

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of:

Case No. S-20-0033

DAVID DOUGLAS SWANSON, SR.
(CRD #1464923, NPN #675361),
SWANSON FINANCIAL SERVICES,
INC., (IARD #143113), and SF
COMMERCIAL, LLC,

Respondents.

FINAL ORDER TO CEASE AND DESIST;
ORDERS REVOKING STATE
INVESTMENT ADVISER, INVESTMENT
ADVISER REPRESENTATIVE,
INSURANCE PRODUCER, AND
INSURANCE CONSULTANT LICENSES;
ORDER ASSESSING CIVIL PENALTIES,
ORDER DENYING USE OF
EXEMPTIONS; BAR FROM FINANCIAL
SERVICES BUSINESS ACTIVITIES;
AND CONSENT TO ENTRY OF ORDER

The Director of the Department of Consumer and Business Services for the State of Oregon (“Director”), acting in accordance with Oregon Revised Statutes (“ORS”) 59.005 to 59.451, 59.991 and 59.995, and the administrative rules promulgated thereunder (“the Oregon Securities Law”), and ORS chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748 and 750, and the administrative rules promulgated thereunder (“Insurance Code”), has investigated the business activities of David Douglas Swanson, Sr., Swanson Financial Services, Inc., and SF Commercial, LLC (collectively, “Respondents”).

Respondents wish to resolve this matter with the Director.

Now, therefore, as evidenced by the signatures subscribed herein, Respondents hereby CONSENT to the entry of this Order.

FINDINGS OF FACT

The Director FINDS that:

I. Respondents

1. Swanson Financial Services, Inc. (“Swanson Financial”) is an Oregon corporation with a principal place of business at 4309 Oakridge Rd in Lake Oswego, Oregon, 97035

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387





1 (the “Building”).

2 2. SF Commercial, LLC (“SF Commercial”) is a limited liability company formed in
3 Oregon on October 10, 2018. SF Commercial is co-located with Swanson Financial in the
4 Building.

5 3. David Douglas Swanson, Sr. (“Mr. Swanson”) is president, chief compliance
6 officer, and the sole owner of Swanson Financial. Mr. Swanson is also the manager,
7 registered agent, and organizer of SF Commercial. Mr. Swanson holds himself out as the
8 president of SF Commercial.

9 *II. Licenses*

10 4. Swanson Financial is licensed with the Oregon Division of Financial Regulation
11 (“the Division”) as a state investment adviser. The state investment adviser license number
12 for Swanson Financial is #IA-1473. The Investment Adviser Registration Depository
13 number for Swanson Financial is #143113.

14 5. Mr. Swanson is licensed with the Division as an investment advisor representative
15 of Swanson Financial. The Central Registration Depository (“CRD”) number for Mr.
16 Swanson is #1464923.

17 6. Mr. Swanson is licensed with the Division as a resident insurance producer,
18 approved to sell life and health lines. Mr. Swanson is also licensed with the Division as a
19 resident insurance consultant for life and health. The National Producer Number (“NPN”)
20 for Mr. Swanson is #675361.

21 7. Mr. Swanson’s resident insurance producer license first became active in 1990,
22 and his resident insurance consultant license first became active in 2010.

23 *III. Commercial Bank Loans*

24 8. A commercial lender, Seacoast Commerce Bank, holds security interests in the
25 Building.

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1 9. Mr. Swanson, through SF Commercial, borrowed \$2,380,000 from Seacoast
 2 Commerce Bank on or about November 29, 2018 to purchase the Building. Mr. Swanson
 3 also established a \$421,9004 construction line of credit through Seacoast Commerce Bank
 4 on or about December 21, 2018. Seacoast Commerce Bank has recorded security interests
 5 in the Building for both the loan and line of credit, recorded in Clackamas County, Oregon,
 6 respectively as 2018-72062, recorded November 29, 2018, and 2018-78100, recorded
 7 December 31, 2018 (the “Seacoast Liens”).

8 *IV. Promissory Notes*

9 10. During October 2018, Mr. Swanson attempted to sell a promissory note to a client
 10 of Swanson Financial and Mr. Swanson, identified herein as “RR”. At that time, RR, a
 11 retired hairdresser, was 69 years old.

12 11. Swanson recommended that RR take most of RR’s money out of RR’s accounts
 13 and purchase a “Note secured by a commercial building Swanson Financial will occupy.”
 14 RR declined the offer.

15 12. Between December 2018 and June 2019, Mr. Swanson, through his company SF
 16 Commercial, offered and sold promissory notes (“the Notes”) totaling \$1,575,000 to five
 17 clients of Mr. Swanson and Swanson Financial (“the Clients”), as follows:

19 Client	City/State	Date	Age	Amount
20 “JS”	West Linn, OR	12/5/2018	77	\$755,000
21 “JG”	Brush Prairie, WA	4/5/2019	64	\$500,000
22 “GS & WS”	Albany, OR	6/10/2019	68, 67	\$100,000
23 “JP”	Canby, OR	6/11/2019	70	\$170,000
24 “GP & DP”	Scio, OR	6/17/2019	64, 69	\$50,000
Total				\$1,575,000

Division of Financial Regulation
 Labor and Industries Building
 350 Winter Street NE, Suite 410
 Salem, OR 97301-3881
 Telephone: (503) 378-4387





1 13. The Clients ranged in age from 64 years old to 77 years old at the time of the
2 transactions.

3 14. The Clients are all individuals and none of them are broker-dealers, an affiliate of
4 an investment adviser, or a financial institution engaged in the business of loaning funds.

5 15. The terms of the Notes provide for monthly installment payments and interest at
6 6.5 percent per annum for three years. The Notes refer to the borrower as “SF Commercial,
7 LLC...with David Swanson acting as President” (the “Borrower”).

8 16. The Notes purport to be secured by the Building. Also, Mr. Swanson personally
9 guaranteed three of the five Notes.

10 17. Mr. Swanson represented to the Clients that the Notes were secured by an interest
11 in the Building, and if the Borrower defaulted on the note, the Client could immediately
12 take ownership of the Building.

13 18. Four of the Notes, those issued to JG, GS & WS, GP & DP, and JP, include the
14 following paragraph, or a substantially similar paragraph:

15 SECURITY. This note shall be secured under the following:
16 The Borrower agrees to provide Building located at 4309 Oakridge Rd,
17 Lake Oswego OR 97035,¹ referred to as the “Security”, which shall transfer
18 to the possession and ownership of the Lender IMMEDIATELY if this Note
19 should be in default. The Security may not be sold or transferred without the
20 Lender’s consent during the course of this Note. If the Borrower breaches
21 this provision, Lender may declare all sums due under this Note
22 immediately due and payable, unless prohibited by applicable law.

23 If the Borrower defaults under this Note the Lender shall have the right to
24 obtain ownership and possession of the Security. The Lender shall have the
25 sole option to accept it as full payment for the Borrowed Money without
26 further liabilities or obligations. If the market value of the Security does not
exceed the Borrowed Money, the Borrower shall remain liable for the
balance due while accruing interest at the maximum rate allowed by law.

¹ The note issued to JG did not identify the specific address of the Security, but rather referred to the Security as the Oakridge Building. Upon information and belief, this is the same Building that is located at 4309 Oakridge Rd., Lake Oswego, OR 97035, and which was pledged as Security to the other noteholders identified in this paragraph.



1 19. Before selling Notes to JS, JG, or JP, Mr. Swanson and SF Commercial did not
2 disclose to JS, JG or JP the following information relating to the Building:

3 A. The value of the Building;

4 B. The existence of any liens or other encumbrances on the Building, such
5 as the Seacoast Liens; or

6 C. The impact the Seacoast Liens would have on the ability of JS, JG and
7 JP to recoup their investments in the event of a default on the Notes.

8 20. The Notes Mr. Swanson and SF Commercial sold to clients GP & DP, GS & WS,
9 and JP include the following paragraph:

10 GUARANTORS. David Swanson, referred to as the “Guarantor”, agrees to
11 the liabilities and obligations on behalf of the Borrower under the terms of
12 this Note. If the Borrower does not make payment, the Guarantor shall be
13 personally responsible and is guaranteeing the payment of the principal, late
14 fees and all accrued interest under the terms of this Note.

15 21. Mr. Swanson signed the Notes sold to GP & DP, GS & WS, and JP as both the
16 Borrower and as the guarantor.

17 22. In 2021, Mr. Swanson, through counsel, has represented to the Director that Mr.
18 Swanson has repaid the funds he borrowed from the Clients.

19 *V. Clients*

20 “JS”

21 23. One of the clients, JS, is an elderly woman who was recently widowed before Mr.
22 Swanson advised her to liquidate annuities totaling approximately \$1 million and use
23 proceeds from the sales of the annuities to purchase the note Mr. Swanson sold to her for
24 \$755,000. Mr. Swanson told JS that she had a one-time opportunity to avoid paying taxes
25 on the sale of the annuities.

26 24. JS was 77 years old when Mr. Swanson sold her the note, and she was not
experienced managing her investments. JS’s husband had handled all the bills and anything
that had to do with finances.



1 25. Before Mr. Swanson sold the note to JS, Mr. Swanson told JS he had a fantastic
2 deal for her. Mr. Swanson offered her the note, which he described as an investment that
3 would earn 6.5 percent for three years. Mr. Swanson told JS he did not have any other
4 investment options available for her at the time, and this was the best he could do for her.
5 Mr. Swanson told JS the investment would be very secure, and it would be backed by the
6 building where he was moving his business. Mr. Swanson told JS the funds would always
7 be available to her, and she could ask for the full amount back at any time. Mr. Swanson
8 kept telling JS to “trust me, trust me.”

9 26. JS paid for the note by check payable to SF Commercial. Mr. Swanson filled out
10 the check and instructed JS to sign it.

11 27. Before Mr. Swanson sold the note to JS, Mr. Swanson and SF Commercial did not
12 provide written disclosures to JS regarding the investment, and they did not disclose to JS
13 the following:

- 14 A. The value of the collateral securing the note and any encumbrances to it;
- 15 B. The financial condition of Mr. Swanson and SF Commercial, and their ability
16 to repay the note;
- 17 C. Conflicts of interest caused by borrowing money from clients;
- 18 D. The actual use of JS’s investment funds; and
- 19 E. The risks of the investment.

20 28. After she invested, JS was surprised by tax consequences she experienced due to
21 the transactions Mr. Swanson recommended. She received an unexpected tax bill of
22 approximately \$55,000. She demanded Mr. Swanson return her funds to her, then she filed
23 a civil action in Multnomah County Circuit Court against Mr. Swanson, Swanson
24 Financial, and SF Commercial. Mr. Swanson eventually returned the investment principal
25 to JS, but not until after Mr. Swanson sold a note to another investor, JG.

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1 "JG"

2 29. A retired elementary school teacher, JG had seen interviews on a local morning
3 television program during which Mr. Swanson was interviewed in his capacity as founder
4 and president of Swanson Financial. To JG, Mr. Swanson appeared very confident and
5 spoke about how he helps people transitioning into retirement. At the time, JG was facing
6 retirement and thought Mr. Swanson could help her. JG was a regular viewer of the local
7 morning television program and trusted them as a local community resource. In turn, JG
8 trusted Mr. Swanson.

9 30. JG is not experienced with managing her own investments. She has relied on
10 professionals to help manage her money. JG described herself as "very much fledgling" in
11 this area. Several years ago, she received proceeds of approximately \$1.5 million from the
12 sale of a family business.

13 31. JG, accompanied by her son, had an orientation meeting at Swanson Financial
14 sometime in 2018. Mr. Swanson reviewed the investments that JG's previous advisor
15 recommended and told JG those investments were no good and she did not make
16 any money. Mr. Swanson said that because she did not have any gains in those
17 investments, she would not have to pay any taxes. To her surprise, JG later ended up with
18 an unexpected \$35,000 tax bill.

19 32. JG had a follow-up meeting with Mr. Swanson. When she arrived at the meeting
20 JG expected to sign paperwork related to an annuity transaction Mr. Swanson had
21 recommended and sold to her. Mr. Swanson and JG were the only persons present during
22 this meeting. It was during this meeting that Mr. Swanson, to JG's surprise, solicited her to
23 loan him money by investing in the Building. Mr. Swanson offered JG a three-year note at
24 6.5% interest, payable monthly. Mr. Swanson told JG the loan would be guaranteed. Mr.
25 Swanson told JG this investment was risk free. JG recalls Mr. Swanson making other
26 statements to her such as, "You can trust me" and "We help older clients."



1 33. Despite assurances made from Mr. Swanson to JG about the loan being guaranteed
2 and risk free, Mr. Swanson was not a Guarantor on the note to JG as he was on the Notes to
3 GP & DP, GS & WS, and JP.

4 34. Mr. Swanson sold a note to JG for \$500,000 on April 5, 2019. At the time, JG was
5 64 years old.

6 35. Before he sold the note to JG, Mr. Swanson did not mention, discuss, or provide
7 any information or written disclosures to JG regarding: (1) the risks of the investment or
8 JG's suitability for it; (2) any conflicts of interest for himself personally or his companies
9 as related to the note investment; or (3) the financial condition of himself personally or his
10 companies or their ability to repay the note. During the meeting, Mr. Swanson neither
11 advised JG to take some time to think about the offer or consult anyone about it, nor did he
12 offer any other investment options.

13 36. Mr. Swanson mentioned the Building to JG, and she knew Mr. Swanson was going
14 to be moving into it. Based on representations from Mr. Swanson, JG believed her money
15 would be used for Building improvements. JG recalls Mr. Swanson seemed to be
16 scrambled during the meeting. Mr. Swanson mentioned that other clients were investing
17 and told JG, "I'll get you, then a couple more."

18 37. On April 5, 2019, JG's investment of \$500,000 was deposited into SF Commercial's
19 checking account. The balance in the SF Commercial checking account just prior to this
20 deposit was \$149,001.76.

21 38. Five days later, on April 10, 2019, Mr. Swanson sent \$500,000 by wire transfer to a
22 Wells Fargo Bank account for the benefit of a previous investor, JS. The memo on the wire
23 transfer indicated a loan repayment.

24 39. Around November 2019, Mr. Swanson left a message for JG stating that the State
25 of Oregon might call her. JG later received a form letter from Mr. Swanson that he asked
26 her to sign. The form letter stated that prior to signing the promissory note, Mr. Swanson



1 had discussed risks and conflicts of interest related to the investment. JG said she did not
2 agree with statements made in the letter and told Mr. Swanson she was not going to sign it.

3 “JP”

4 40. Another client, JP, is a retired mail carrier who worked for the United States Postal
5 Service for 30 years. JP has limited investment experience. She had some prior investments
6 with Fidelity that her brother helped with, but she was making minimal returns.

7 41. JP had seen Mr. Swanson interviewed on a local morning television program in his
8 capacity as founder and president of Swanson Financial. During those television
9 interviews, Mr. Swanson discussed his role as a fiduciary for his clients and how important
10 that is. Mr. Swanson also spoke about elder abuse and how some advisors may take
11 advantage of the elderly. JP believed what Mr. Swanson said about protecting his clients
12 and felt he could be trusted.

13 42. JP attended an orientation meeting at Swanson Financial on January 21, 2019. At
14 that time, JP received a brochure about the firm titled something to the effect of
15 “Retirement Survival Guide.” JP returned to Swanson Financial on January 29, 2019 and
16 was given a client proposal. Soon after, JP’s accounts were transferred to Swanson
17 Financial.

18 43. Around June 2019, JP received additional funds, which were proceeds from the
19 sale of inherited property. She reached out to Mr. Swanson to help her move the money
20 into an investment. During a meeting with Mr. Swanson on June 11, 2019, Mr. Swanson
21 suggested that JP loan him the money. Mr. Swanson offered JP a three-year note at 6.5%
22 interest, payable monthly. JP understood the investment would be backed by security
23 interest in the building where Swanson Financial was located. Mr. Swanson did not discuss
24 with JP how the funds she invested would be used. Mr. Swanson seemed too eager to get
25 her money, but JP agreed to the investment, because JP trusted Mr. Swanson. JP believed
26 Mr. Swanson would pay the note and that he had her best interests in mind.



1 44. Mr. Swanson printed out a promissory note with JP's name on it. JP had her
2 checkbooks with her and Mr. Swanson sat down next to her while she wrote out three
3 checks (\$15,000, \$20,000, and \$135,000) and gave them to Mr. Swanson. Mr. Swanson
4 and JP were the only persons present during this transaction.

5 45. On June 12, 2019, JP's investment of \$170,000 was deposited into SF
6 Commercial's checking account. The balance in the SF Commercial account just prior to
7 the deposit was \$25,616.30.

8 46. The same day, June 12, 2019, Mr. Swanson sent \$175,082.22 by wire transfer to a
9 Wells Fargo Bank account for the benefit of previous investor JS. The memo on the wire
10 transfer indicated a note payoff.

11 47. Before she invested, Mr. Swanson did not discuss the risks of the investment with
12 JP. Mr. Swanson did not discuss JP's suitability for the investment. Mr. Swanson did not
13 mention commercial bank loans secured by the Building. Mr. Swanson did not discuss with
14 JP any conflicts of interest, or the financial condition of himself or his companies. Mr.
15 Swanson described the investment to JP as a "win-win" for both of them.

16 48. JP later received a form letter dated November 20, 2019 from Mr. Swanson. The
17 letter contained statements that were not true, including claims that Mr. Swanson made
18 certain disclosures about the investment that he did not in fact make. JP did not sign the
19 letter. Over the following weeks, JP received several calls asking her to sign and return the
20 letter. She did not respond.

21 49. In December 2019, JP demanded the return of her \$170,000 investment principal
22 from Mr. Swanson.

23 50. In connection with the sale of the note to JP, Mr. Swanson and SF Commercial
24 failed to adequately disclose to JP the following:

25 A. The value of the collateral securing the note and any encumbrances to it;

26 B. The financial condition of Mr. Swanson and SF Commercial, and their ability



- 1 to repay the note;
- 2 C. Conflicts of interest caused by borrowing money from clients;
- 3 D. The actual use of JP's investment funds; and
- 4 E. The risks of the investment.

5 *VI. The Division's Examination*

6 51. During an examination of Swanson Financial on or about July 25, 2019, an
7 examiner from the Division met with Mr. Swanson and inquired whether Mr. Swanson had
8 borrowed any funds from clients. Mr. Swanson initially denied borrowing funds from
9 clients. Later that day, when pressed the by examiner, Mr. Swanson acknowledged
10 borrowing money from three clients.

11 *VII. Form Letters*

12 52. Around November 2019, Mr. Swanson sent form letters dated November 20, 2019
13 to GP, GS & WS, JG, and JP with instructions to sign and return them. The form letters
14 included the following, or substantially similar statements:

15 To Whom It May Concern,

16 David Swanson is my Financial Consultant. In the Spring of 2019, I signed a
17 promissory note secured by property located at 4309 Oakridge Road, Lake Oswego,
18 Oregon 97035 and David Swanson, Sr. Individually.

19 Prior to signing the note, David explained borrowing money from clients can cause
20 a conflict of interest. I was made aware his interests could conflict with mine
21 because of his ownership of the building. Furthermore it was disclosed that a small
22 business loan was already in place to secure the property. David also made me
23 aware that other investors would be participating in the loan for the building
24 improvements

25 Finally, David discussed my current financial situation, investment objectives, time
26 horizon and risk tolerance. David explained that, like any investments, there was a
27 risk of loss. Based on my net worth and asset allocation, I felt I could fully bear any
28 loss related to the loan to David. Based on this above, I determined the note would
29 be a good investment.

30 53. Some investors, including GP, GS & WS signed the form letters described above,
31 or a form letter substantially similar to it, but JG and JP refused to sign the letters, because



1 in their cases, the letters contained untrue statements.

2 *VIII. Form U-4 Amendments*

3 54. During 2019, Mr. Swanson and Swanson Financial did not timely file amendments
4 to Mr. Swanson's license application, Form U-4, regarding material changes to Mr.
5 Swanson's investment adviser representative application. Two investment-related,
6 consumer-initiated civil cases, involving sales practice violations, were filed in Multnomah
7 County Circuit Court in 2019 with Mr. Swanson named as a defendant.

8 55. The first civil case, filed by RR, is case number 19CV25876, and it was filed on or
9 about June 11, 2019. Swanson Financial and Mr. Swanson did not amend Mr. Swanson's
10 application to disclose the civil case filed by RR until August 6, 2019, more than 30 days
11 from the occurrence of a material change.

12 56. The second civil case, filed by JS, is case number 19CV31687, and it was filed in
13 Multnomah County Circuit Court on or about July 18, 2019. Swanson Financial and Mr.
14 Swanson did not amend Mr. Swanson's application to disclose the civil case filed by JS
15 until October 28, 2019, more than 30 days from the occurrence of a material change.

16 57. Mr. Swanson and Swanson Financial did not amend Mr. Swanson's Form U-4 to
17 disclose Mr. Swanson's other business activities regarding SF Commercial.

18 *IX. Supervision*

19 58. As a state investment adviser, Swanson Financial has a duty to reasonably
20 supervise the securities business activities of its investment adviser representatives,
21 including Mr. Swanson.

22 **CONCLUSIONS OF LAW**

23 The Director CONCLUDES that:

24 59. The Director has jurisdiction over the business activities of Swanson Financial and
25 SF Commercial pursuant to ORS 59.235.

26 60. The Director has jurisdiction over Mr. Swanson's business activities pursuant to



1 ORS 59.235 and ORS 731.236.

2 61. Swanson Financial is a state investment adviser in Oregon, as defined in ORS
3 59.015(20)(a).

4 62. Mr. Swanson is an investment adviser representative, as defined by ORS
5 59.015(8)(a) for a state investment adviser, Swanson Financial.

6 63. OAR 441-205-0145 provides, in relevant part:

7 (1) A person who is a State Investment Adviser or an Investment Adviser
8 Representative for a State Investment Adviser is a fiduciary and has a duty to act
9 primarily for the benefit of the Adviser's clients. The provisions of this rule apply to
10 state investment advisers and their investment adviser representatives. While the
11 extent and nature of this duty varies according to the nature of the relationship
12 between an investment adviser and its clients and the circumstances of each case, a
13 state investment adviser or its investment adviser representatives shall not engage in
14 unethical business practices, including the following:

11 ... (f) Borrowing money or securities from a client unless the client is a broker-
12 dealer, an affiliate of the investment adviser, or a financial institution engaged in the
13 business of loaning funds.

13 ... (2) The conduct set forth above is not inclusive. Engaging in other
14 conduct such as non-disclosure, incomplete disclosure, or deceptive practices shall
15 be deemed a dishonest, fraudulent or unethical business practice.

15 64. Accordingly, pursuant to OAR 441-205-0145(1), Mr. Swanson and Swanson
16 Financial are fiduciaries, with the duty to act primarily for the benefit of their clients.

17 65. Mr. Swanson, as an investment adviser representative, and Swanson Financial, as a
18 state investment adviser, and both of them, as fiduciaries, are prohibited from engaging in
19 unethical business practices, including but not limited to borrowing money or securities
20 from a client

21 66. Mr. Swanson is an officer, owner and control person of Swanson Financial and SF
22 Commercial.

23 67. The Notes that Mr. Swanson, acting as president of SF Commercial, sold to clients
24 are "securities" as defined by ORS 59.015(19)(a).

25 68. Mr. Swanson's personal guarantee of the Notes he sold to GP & DP, GS & WS,
26 and JP also constitute "securities", as defined by ORS 59.015(19)(a).



1 69. By selling the Notes to the Clients, Mr. Swanson borrowed money from five
2 clients of Mr. Swanson and Swanson Financial.

3 70. By borrowing money from clients, Mr. Swanson engaged in unethical business
4 practices in violation of OAR 441-205-0145(1)(f).

5 71. Swanson Financial has a duty to reasonably supervise Mr. Swanson's activities
6 and failed to do so, in violation of ORS 59.205(13).

7 72. Pursuant to ORS 59.175(7) and OAR 441-175-0105(1), state investment advisers
8 and investment adviser representatives shall amend their license applications when there
9 are material changes in the information contained in the original applications, including
10 civil actions and the addition of an affiliated business entity. Pursuant to OAR 441-175-
11 0105(3), amendments to the application shall be made on Form U-4 for investment adviser
12 representatives. Pursuant to OAR 441-175-0105(2), amendments must be filed within 30
13 days of the occurrence of the material change. Pursuant to OAR 441-175-0105(5), both the
14 investment adviser representative and the employing state investment adviser are
15 responsible for filing amendments to an investment adviser representative's application.

16 73. By not timely filing amendments to the Form U-4 for Mr. Swanson regarding two
17 civil cases filed in Multnomah County against Mr. Swanson, and Mr. Swanson's other
18 business, SF Commercial, as described above in Paragraphs 53 through 56, Mr. Swanson
19 and Swanson Financial violated ORS 59.175(7) and OAR 441-175-0105(2).

20 74. In connection with the sales of the Notes to JS, JG and JP, Mr. Swanson and SF
21 Commercial directly and indirectly made untrue statements of a material fact and/or
22 omitted to state material facts necessary in order to make the statement made, not
23 misleading in violation of ORS 59.135(2), by failing to adequately disclose the following to
24 JS, JG and JP:

- 25 A. The value of the collateral securing the note and any encumbrances to it;
- 26 B. The financial condition of Mr. Swanson and SF Commercial, and their ability



1 to repay the note;

2 C. Conflicts of interest caused by borrowing money from clients;

3 D. The actual use of the funds they invested; and

4 E. The risks of the investment.

5 75. Mr. Swanson and SF Commercial engaged in an act, practice or course of business
6 which operated as fraud or deceit upon the Clients, and violated ORS 59.135(3), by sending
7 JG and JP form letters containing untrue statements and asking them to sign and return the
8 letters, in an attempt to cover up Mr. Swanson's failure to make certain disclosures to the
9 Clients, as more fully described in Paragraph 73 above.

10 76. Mr. Swanson engaged in non-disclosure, incomplete disclosure or deceptive
11 practices, and therefore engaged in dishonest, fraudulent, or unethical business practices, in
12 violation of OAR 441-205-0145(2) by:

13 A. failing to adequately disclose the following to JS, JG and JP:

14 (1) The value of the collateral securing the note and any
15 encumbrances to it;

16 (2) The financial condition of Mr. Swanson and SF
17 Commercial, and their ability to repay the note;

18 (3) Conflicts of interest caused by borrowing money from
19 clients;

20 (4) The actual use of the funds they invested;

21 (5) The risks of the investment; and

22 B. by sending JG and JP form letters containing untrue statements and asking
23 them to sign and return the letters, in an attempt to cover up Mr. Swanson's failure to
24 make certain disclosures to the Clients.

25 77. Because the Director has reason to believe that Respondents have engaged, are
26 engaging, or are about to engage in violations of the Oregon Securities Law, the Director



1 may issue an order to Respondents to cease and desist from the violations of the Oregon
2 Securities Law under ORS 59.245(4).

3 78. Because the Director has reason to believe that Respondents have engaged or are
4 about to engage in violations of the Oregon Securities Law, or that the use of any
5 exemption by Respondents would work as a fraud or imposition on purchasers, the Director
6 may deny Respondents the use of exemptions to the securities registration requirements
7 under ORS 59.045(2).

8 79. The Director has grounds to revoke Mr. Swanson’s investment adviser
9 representative license under ORS 59.205(2), because Mr. Swanson has engaged in
10 dishonest, fraudulent or illegal practices or conduct in any business or profession or unfair
11 or unethical practices or conduct in connection with the purchase or sale of any security by
12 borrowing money from clients.

13 80. Because Mr. Swanson borrowed money from clients of Swanson Financial, failed
14 to adequately disclose material facts to JS, JG, and JP in connection with the sales of the
15 Notes, failed to timely amend his investment adviser license application to disclose the two
16 civil cases filed against Mr. Swanson, and failed to disclose Mr. Swanson’s other business
17 activity as SF Commercial, Swanson Financial failed to reasonably supervise an investment
18 adviser representative, Mr. Swanson.

19 81. The Director has grounds to revoke the state investment adviser license of
20 Swanson Financial, pursuant to ORS 59.205(13), because Swanson Financial failed to
21 reasonably supervise an investment adviser representative.

22 82. According to ORS 59.995, any person who violates or who procures, aids or abets
23 in the violation of the Oregon Securities Law may be subject to a civil penalty in an amount
24 not to exceed \$20,000 per violation, and every violation is a separate offense.

25 83. Mr. Swanson is licensed in Oregon as a resident “insurance producer”, as defined
26 under ORS 731.104.



1 84. Mr. Swanson is also licensed in Oregon as a resident insurance consultant, as
2 provided by ORS 744.605(1) and ORS 744.619.

3 85. Mr. Swanson used fraudulent, coercive or dishonest practices, or demonstrated
4 incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in
5 this state by borrowing money from clients, thereby engaging in unethical business
6 practices as an investment adviser representative and a fiduciary, by sending JG and JP
7 form letters containing untrue statements and asking them to sign and return the letters, and
8 by failing to make certain disclosures in connection with the sales of the Notes to JS, JG
9 and JP, as more fully described in Paragraph 73 above. Accordingly, the Director has
10 grounds to revoke Mr. Swanson's resident insurance producer license pursuant to ORS
11 744.074(1)(h).

12 86. Mr. Swanson acted in an incompetent or untrustworthy manner, and acted
13 dishonestly, fraudulently, or deceptively in a business that is not related to engaging in
14 business as an adjuster, an insurance consultant, or an insurance producer, in violation of
15 ORS 744.644(1)(a) and (L), respectively, by borrowing money from clients, thereby
16 engaging in unethical business practices as an investment adviser representative and a
17 fiduciary, by sending JG and JP form letters containing untrue statements and asking them
18 to sign and return the letters, and by failing to make certain disclosures in connection with
19 the sales of the Notes to JS, JG and JP, as more fully described in Paragraph 73 above.
20 Accordingly, the Director has grounds to revoke Mr. Swanson's resident insurance
21 consultant license pursuant to ORS 744.644(2)(a)(B).

22 ORDERS

23 The Director issues the following ORDERS:

24 87. As authorized by ORS 59.245(4), the Director hereby ORDERS Mr. Swanson to
25 CEASE AND DESIST from violating OAR 441-205-0145(1)(f) and (2), and ORS
26 59.205(2).



1 88. As authorized by ORS 59.245(4), the Director hereby ORDERS Swanson
2 Financial to CEASE AND DESIST from violating ORS 59.205(13).

3 89. As authorized by ORS 59.245(4), the Director hereby ORDERS Mr. Swanson and
4 Swanson Financial to CEASE AND DESIST from violating ORS 59.175(7) and OAR 441-
5 175-0105(2).

6 90. As authorized by ORS 59.245(4), the Director hereby ORDERS Mr. Swanson and
7 SF Commercial to CEASE AND DESIST from violating ORS 59.135(2) and ORS
8 59.135(3).

9 91. Pursuant to ORS 731.252(1), the Director hereby ORDERS Mr. Swanson to
10 CEASE AND DESIST from violating ORS 744.074(1)(h), ORS 744.644(1)(a), and ORS
11 744.644(1)(L).

12 92. As authorized by ORS 59.205(13), the Director REVOKES, effective March 1,
13 2023, the state investment adviser license of Swanson Financial.

14 93. As authorized by ORS 59.205(2), the Director hereby REVOKES, effective March
15 1, 2023, the investment adviser representative license of Mr. Swanson.

16 94. As authorized by ORS 744.074(1)(h), the Director hereby REVOKES, effective
17 March 1, 2023, the resident insurance producer license of Mr. Swanson.

18 95. As authorized by ORS 744.644(1)(a) and (L), and ORS 744.644(2)(a)(B), the
19 Director hereby REVOKES, effective March 1, 2023, the resident insurance consultant
20 license of Mr. Swanson.

21 96. As authorized by ORS 59.045(2), the Director hereby DENIES Respondents, and
22 any and all agents, authorized representatives, and entities owned, operated or controlled by
23 Respondents, their successors and assigns, the use of any exemptions that would otherwise
24 be available under ORS 59.025 and ORS 59.035, concerning securities and transactions
25 exempt from the registration requirements of the Oregon Securities Law.

26 ///



1 97. Mr. Swanson is permanently BARRED, effective March 1, 2023, from associating
2 in any capacity, including but not limited to clerical or ministerial functions, with any state
3 investment adviser, investment adviser representative, broker-dealer, securities salesperson,
4 insurance producer, insurance company, or insurance consultant licensed with the Director,
5 and is permanently BARRED, effective March 1 2023, from all of the following financial
6 services business activities in Oregon:

7 A. applying for, holding, or renewing any investment adviser, investment adviser
8 representative, broker-dealer or securities salesperson license in the State of Oregon;

9 B. applying to register or renew any securities in the State of Oregon;

10 C. applying for, holding, or renewing any insurance producer or insurance
11 consultant license in the State of Oregon; and

12 D. applying for, holding, or renewing any license or registration required by the
13 Director in Oregon, including but not limited to insurance, consumer finance, collection
14 agency, manufactured structure dealer, or mortgage lending.

15 98. As authorized by ORS 59.995(1) and ORS 731.988(1), the Director hereby
16 ORDERS Mr. Swanson to pay CIVIL PENALTIES totaling \$65,000, for the following
17 violations:

18 A. \$50,000 (\$10,000 per violation) for five violations of OAR 441-205-0145(1)(f)
19 and (2);

20 B. \$5,000 (\$1,000 per violation) for five separate violations of ORS 744.074(1)(h);

21 C. \$5,000 (\$1,000 per violation) for five separate violations of ORS 744.644(1)(a);
22 and

23 D. \$5,000 (\$1,000 per violation) for five separate violations of ORS 744.644(1)(L).

24 99. As authorized by ORS 59.995(1), the Director ORDERS Mr. Swanson and
25 Swanson Financial, jointly and severally, to pay a CIVIL PENALTY of \$5,000 for
26 violations of ORS 59.175(7) and OAR 441-175-0105(2).



1 100. As authorized by ORS 59.995(1), the Director hereby ORDERS Swanson
2 Financial to pay a CIVIL PENALTY of \$10,000 for violation of ORS 59.205(13).

3 101. As authorized by ORS 59,995(1), the Director ORDERS Mr. Swanson and SF
4 Commercial, jointly and severally, to pay CIVIL PENALTIES totaling \$80,000, for the
5 following violations:

6 A. \$60,000 (\$20,000 per violation) for three violations of ORS 59.135(2); and

7 B. \$20,000 for violations of ORS 59.135(3).

8 102. The Director SUSPENDS the collection of all the civil penalties assessed against
9 Respondents above, except for \$25,000 of the civil penalties assessed against Mr. Swanson
10 for violations of OAR 441-205-0145(1)(f) and (2) so long as Respondents comply with all
11 terms and conditions of this Order and all requirements of the Oregon Securities Law. If
12 Respondents comply with the terms of this Order and the Director has not initiated an
13 enforcement action for new violations of the Oregon Securities Law or the Insurance Code
14 during the three-year period from the date of this Order, the Director WAIVES the
15 collection of the suspended CIVIL PENALTIES assessed against Respondents herein.

16 103. Any Respondent's failure to satisfy any terms of this Order will render the suspended
17 civil penalties immediately due and payable.

18 104. Mr. Swanson must pay to the Department of Consumer and Business Services
19 \$25,000 of the civil penalties assessed against Swanson for violations of OAR 441-205-
20 0145(1)(f) and (2) when this Order is returned to the Division.

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1 105. This Order is a “Final Order” under ORS 183.310(6)(b). Subject to that provision,
2 the entry of this Order does not limit other remedies that are available to the Director under
3 Oregon law.

4 SO ORDERED this 25th day of January, 2023.

5 ANDREW R. STOLFI, Director
6 Department of Consumer and Business Services

7 /s/ Dorothy Bean
8 Dorothy Bean, Chief of Enforcement
9 Division of Financial Regulation

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17 Division of Financial Regulation
18 Labor and Industries Building
19 350 Winter Street NE, Suite 410
20 Salem, OR 97301-3881
21 Telephone: (503) 378-4387



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CONSENT TO ENTRY OF ORDER
BY DAVID DOUGLAS SWANSON, SR.

I, David Douglas Swanson, Sr., state that I have read the foregoing Order and that I know and fully understand the contents hereof; that I have been advised of my right to a hearing, and that I have been represented by counsel in this matter; that without admitting or denying the factual allegations stated herein, I voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order; that I understand that the Director reserves the right to take further actions against me to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law by me; and that I will fully comply with the terms and conditions stated herein.

I understand that this Order is a public document.

/s/ David Douglas Swanson, Sr.
David Douglas Swanson, Sr.

State of: _____

County of: _____

Signed or attested before me on this _____ day of _____, 2023
by David Douglas Swanson, Sr.

Notary Public

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



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CONSENT TO ENTRY OF ORDER BY
SWANSON FINANCIAL SERVICES, INC.

Swanson Financial Services, Inc. ("Swanson Financial") states that its president with appropriate authority has read this Consent Order and fully understands its contents. Without admitting or denying the factual allegations stated herein, Swanson Financial consents to the entry of this Consent Order, and will take any necessary steps to ensure that Swanson Financial fully complies with the terms of the Order.

Swanson Financial further states that it has been advised of its right to a hearing, that it has been represented by counsel in this matter, and voluntarily and without any force or duress expressly waives any right to a hearing in this matter. Swanson Financial understands that the Director reserves the right to take further actions against Swanson Financial to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law by Swanson Financial.

Swanson Financial understands that this Consent Order is a public document.

David Douglas Swanson, Sr. is president of Swanson Financial and is authorized to execute this Consent to Entry of Order on behalf of Swanson Financial.

Swanson Financial Services, Inc.

By: /s/ David Douglas Swanson, Sr.
David Douglas Swanson, Sr.
President

State of _____

County of _____

Subscribed and affirmed before me by David Douglas Swanson, Sr. this ____ day
of _____, 2023.

Notary Public

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



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CONSENT TO ENTRY OF ORDER BY
SF COMMERCIAL, LLC

SF Commercial, LLC (“SF Commercial”) states that its manager with appropriate authority has read this Consent Order and fully understands its contents. Without admitting or denying the factual allegations stated herein, SF Commercial consents to the entry of this Consent Order, and will take any necessary steps to ensure that SF Commercial fully complies with the terms of the Order.

SF Commercial further states that it has been advised of its right to a hearing, that it has been represented by counsel in this matter, and voluntarily and without any force or duress expressly waives any right to a hearing in this matter. SF Commercial understands that the Director reserves the right to take further actions against SF Commercial to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law by SF Commercial.

SF Commercial understands that this Consent Order is a public document.

David Douglas Swanson, Sr. is manager of SF Commercial and is authorized to execute this Consent to Entry of Order on behalf of SF Commercial.

SF Commercial, LLC

By: /s/ David Douglas Swanson, Sr.
David Douglas Swanson, Sr.
Manager

State of _____

County of _____

Subscribed and affirmed before me by David Douglas Swanson, Sr. this ____ day
of _____, 2023.

Notary Public

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

