

**ADMINISTRATIVE PROCEEDING
BEFORE THE
MARYLAND SECURITIES COMMISSIONER**

IN THE MATTER OF:

*

Columbia Financial Advisors LLC, CRD # 108926 *

Docket No. 2017-1064

and

*

Brian D. McQuade, CRD # 2677686

*

Respondents

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FINAL ORDER OF DENIAL AND BAR

WHEREAS, pursuant to Section 11-405 of the Maryland Securities Act, Corporations and Associations Article, Title 11, Annotated Code of Maryland (2014 Repl. Vol. and 2017 Supp) (the “Act”), Columbia Financial Advisors LLC (“Respondent Columbia” or “Columbia”) submitted an application to the Maryland Division of Securities (the “Division”) for registration as an investment adviser in this State; and

WHEREAS, Respondent Columbia’s application for investment adviser registration in this State has been pending since December 5, 2017; and

WHEREAS, the Maryland Securities Commissioner (the “Commissioner”) has found grounds to conclude that Respondent Columbia and its principal, Brian D. McQuade (“Respondent McQuade” or “McQuade”), have engaged and may continue to engage in acts or practices constituting violations of the investment adviser registration and antifraud provisions of the Act; and

WHEREAS, on December 20, 2017, the Commissioner issued a Summary Order to Cease and Desist and Order to Show Cause (the “Order”) directing Respondents Columbia and McQuade to cease and desist from engaging in violations of sections 11-301(a)(3) and (c) and 401(b) of the Act; requiring Respondent Columbia to show cause why its application for registration as an investment adviser should not be denied; and requiring Respondents Columbia and McQuade to show cause why they should not be barred permanently from engaging in the securities and investment advisory business in Maryland and why a statutory penalty of up to \$5,000 per violation should not be entered against them; and

WHEREAS, the Order provided that the failure to file an answer, including a request for a hearing, within fifteen (15) days of service of the Order would result in the entry of a final order denying Respondent Columbia’s application for registration as an investment adviser in Maryland, imposing on each Respondent a monetary penalty of up to \$5,000 per violation of the Act, and barring each Respondent from engaging in the securities or investment advisory business in Maryland for or on behalf of any others, or from acting as principal or consultant in any entity so engaged; and

WHEREAS, Respondents have failed to file a timely answer to the Order or to make a written request for a hearing; and

WHEREAS, the Commissioner finds that it is in the public interest to enter this Final Order of Denial and Bar;

NOW, THEREFORE, IT IS HEREBY ORDERED:

I. JURISDICTION

1. The Commissioner has jurisdiction in this proceeding pursuant to section 11-701.1 of the Act.

II. RESPONDENTS

2. At all times relevant to this matter, Columbia Financial Advisors LLC was a Maryland limited liability company that held out as having places of business in Columbia, MD, Chevy Chase, MD, and the District of Columbia. Columbia was registered with the Division as an investment adviser from September 3, 2003 to December 31, 2015, at which time Columbia failed to renew its registration. Upon reapplication for investment adviser registration in January 2016, Columbia's registration was approved and remained effective until March 15, 2017, when Columbia's investment adviser registration was revoked by the Division. Columbia is owned by Brian McQuade.

3. At all times relevant to this matter, Brian McQuade was a resident of Chevy Chase, Maryland. McQuade is a principal of Columbia and, from September 3, 2003 to December 31, 2015, and again from February 19, 2016 to March 15, 2017, was registered with the Division as an investment adviser representative for Columbia.

III. FINDINGS OF FACT

4. On February 16, 2017, the Commissioner issued an Order to Show ("OSC") seeking the revocation of Respondents Columbia's and McQuade's registrations as an investment adviser and investment adviser representative, respectively.

5. The OSC alleged that Respondents Columbia and McQuade had violated section 11-401 of the Act by acting as an unregistered investment adviser, that Respondent Columbia had violated section 11-402 of the Act by employing an unregistered investment adviser representative, and that Respondents Columbia and McQuade had violated section 11-411(d) of the Act by failing to timely make material amendments to Columbia's Form ADV, including by failing to disclose the denial of Columbia's investment adviser registration application by the

State of Virginia.

6. Respondents failed to respond to the OSC and, on March 15, 2017, the Division issued an Order of Revocation of Investment Adviser and Investment Adviser Representative Registration (“Order of Revocation”) revoking their registrations in the State of Maryland.

7. Respondents also failed to appeal the Order of Revocation within thirty (30) days of the date of the Order of Revocation.

8. Despite the revocation of their registrations, on December 5, 2017, Respondents filed an application to register Columbia as an investment adviser in Maryland.

9. Items 11.D(3), (4), and (5) of the Form ADV Part 1A application requires an applicant for investment adviser registration to disclose whether any state regulatory authority has ever found the adviser or any advisory affiliate to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted; entered, within the past ten years, an order against the adviser or any advisory affiliate in connection with an investment-related activity; or ever denied, suspended, or revoked the adviser or any advisory affiliate’s registration or license.

10. In light of the Order of Revocation issued against the Respondents, Respondents should have answered Items 11.D(3), (4), and (5) of Form ADV Part 1A in the affirmative and disclosed the order issued against them, but instead answered the items in the negative and failed to disclose the order.

11. Respondents continued to transact business as an investment adviser in the State of Maryland, despite the revocation of their registrations.

12. Between April 2017 and the present, Respondents provided investment advisory

services to more than 40 advisory accounts, and received investment advisory fees of more than \$50,000.

13. Respondents also continued to hold out as an investment adviser through the website of an accounting firm with which McQuade was affiliated. The website disclosed that Columbia was an investment advisory firm that provided, among other services, financial planning and portfolio management services.

14. That same website included a section entitled Testimonials. Under the Testimonials section was a statement from a client who wrote: “Brian and his team have been doing all of our audits and giving us investment advice for over 20 years. Brian is very helpful in explaining the financial statements to our executive committee. He breaks it down well for the non-accounting minded. It’s been a good partnership with him.”

15. Client testimonials are prohibited both under federal and state securities laws.

IV. CONCLUSIONS OF LAW

The Commissioner concludes that:

16. Respondents violated sections 11-302(a)(3) and (c) of the Act by, among other things, failing to disclose to clients that their registrations had been revoked and that they were acting as an unregistered investment adviser and investment adviser representative, and by advertising a client testimonial.

17. Respondents violated section 11-303 of the Act by filing with the Division a registration application that failed to disclose the Order of Revocation issued against them.

18. Respondents violated section 11-401(b) of the Act by transacting business as an unregistered investment adviser or investment adviser representative.

V. SANCTIONS

19. NOW, THEREFORE, IT IS HEREBY ORDERED that:

a. Each Respondent shall permanently cease and desist from violating sections 11-302(a)(3) and (c), 11-303, and 11-401(b) of the Act.

b. Respondent Columbia's application for registration as an investment adviser in Maryland is denied.

c. Each Respondent is permanently barred from engaging in the securities or investment advisory business in Maryland for or on behalf of any others, or from acting as principal or consultant in any entity so engaged.

d. Respondents, jointly and severally, are assessed a civil monetary penalty pursuant to section 11-702 of the Act in the amount of \$20,000 for the violations set forth in this Final Order of Denial and Bar.

VI. JURISDICTION RETAINED

20. Jurisdiction shall be retained by the Commissioner for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Final Order of Denial and Bar.

VII. APPEAL RIGHTS

Each Respondent may appeal this Final Order of Denial and Bar to the appropriate Circuit Court of the State of Maryland within 30 days from the date this Final Order of Denial and Bar is

mailed by the Securities Division.

SO ORDERED:

March 13, 2018

**Commissioner's Signature on File
w/Original Documents**

Melanie Senter Lubin
Maryland Securities Commissioner