

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
3 Deputy Commissioner
Joan Kerst (SBN 123351)
4 Senior Corporations Counsel
Department of Corporations
5 One Sansome Street, Suite 600
6 San Francisco, CA 94104
(415) 972-8547
7 Attorneys for Complainant

8
9 BEFORE THE DEPARTMENT OF CORPORATIONS
OF THE STATE OF CALIFORNIA

10
11 In the Matter of the Statement of Issues of)
THE CALIFORNIA CORPORATIONS) File No.: CRD 152572
12 COMMISSIONER,)
13 Complainant,) ORDER DENYING APPLICATION FOR AN
14 vs.) INVESTMENT ADVISER CERTIFICATE
15) PURSUANT TO CORPORATIONS CODE
16 PORTFOLIO GROUP ADVISORS,) SECTION 25232
17 Respondent.)
18)

19 TO: PORTFOLIO GROUP ADVISORS
3240 Professional Drive
20 Auburn, California 95602
21

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

ORDER DENYING APPLICATION FOR AN INVESTMENT ADVISER CERTIFICATE
PURSUANT TO CORPORATIONS CODE SECTION 25232

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

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

19 4. The documentation obtained by the Commissioner disclosed on October 14, 1994,
20 in the Circuit Court of Illinois, County of Kane, Sixteenth Judicial Circuit, Respondent’s
21 principal, Skalland, was convicted of aggravated criminal sexual abuse in violation of Chapter
22 720, Section 5/12-16(b) of the Illinois Compiled Statutes, a felony. Additionally, documents
23 disclosed that the California Department of Insurance issued a summary order to Respondent’s
24 principal, Skalland, which denied him an unrestricted license to act as a life agent in 2003.

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

ORDER DENYING APPLICATION FOR AN INVESTMENT ADVISER CERTIFICATE
PURSUANT TO CORPORATIONS CODE SECTION 25232

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

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

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

20 Dated: May 30, 2011
21 Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

22
23
24 By _____
25 ALAN S. WEINGER
26 Deputy Commissioner
27 Enforcement Division
28

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27 application or report a material fact which is required to be stated therein, in that Respondent’s
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ORDER DENYING APPLICATION FOR AN INVESTMENT ADVISER CERTIFICATE
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1 2. On April 13, 2010, Respondent filed an application for an investment adviser
2 certificate with the California Corporations Commissioner (“Complainant” or “Commissioner”)
3 pursuant to the Corporate Securities Law (“CSL”) (Corporations Code section 25000 *et seq.*).
4 The application was for Respondent, which has its principal office and place of business located
5 at 3240 Professional Drive, Auburn, California 95602. The application was submitted to the
6 Commissioner by filing an ADV Form through the Financial Industry Regulatory Authority
7 (“FINRA”) and its Central Registration Depository (“CRD”).

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11 Department during the application process disclosed that Skalland was convicted of a felony.
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13 of Respondent’s knowledge. FINRA’s CRD Form U-4 at Item 4D (1) (e) specifically asked
14 Skalland: “Has any other Federal regulatory agency or any state regulatory agency or foreign
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18 unrestricted license.

19 4. The documentation obtained by the Commissioner disclosed on October 14, 1994,
20 in the Circuit Court of Illinois, County of Kane, Sixteenth Judicial Circuit, Respondent’s
21 principal, Skalland, was convicted of aggravated criminal sexual abuse in violation of Chapter
22 720, Section 5/12-16(b) of the Illinois Compiled Statutes, a felony. Additionally, documents
23 disclosed that the California Department of Insurance issued a summary order to Respondent’s
24 principal, Skalland, which denied him an unrestricted license to act as a life agent in 2003.

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

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10 from the Post Office indicating that Respondent was served. Thereafter on May 6, 2011, the
11 Department received from Respondent’s Director, David Glenwinkel, a letter stating that he had
12 reviewed the facts and summary statements in the Department’s correspondence (Denial
13 Pleadings). Director Glenwinkel further stated that “[w]e do not wish to pursue the matter and
14 do not intend to file a notice of defense.”

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

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

20 Dated: May 30, 2011
21 Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

24 By _____
25 ALAN S. WEINGER
26 Deputy Commissioner
27 Enforcement Division

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12 COMMISSIONER,)
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13 Complainant,) STATEMENT OF ISSUES IN SUPPORT OF
) DENIAL OF INVESTMENT ADVISER
14 vs.) CERTIFICATE
)
15)
16 PORTFOLIO GROUP ADVISORS,)
)
17 Respondent.)
18)

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

21 I.

22 INTRODUCTION

23 The Complainant determined not to issue an investment adviser certificate to Portfolio
24 Group Advisors ("Respondent") pursuant to Corporations Code section 25232 because Respondent
25 has willfully made in its application for a certificate filed with the commissioner a statement which
26 was false or misleading with respect to a material fact, or has willfully omitted to state in the
27 application or report a material fact which is required to be stated therein, in that Respondent’s
28 principal, Jeremy Lance Skalland, (“Skalland”) was a felon and had his insurance license denied.

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