

**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING ) Order No.: S-16-2029-17-FO01  
Whether there has been a violation of the )  
Securities Act of Washington by: ) ENTRY OF FINDINGS OF FACT AND CONCLUSIONS  
Gary Meier and Aaron O’Neal, ) OF LAW AND FINAL ORDER TO CEASE AND DESIST,  
 ) TO DENY REGISTRATION, TO IMPOSE FINES, AND TO  
 ) CHARGE COSTS AS TO AARON O’NEAL  
Respondents. )

On August 10, 2017, the Securities Administrator of the state of Washington issued order number S-16-2029-17-SC01, a Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, to Suspend Registration, to Deny Registration, to Impose Fines, and to Charge Costs (Statement of Charges) against Gary Meier and Aaron O’Neal.

The Statement of Charges, together with the Notice of Opportunity to Defend and Opportunity for Hearing (Notice of Opportunity for Hearing) and an Application for Adjudicative Hearing (Application for Hearing), was served on Aaron O’Neal on August 18, 2017.

The Notice of Opportunity for Hearing advised Aaron O’Neal that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice.

Aaron O’Neal, however, failed to request an administrative hearing, either on the Application for Hearing or otherwise, within twenty days of receipt of the Statement of Charges and Notice of Opportunity for Hearing.

The Securities Administrator, therefore, will adopt as final, the following Findings of Fact and Conclusions of Law as written in the Statement of Charges and enter a final order against Aaron O’Neal to cease and desist from violations of the Securities Act of Washington, to deny any future securities registrations, to impose fines, and to charge costs.

**FINDINGS OF FACT**

Respondents

1. Gary Meier (CRD #1591561) has been registered with the Securities Division as a securities broker-dealer representative from 1986 to 2015 and as an investment adviser representative from 2002 to present. Throughout this time, Gary Meier has lived and maintained an office in Vancouver, Washington.

In February 2017, the Securities Division issued a Statement of Charges No. S-15-1759-16-SC01 against Gary Meier alleging that he engaged in the following unethical business practices as an investment adviser in Washington: executing transactions in client accounts without obtaining prior authority to do so; making unsuitable investment recommendations through the purchase of speculative penny stock in client accounts; misrepresenting to clients the

1 future value of their penny stock holdings; and engaging in unregistered investment advisor activity. An administrative  
2 hearing on Statement of Charges No. S-15-1759-16-SC01 is scheduled for November 2017.

3 2. Aaron O'Neal (CRD #4629971) has been registered with the Securities Division as investment adviser  
4 representative from 2009 to 2013 and as a securities broker-dealer representative from 2009 to January 2017.  
5 Throughout this time, Aaron O'Neal has lived and worked in the Portland, Oregon area.

#### 6 Related Party

7 3. Lightfleet Corporation is an Oregon corporation formed in 2003 for the purpose of developing computer  
8 networking technology. Lightfleet has been registered to do business in Washington since 2003 and is located in  
9 Camas, Washington.

#### 10 Overview

11 4. Lightfleet has sought to raise capital through private securities sales since 2006. To promote the sale of  
12 Lightfleet securities, the company compensated individuals who facilitated the sale of investments in the company.  
13 Investments in private startup companies are highly illiquid and subject to significant risk.

14 5. From approximately 2009 to 2011, Gary Meier and Aaron O'Neal facilitated the sale of investments in  
15 Lightfleet for money. Both Gary Meier and Aaron O'Neal were registered as broker-dealer and investment adviser  
16 representatives in Washington at the time.

17 6. In the course of facilitating the sale of investments in Lightfleet, Gary Meier and Aaron O'Neal engaged in  
18 unethical business practices as defined in the Securities Act of Washington by effecting securities transactions outside  
19 of and without the knowledge of the firms they represented. Gary Meier and Aaron O'Neal further failed to document  
20 this work in their respective regulatory filings. Gary Meier also engaged in unethical business practices by failing to  
21 disclose to his clients who invested in Lightfleet through him, that he received compensation from Lightfleet. And  
22 Aaron O'Neal actively concealed his unethical business practices to the Securities Division.

23 7. Securities transactions outside the books and records of a broker-dealer firm escape the oversight of the firm,  
24 limiting the firm's ability to supervise its representatives. Broker-dealer representatives are generally prohibited from  
25 effecting transactions off of the books and records of their broker-dealers.

#### 26 Gary Meier's Unethical Business Practices

##### 27 *Effecting Securities Sales Outside of and Without the Knowledge of Employing Firm*

28 8. In 2010 and 2011, Gary Meier entered into agreements with Lightfleet to facilitate the sale of investments in  
29 Lightfleet.<sup>1</sup> As compensation, Lightfleet agreed to pay Gary Meier a commission of 4% or 5% of the total amount  
30 invested by an investor introduced to Lightfleet by Gary Meier. Gary Meier received this commission in the form of  
31 stock in Lightfleet.

32 <sup>1</sup> Gary Meier signed both agreements with Lightfleet as an associate of David Callaham and Associates.

1 9. From 2009 to 2011, Gary Meier earned over 2,000 shares in Lightfleet as compensation for facilitating the sale  
2 of over \$600,000 of investments in the company from at least 7 investors, at least 4 of whom were Washington  
3 residents.

4 10. During this time period, Gary Meier worked as a securities broker-dealer representative at Pacific West  
5 Securities, Inc. and as an investment adviser representative at Pacific West Financial Consultants, Inc. Gary Meier  
6 primarily solicited the sale of Lightfleet stock to his clients at these firms.

7 11. Most of Gary Meier's clients who purchased Lightfleet stock through Gary Meier were approximately 60 years  
8 old at the time. At least one client was 80 years old at the time of his investment through Gary Meier. None of these  
9 investors indicated to Gary Meier that they had a speculative investment objective or aggressive risk tolerance.

10 12. Gary Meier did not direct these sales of Lightfleet stock through Pacific West Securities and specifically told  
11 one of his clients that the client's purchase of Lightfleet stock would not be effected through Pacific West Securities.

12 13. Gary Meier did not notify or seek the approval of Pacific West Securities to arrange for the sale of investments  
13 in Lightfleet. Pacific West Securities only allowed a representative to engage in private securities transactions, like the  
14 sale of Lightfleet stock, if the transactions were recorded on the books and records of the firm, in which case the firm  
15 would require all of the documents related to the private securities sales. Pacific West Securities also required that the  
16 representative list the private securities transaction as an outside business activity on his or her Form U4. Gary Meier  
17 did not arrange for these sales of Lightfleet stock to be effectuated through Pacific West Securities, and, as discussed  
18 below, Gary Meier did not disclose these private securities transactions on his Form U4.

19 *Failure to Disclose Conflict of Interest*

20 14. Gary Meier also failed to disclose to at least two investors, both of whom were his advisory clients, that  
21 Lightfleet would compensate him for these investors' investments in the company.

22 *Filings with the Securities Division*

23 15. To register as a broker-dealer representative or as an investment adviser representative, a registrant must  
24 complete and file with the Securities Division through the Central Registration Depository (CRD) and Investment  
25 Adviser Registration Depository (IARD) a Form U4, the Uniform Application for Securities Industry Registration or  
Transfer form. The Form U4 requests a range of information from the registrant, including personal information, legal  
and financial history, and outside business activities. Once registered, a registrant must file an amended Form U4 with  
the Securities Division within thirty days of any information in the registrant's initial Form U4 changing.

16 16. Gary Meier filed 6 amendments to his Form U4 with the Securities Division between 2009 and 2011, the time  
17 during which he arranged for the sale of Lightfleet stock. In each of these amended filings, when asked to list his  
18 current outside business activities, Gary Meier disclosed his participation in some outside business activities. However,  
19 he failed to disclose his work with Lightfleet.

17. Gary Meier further failed to file an amended Form U4 with the Securities Division through CRD and IARD to document his work with Lightfleet.

Aaron O'Neal's Unethical Business Practices

*Effecting Securities Sales Outside of and Without the Knowledge of Employing Firm*

18. In 2011, Aaron O'Neal entered into an agreement with Lightfleet to facilitate the sale of investments in the company.<sup>2</sup> The agreement allowed, indirectly, for Aaron O'Neal to receive a commission from Lightfleet of 5% of the total amount invested by an investor introduced to Lightfleet by Aaron O'Neal.

19. Aaron O'Neal worked as a securities broker-dealer representative and investment adviser representative at Metlife Securities, Inc. at that time.

20. Aaron O'Neal used to work for a mortgage lender, and in 2011, Aaron O'Neal contacted a Washington resident, one of his previous clients at the lender, to sell him investments in Lightfleet. Through 2011, Aaron O'Neal facilitated the sale of at least \$600,000 of stock in Lightfleet to this former client. Aaron O'Neal earned approximately \$22,500 in cash and 1,000 shares of Lightfleet stock as compensation from Lightfleet.

21. Aaron O'Neal did not disclose to this Lightfleet investor that Lightfleet would compensate Aaron O'Neal for the investor's investment in the company.

22. Aaron O'Neal communicated with Lightfleet through his wife's company. He did not direct these sales of Lightfleet stock through Metlife Securities. And Aaron O'Neal did not notify or receive permission from Metlife Securities to engage in private securities transactions.

*Filings with the Securities Division*

23. As a registered broker-dealer representative and investment adviser representative with the Securities Division, Aaron O'Neal was required to file an amended Form U4 with the Securities Division within thirty days of any information in the his initial Form U4 changing. Aaron O'Neal, however, failed to file any amendment to his Form U4 to list his work with Lightfleet as an outside business activity.

24. Instead, in a 2011 and a 2012 amended Form U4 filing with the Securities Division,<sup>3</sup> the time period during and shortly after his work with Lightfleet, when asked whether he was currently engaged in an outside business activity, Aaron O'Neal falsely stated no.

*Misstatements of Material Facts to the Securities Division*

<sup>2</sup> Aaron O'Neal arranged for his wife Anne O'Neal, on behalf of her Oregon limited liability company Sloane Management LLC, to sign the actual agreement.

<sup>3</sup> Metlife Securities filed these Form U4 amendments on behalf of Aaron O'Neal.

1 25. When questioned by the Securities Division's Examination Unit about his receipt of funds from Lightfleet,  
2 Aaron O'Neal misrepresented that his wife had received compensation from Lightfleet in exchange for cleaning  
3 services she provided to the company. Aaron O'Neal denied ever facilitating the sale of stock in Lightfleet.

4 26. When later questioned by the Securities Division's Enforcement Unit about his receipt of funds from  
5 Lightfleet, Aaron O'Neal misrepresented that his wife had received compensation from Lightfleet because she had  
6 introduced to Lightfleet a friend who later invested in the company. Aaron O'Neal again denied ever facilitating the  
7 sale of stock in Lightfleet.

8 27. As part of the Securities Division's investigation, the Washington resident, who invested in Lightfleet through  
9 Aaron O'Neal, stated that he had no contact with Aaron O'Neal's wife and only communicated with Aaron O'Neal  
10 about investing in Lightfleet. Further, the Chief Financial Officer of Lightfleet testified that while Aaron O'Neal's wife  
11 did complete some paperwork on behalf of Aaron O'Neal, Aaron O'Neal was the person responsible for facilitating  
12 investments in Lightfleet and received compensation for doing so.

13 28. To date, investors in Lightfleet have yet to receive a return on their investment.

#### 14 **CONCLUSIONS OF LAW**

15 Based on the above Findings of Fact, the following Conclusions of Law are made:

16 1. The purchase and sale of stock in Lightfleet as described above constitutes the sale of securities as defined in  
17 RCW 21.20.005(14) and (17).

18 2. Aaron O'Neal engaged in dishonest or unethical business practices as defined in WAC 460-22B-090(2), by  
19 effecting sales of securities in Lightfleet not recorded on the books or records of the firm that he represented and  
20 without his firm's written authorization. This misconduct is grounds for the denial of future securities registrations for  
21 Aaron O'Neal and the assessment of a fine pursuant to RCW 21.20.110(1)(b) and RCW 21.20.110(1)(g).

22 3. Aaron O'Neal violated WAC 460-22B-060 and WAC 460-24A-205 by failing to update or amend his filings  
23 with the Securities Division through CRD and IARD to reflect his arrangements with Lightfleet. This misconduct is  
24 grounds for the denial of future securities registrations for Aaron O'Neal and the assessment of a fine to both pursuant  
25 to RCW 21.20.110(1)(b).

4. Aaron O'Neal engaged in dishonest and unethical business practices as defined in WAC 460-22B-090 through  
his material misrepresentations to the Securities Division on two separate occasions that he had not received  
compensation from Lightfleet for facilitating investments in the company. This misconduct is grounds for the denial of  
future securities registrations for Aaron O'Neal and the assessment of a fine pursuant to RCW 21.20.110(1)(b) and  
RCW 21.20.110(1)(g).

#### 26 **FINAL ORDER**

27 Based upon the foregoing and finding it in the public interest:

1 IT IS HEREBY ORDERED that Respondent Aaron O’Neal shall cease and desist from violating WAC 460-  
2 22B-090(2), the regulation that prohibits effecting sales of securities not recorded on the books or records of the firm  
3 that the broker-dealer representative represents without the firm’s authorization.

4 IT IS FURTHER ORDERED that Respondent Aaron O’Neal shall cases and desist from violating WAC 460-  
5 22B-060 and WAC 460-24A-205, regulations that require broker-dealer representatives and investment adviser  
6 representatives to timely update or amend their filings with the Securities Division through CRD and IARD.

7 IT IS FURTHER ORDERED that Respondent Aaron O’Neal shall cease and desist from violating WAC 460-  
8 22B-090, a regulation that prohibits misstatements of material facts by broker-dealer representatives.

9 IT IS FURTHER ORDERED that Respondent Aaron O’Neal shall be denied any future broker-dealer, broker-  
10 dealer representative, investment adviser, or investment adviser representative registrations that Aaron O’Neal may file  
11 with the Securities Division.

12 IT IS FURTHER ORDERED that Respondent Aaron O’Neal shall be liable for and pay investigative costs in  
13 the amount of \$3,000.

14 IT IS FURTHER ORDERED that Respondent Aaron O’Neal shall be liable for and shall pay a fine in the  
15 amount of \$3,000.

16 **AUTHORITY AND PROCEDURE**

17 This Final Order is entered pursuant to the provisions of RCW 21.20.110 and 21.20.390, and is subject to the  
18 provisions of RCW 21.20.120 and RCW 34.05.

19 Respondent Aaron O’Neal has the right to petition the superior court for judicial review of this agency action  
20 under the provisions of RCW 34.05. The requirements for judicial review can be found in RCW 34.05.510 and the  
21 sections that follow.

22 Pursuant to RCW 21.20.395, a certified copy of this Final Order may be filed in Superior Court. If so filed, the  
23 clerk shall treat the Final Order in the same manner as a Superior Court judgment as to the fine, and the fine may be  
24 recorded, enforced, or satisfied in like manner.

25 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

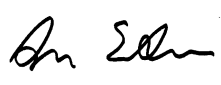
SIGNED and ENTERED this 19th day of September 2017.

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William M. Beatty  
Securities Administrator

Approved by:



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Suzanne Sarason  
Chief of Enforcement

Presented by:



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Eric Palosaari  
Financial Legal Examiner

Reviewed by:



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Jack McClellan  
Financial Legal Examiner Supervisor

ENTRY OF FINDINGS OF FACT AND  
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