

ADMINISTRATIVE PROCEEDING

File No. 3-18084

SEC Charges Investment Adviser with Failing to Disclose Conflicts of Interest

July 27, 2017– The Securities and Exchange Commission today announced that Tacoma, Washington-based Columbia River Advisors, LLC and two of its principals agreed to settle charges that they failed to disclose conflicts of interest to investors in an investment fund they managed. The adviser also agreed to settle charges that it failed properly to comply with the SEC’s investment adviser custody rule.

According to the SEC’s order, Columbia River, Benjamin J. Addink and Donald A. Foy failed to disclose to investors in an investment fund they managed that the fund made sizeable investments in a second investment fund that loaned the money back to Columbia River. The SEC found that these investments constituted conflicts of interest, which Columbia River should have disclosed before making the investments. The SEC’s order further finds that Columbia River violated the SEC’s investment adviser custody rule because the auditor it hired to audit the funds’ financial statements was not qualified under the rule, and Columbia River did not timely distribute audited financial statements to the funds’ investors for the 2012 and 2014 fiscal years as required under the rule.

The SEC’s order instituting settled cease-and-desist and administrative proceedings finds that Columbia River, Addink and Foy willfully violated Section 206(2) of the Investment Advisers Act of 1940, that Columbia River willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-2 thereunder, and that Foy caused Columbia River’s violations of the custody rule. Without admitting or denying the SEC’s findings, Columbia River, Addink and Foy agreed to censures and must cease and desist from committing or causing further violations of the provisions and rules with which each was charged. In addition, Columbia River agreed to pay an \$80,000 penalty, Addink agreed to pay a \$25,000 penalty, and Foy agreed to pay a \$30,000 penalty. Under the order, Columbia River is required to retain an independent consultant to review its compliance policies and procedures and to provide notice of the SEC’s order to affected investors.

The SEC’s investigation was conducted by Robert J. Durham Jr. and Crystal Boodoo, and supervised by Jeremy E. Pendrey of the San Francisco Regional Office. The SEC examination that led to the investigation was conducted by Kenneth P. Schneider, Erica R. Gould, Cindy N. Cooper and Caroline Smith.

See also: [Order](#)