

1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
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8  
9 BEFORE THE DEPARTMENT OF CORPORATIONS  
OF THE STATE OF CALIFORNIA

10  
11 THE CALIFORNIA CORPORATIONS )  
COMMISSIONER, ) File No.: CRD 5759527  
12 )  
Complainant, ) ACCUSATION FOR ORDER  
13 ) BARRING FROM ANY  
14 vs. ) EMPLOYMENT, MANAGEMENT OR  
15 JEREMY LANCE SKALLAND, ) CONTROL OF ANY BROKER-  
DEALER, INVESTMENT ADVISER  
16 ) OR COMMODITY ADVISER  
Respondent. )  
17 )

18  
19 The Complainant, the California Corporations Commissioner (“Complainant” or  
20 “Commissioner”) is informed and believes, and based upon such information and belief, alleges as  
21 follows:

22 I.

23 INTRODUCTION AND JURISDICTION

24 The Corporate Securities Law of 1968, (“CSL”) set forth in Corporations Code section  
25 25000 *et seq.*, and California Code of Regulations, title 10, section 260.000 *et seq.*, contain  
26 provisions that govern persons who operate in the securities industry. To ensure the protection  
27 of the public, the Legislature mandates legal requirements be followed and the Commissioner  
28 gives effect to these legislative mandates by enforcing the CSL.

1 II.  
2 FACTS

3 Under the CSL the Commissioner regulates investment advisers (“IA”) and other persons  
4 who work in the securities industry. During 2010, Respondent, Jeremy Lance Skalland  
5 (“Skalland” or “Respondent”) filed an application with the Commissioner for an IA certificate on  
6 behalf of Portfolio Group Advisors, Inc., whose principal office and place of business is located  
7 at 3240 Professional Drive, Auburn, California 95602.

8 The application was submitted to the Commissioner by filing an ADV Form through the  
9 Financial Industry Regulatory Authority (“FINRA”) and the IA Central Registration Depository  
10 (“CRD”). CRD maintains the qualification, employment and disclosure histories of persons in the  
11 securities industry. FINRA assigned Skalland an identification number through CRD.<sup>1</sup> According  
12 to FINRA, Skalland’s CRD number is 5759527. During all relevant times Skalland was the  
13 President, CEO and Chief Compliance Officer of Portfolio Group Advisors, Inc., whose CRD  
14 number is 152572.

15 On January 15, 2010, Skalland first executed the Form ADV on behalf of Portfolio Group  
16 Advisors, Inc. and he certified “under penalty of perjury under the laws of the United States of  
17 America, that the information and statements made in this ADV, including exhibits and any other  
18 information submitted, are true and correct.” Portfolio Group Advisors, Inc.’s IA application was  
19 amended four times on the following dates: April 13, 2010, June 17, 2010, August 11, 2010, and  
20 September 9, 2010. On each of those dates Skalland signed the Form ADV execution page and  
21 certified under penalty of perjury that the information and statements made were true and correct.

22 Portfolio Group Advisors, Inc.’s FINRA Form U-4 at Item 14A (1) (a) (b) specifically  
23 asked Skalland: “Have you ever been convicted of or pled nolo contendere (“no contest”) in a  
24 domestic, foreign, or military court to any felony? The question was answered “No”.

25 Documents received by the Commissioner during the application process disclosed that  
26 Skalland was convicted of a felony. Respondent submitted the Form U-4 swearing that the  
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28 <sup>1</sup> The CRD is a centralized computer data bank that maintains information about the  
employment and criminal histories of persons in the securities industry, including Skalland.

1 answers were true and complete to the best of Respondent’s knowledge. FINRA’s CRD Form  
2 U-4 at Item 4D (1) (e) specifically asked Skalland: “Has any other Federal regulatory agency or  
3 any state regulatory agency or foreign financial regulatory authority ever ... denied, suspended,  
4 or revoked your registration or license . . .? The question was answered “No”. Documents  
5 received by the Department during the application process also disclosed that the California  
6 Department of Insurance denied Skalland an unrestricted license.

7 III.

8 CRIMINAL CONVICTION AND LICENSE DENIAL

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

15 In Portfolio Group Advisors, Inc.’s application for an IA certificate filed with the  
16 Commissioner, Respondent Skalland willfully made statements which were false or misleading  
17 with respect to material facts, or has willfully omitted to state in the application or report material  
18 facts which are required to be stated therein, in that Respondent was a felon and had his insurance  
19 license denied.

20 IV.

21 RESPONDENT’S FALSE STATEMENTS CONSTITUTE GROUNDS TO  
22 TO BAR SKALLAND FROM THE SECURITIES INDUSTRY

23 Corporations Code section 25232.1 provides, in pertinent part:

24 The commissioner may, after appropriate notice and opportunity for hearing,  
25 by order . . .bar from any position of employment, management or control of  
26 any investment adviser, broker-dealer or commodity adviser, any officer,  
27 director, partner, employee of, or person performing similar function for an  
28 investment adviser, or any other person, if he or she finds that the censure,  
suspension or bar is in the public interest and that the person has committed  
any act or omission enumerated in subdivision (a), (c), (f) or (g) of Section  
25232 . . .

1 Corporations Code section 25232, subdivision (a) provides that the commissioner may take  
2 action if a person:

3 Has willfully made or caused to be made in any application for a  
4 certificate or any report filed with the commissioner under this division,  
5 or in any proceeding before the commissioner, any statement which was  
6 at the time and in the light of the circumstances under which it was made  
7 false or misleading with respect to any material fact, or has willfully  
8 omitted to state in the application or report any material fact which is  
9 required to be stated therein,

10 Corporations Code section 25233 states:

11 No order may be entered under Section 25232, 25232.1, or 25252 except  
12 after notice to the person affected thereby of the intention of the  
13 commissioner to enter that order and of the reasons therefor and that upon  
14 receipt of a request the matter shall be set down for hearing to commence  
15 within 15 business days after that receipt unless the person affected  
16 consents to a later date. If no hearing is requested within 30 days after  
17 the mailing of that notice and none is ordered by the commissioner, the  
18 order may be entered without hearing to remain in effect until it is  
19 modified or vacated by the commissioner. In the case of an original  
20 application for a certificate, such a hearing shall be set down to  
21 commence within 15 business days after receipt of a written request by  
22 the applicant made 30 days or more after the filing of the application,  
23 even though no notice by the commissioner has been given, unless the  
24 applicant consents to a later date. If a hearing is requested or ordered, it  
25 shall be held in accordance with the provisions of the Administrative  
26 Procedure Act, (Chapter 5 (commencing with Section 11500) of Part 1 of  
27 Division 3 of Title 2 of the Government Code), and the commissioner  
28 shall have all of the powers granted thereunder.

Respondent's false statements are within the provisions of Corporations Code section  
25232, subdivision (a), and provides grounds to bar Respondent pursuant to Corporations Code  
sections 25232.1.

V.

### CONCLUSION AND PRAYER

Complainant finds, by reason of the foregoing, that Respondent's false statements and  
omissions of material information in the IA application about his criminal history and license denial  
by the Department of Insurance warrant barring him from the securities and commodities industry.

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THEREFORE, based on the foregoing, the California Corporations Commissioner finds it in the public interest and prays that Respondent be barred from the securities and commodities industry.

Dated: June 20, 2011  
San Francisco, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

By \_\_\_\_\_  
Joan Kerst  
Senior Corporations Counsel