

BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE  
OF THE STATE OF IDAHO

In the Matter of:

STATE OF IDAHO,  
DEPARTMENT OF FINANCE,  
SECURITIES BUREAU,

Complainant,

vs.

SUN VALLEY ADVISORS, INC.  
AND NEIL M. JESSEN

Respondents.

Docket No.: 2017-7-07

**AGREEMENT AND ORDER**

The Director of the Department of Finance (“Department”) has conducted an investigation into the conduct of SUN VALLEY ADVISORS, INC. and NEIL M. JESSEN (collectively “Respondents”). Pursuant to the investigation, it appears to the Director that violations of Idaho’s Uniform Securities Act (2004), Idaho Code Sections 30-14-101, *et. seq.* (the “TUSA”), have occurred. The Director and Respondents have agreed to resolve this matter without a public hearing or other adjudication. Therefore, the Director deems it appropriate and in the public interest to enter into this Agreement and Order (“Order”). Respondents voluntarily consent to the entry of this Order.

**RESPONDENTS**

1. Respondent Sun Valley Advisors, Inc. (“SVA”) is a Nevada Corporation organized in March 2010 to provide investment advisory services. SVA has been registered as an investment advisor in California, Iowa, Nevada and Virginia since 2011. The Firm has recently started the process of filing for registration as an investment advisor in Idaho.

2. Respondent Neil M. Jessen is the president and majority shareholder of SVA. Jessen has been registered as an investment advisor representative in multiple states since 2012.

### **BACKGROUND**

3. SVA was an Idaho registered investment adviser in Idaho until 2005. SVA's original founder, Roger Wilson passed away in May 2016 while living in Nevada. A registered representative of SVA, Neil Jessen then took over the business and he and another registered representative relocated in Ketchum, Idaho in July 2016.

4. Respondents' clients are primarily residents of other states. While located in Idaho during 2005, SVA grew assets under management (AUM) to over \$25 million which resulted in SVA's movement to federal oversight by the Securities & Exchange Commission. SVA terminated its registration with the State of Idaho during 2005. Respondents did not have a place of business in Idaho after 2010 and prior to 2016 and were therefore exempt from Idaho investment advisor registration pursuant to Idaho Code § 30-14-403(b)(2).

5. In July 2016, Respondents moved their principal place of business to Ketchum, Idaho. Respondents updated Form ADV and Form ADV Part 2 to reflect its principal place of business in Idaho with AUM of \$36.6 million but mistakenly failed to register SVA or its representatives in Idaho.

6. On January 19, 2017, the Department requested information about SVA's Idaho securities activities and notified Respondents of possible violations of the IUSA. Respondents answered the Department's request in writing on February 13, 2017 verifying business activities and listing Idaho clients and AUM. The Department requested additional information in writing on March 8, 2017 and Respondents answered on March 9, 2017.

7. Since moving their principal place of business to Idaho, Respondents have provided continuous investment advisory services to their clients and charged clients for those services.

Respondents have charged their Idaho resident clients a total of \$1,914.28 in advisory fees since moving to Idaho.

### **VIOLATIONS**

#### ***Unregistered Investment Advisor***

8. Pursuant to Idaho Code § 30-14-403, it is unlawful to transact business in this state as an investment advisor unless the person is registered. As a result of the Idaho business location Respondent's violated Idaho Code § 30-14-403 by providing investment advice about securities to clients for a fee without registering with the Department.

#### ***Unregistered Investment Advisor Representative***

9. Pursuant to Idaho Code § 30-14-404, it is unlawful to transact business in this state as an investment advisor representative unless the individual is registered or exempt from registration. Respondent employed an unregistered Representative in violation of Idaho Code § 30-14-404.

### **AGREEMENT, ACKNOWLEDGEMENT & REMEDIES**

10. Respondents consent to the entry of this Agreement and Order and admit the violations found herein.

11. Respondents attest and avow that all information provided to the Department is true, accurate, and complete.

12. Respondents agree to pay an administrative penalty in the amount of five hundred dollars (\$500).

13. Respondents agree to, within 30 days from the date of this Agreement and Order, return all fees charged to Idaho clients from July 2016 to the present. Respondents agree to provide the Department a copy of the cover letter explaining the reason for the return of fees for review and approval. The amount of fees to be refunded will be the \$1,914.28 as disclosed by Respondents to the Department in correspondence dated March 9, 2017, plus any additional fees

charged by Respondents prior to the effective date of this Agreement and Order. The Respondents agree to submit written documentation of all fees charged to Idaho clients with the cover letter.

14. Respondents agree to provide the Department a copy of the refund check within 3 business days of mailing to their clients.

15. Respondents agree to comply with all provisions of the IUSA and the rules promulgated thereunder in the future.

16. Respondents agree that failure to comply with this Agreement and Order may result in the Director bringing further legal proceedings or administrative action.


17. Complainant agrees to not unreasonably withhold approval of Respondent's pending registration application.

18. Respondents waive notice and opportunity for a hearing under Idaho Code § 30-14-604(b) and (c), and under the contested case provisions of the Idaho Administrative Procedures Act, I.C. §67-5240 *et. seq.* The terms contained in this Agreement and Order constitute the entire agreement between the Department and Respondents.

AGREED TO and ACKNOWLEDGED this 27 day of March, 2017

  
SUN VALLEY INVESTMENT ADVISORS, INC.


By: NEIL M. JESSEN, PRESIDENT

  
NEIL M. JESSEN

IT IS SO ORDERED

DATED this 3rd day of April, 2017.

STATE OF IDAHO  
DEPARTMENT OF FINANCE

  
MARY E. HUGHES, Acting Director of Finance

