioner") pursuant to the Corporate Securities Law ("CSL") (Corporations Code section 25000 *et seq*.). The application was for Respondent, which has its principal office and place of business located at 3240 Professional Drive, Auburn, California 95602. The application was submitted to the Commissioner by filing an ADV Form through the Financial Industry Regulatory Authority ("FINRA") and its Central Registration Depository ("CRD").

3. FINRA's CRD Form U-4 at Item 14A (1) (a) (b) specifically asked Skalland: "Have you ever been convicted of or pled nolo contendere ("no contest") in a domestic, foreign, or military court to any felony? The question was answered "No". Documents received by the Department during the application process disclosed that Skalland was convicted of a felony. Respondent submitted the Form U-4 swearing that the answers were true and complete to the best of Respondent's knowledge. FINRA's CRD Form U-4 at Item 4D (1) (e) specifically asked Skalland: "Has any other Federal regulatory agency or any state regulatory agency or foreign financial regulatory authority ever … denied, suspended, or revoked your registration or license . . . .? The question was answered "No". Documents received by the Department during the application process disclosed that the California Department of Insurance denied Skalland an unrestricted license.

4. The documentation obtained by the Commissioner disclosed on October 14, 1994, in the Circuit Court of Illinois, County of Kane, Sixteenth Judicial Circuit, Respondent's principal, Skalland, was convicted of aggravated criminal sexual abuse in violation of Chapter 720, Section 5/12-16(b) of the Illinois Compiled Statutes, a felony. Additionally, documents disclosed that the California Department of Insurance issued a summary order to Respondent's principal, Skalland, which denied him an unrestricted license to act as a life agent in 2003.

5. Complainant finds, by reason of the foregoing, that the application of Respondent and its omission of material information in said application about its principal's criminal history and license denial by the California Department of Insurance warrant denial of Respondent's investment adviser certificate pursuant to Corporations Code section 25232, subdivision (a).

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6. On April 29, 2011, the Department initiated an administrative action to deny Respondent an investment adviser certificate. The Department issued and served to Respondent at its business address located at 3240 Professional Drive, Auburn, California 95602 by certified mail the following: Notice of Intention to Issue Order Denying Application for an Investment Adviser Certificate Pursuant to Corporations Code section 25232; Statement of Issues in Support of Notice of Intention to Issue Order Denying Application for an Investment Adviser Certificate Pursuant to Corporations Code section 25232; Statement to Respondent; Government Code Sections 11507.5, 11507.6 and 11507.7; and a blank form Notice of Defense ("Denial Pleadings"). The Department received the signed certified mail return receipt green card back from the Post Office indicating that Respondent was served. Thereafter on May 6, 2011, the Department received from Respondent's Director, David Glenwinkel, a letter stating that he had reviewed the facts and summary statements in the Department's correspondence (Denial Pleadings). Director Glenwinkel further stated that "[w]e do not wish to pursue the matter and do not intend to file a notice of defense."

Respondent has not requested a hearing on this matter and stated that it does not intend to do so. Furthermore, the time period has expired to request a hearing.

GOOD CAUSE APPEARING THEREFORE, IT IS ORDERED that Respondent Portfolio Group Advisors Application for an Investment Adviser Certificate be denied pursuant to Corporations Code Section 25232.

Dated: May 30, 2011
Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division

State of California – Department of Corporations