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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 STATEMENT OF ISSUES IN SUPPORT OF DENIAL OF INVESTMENT ADVISER CERTIFICATE

The California Corporations Commissioner ("Complainant") is informed and believes, and based upon such information and belief, alleges and charges Respondent as follows:

I.

INTRODUCTION

The Complainant determined not to issue an investment adviser certificate 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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II.

THE APPLICATION

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 ADV Form through the Financial Industry Regulatory Authority ("FINRA") and its Central Registration Depository ("CRD").

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.

III.

CRIMINAL CONVICTION AND LICENSE DENIAL

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.

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IV.

CONCLUSION

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.

THEREFORE, Complainant asserts that Corporations Code section 25532 mandates that the Commissioner not issue an investment adviser certificate to Respondent under the CSL.

WHEREFORE IT IS PRAYED that Complainant's denial of an investment adviser certificate to Respondent in connection with its application of April 13, 2010, be upheld.

Dated: April 29, 2011
San Francisco, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By_____
Joan Kerst
Senior Corporations Counsel