# BrokerCheck Report

## RONALD ALLEN FOSSUM JR

CRD# 3194203



When communicating online or investing with any professional, make sure you know who you're dealing with. Imposters might link to sites like BrokerCheck from phishing or similar scam websites, or through social media, trying to steal your personal information or your money.

Please contact FINRA with any concerns.

**About BrokerCheck®**

BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**
- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.
- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.
- **Where did this information come from?**
- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
    - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
    - information that regulators report regarding disciplinary actions or allegations against firms or brokers.
- **How current is this information?**
- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.
- **What if I want to check the background of an investment adviser firm or investment adviser representative?**
- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at https://www.adviserinfo.sec.gov. In the alternative, you may search the IAPD website directly or contact your state securities regulator at http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414.
- **Are there other resources I can use to check the background of investment professionals?**
- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

**Thank you for using FINRA BrokerCheck.**

Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

brokercheck.finra.org

For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit www.finra.org.

# RONALD A. FOSSUM JR

CRD# 3194203

This broker is not currently registered.

## Report Summary for this Broker

This report summary provides an overview of the broker's professional background and conduct. Additional information can be found in the detailed report.

### Broker Qualifications

**This broker is not currently registered.**

**This broker has passed:**

- 0 Principal/Supervisory Exams
- 1 General Industry/Product Exam
- 1 State Securities Law Exam

### Registration History

**This broker was previously registered with the following securities firm(s):**

B **MUTUAL OF OMAHA INVESTOR SERVICES, INC.**
CRD# 611
LYNNWOOD, WA
07/2000 - 08/2008

### Disclosure Events

This broker has been involved in one or more disclosure events involving certain final criminal matters, regulatory actions, civil judicial proceedings, or arbitrations or civil litigations.

Are there events disclosed about this broker? **Yes**

**The following types of disclosures have been reported:**

| Type | Count |
|---|---|
| Regulatory Event | 1 |
| Civil Event | 1 |

# Broker Qualifications

## Registrations

This section provides the self-regulatory organizations (SROs), states and U.S. territories the broker is currently registered and licensed with, the category of each registration, and the date on which the registration became effective. This section also provides, for each firm with which the broker is currently employed, the address of each branch where the broker works.

This broker is not currently registered.

# Broker Qualifications

## Industry Exams this Broker has Passed

This section includes all securities industry exams that the broker has passed. Under limited circumstances, a broker may attain a registration after receiving an exam waiver based on exams the broker has passed and/or qualifying work experience. Any exam waivers that the broker has received are not included below. A passed exam or exam waiver does not permit a broker to do business without an active SRO or state registration.

**This individual has passed 0 principal/supervisory exams, 1 general industry/product exam, and 1 state securities law exam.**

### Principal/Supervisory Exams

| | Exam | Category | Date |
|---|---|---|---|
| | No information reported. | | |

### General Industry/Product Exams

| | Exam | Category | Date |
|---|---|---|---|
| B | Investment Company Products/Variable Contracts Representative Examination | Series 6 | 07/27/2000 |

### State Securities Law Exams

| | Exam | Category | Date |
|---|---|---|---|
| B | Uniform Securities Agent State Law Examination | Series 63 | 05/24/2000 |

Additional information about the above exams or other exams FINRA administers to brokers and other securities professionals can be found at www.finra.org/brokerqualifications/registeredrep/.

# Broker Qualifications

## Professional Designations

This section details that the representative has reported **0** professional designation(s).

No information reported.

Only professional designations listed in Question 8 of the Form U4 will appear in this section if the appropriate box is checked and verified by the issuing organization at the time of the filing. Learn more about eligible designations at IARD and NASAA.

# Registration and Employment History

## Registration History

The broker previously was registered with the following securities firms:

| Registration Dates | Firm Name | CRD# | Branch Location |
|---|---|---|---|
| B 07/2000 - 08/2008 | MUTUAL OF OMAHA INVESTOR SERVICES, INC. | 611 | LYNNWOOD, WA |

## Employment History

This section provides up to 10 years of an individual broker's employment history as reported by the individual broker on the most recently filed Form U4.

**Please note that the broker is required to provide this information only while registered with FINRA or a national securities exchange and the information is not updated via Form U4 after the broker ceases to be registered. Therefore, an employment end date of "Present" may not reflect the broker's current employment status.**

| Employment | Employer Name | Position | Investment Related | Employer Location |
|---|---|---|---|---|
| 01/1999 - Present | MUTUAL OF OMAHA INVESTOR SERVICES, INC. | NOT PROVIDED | Y | MERCER ISLAND, WA, United States |
| 01/1999 - Present | MUTUAL/UNITED OF OMAHA INSURANCE COMPANY | INSURANCE_AGENT - Insurance Agent | N | MERCER ISLAND, WA, United States |

# Disclosure Events

**What you should know about reported disclosure events:**

1. **Disclosure events in BrokerCheck reports come from different sources:**
   - As mentioned at the beginning of this report, information contained in BrokerCheck comes from brokers, their employing firms, and regulators. When more than one source reports information for the same disclosure event, all versions of the event will appear in the BrokerCheck report. The different versions are separated by a solid line with the reporting source labeled.

**For your convenience, below is a matrix of the number and status of regulatory disclosure events involving this broker. Further information regarding these events can be found in the subsequent pages of this report. You also may wish to contact the broker to obtain further information regarding these events.**

| | Final | On Appeal |
|---|---|---|
| Regulatory Event | 1 | 0 |
| Civil Event | 1 | 0 |

## Disclosure Event Details

This report provides the information exactly as it was reported to CRD and therefore some of the specific data fields contained in the report may be blank if the information was not provided to CRD.

### Regulatory - Final

This type of disclosure event involves a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations.

**Disclosure 1 of 1**

| | |
|---|---|
| **Reporting Source:** | Regulator |
| **Regulatory Action Initiated By:** | UNITED STATES SECURITIES AND EXCHANGE COMMISSION |
| **Sanction(s) Sought:** | Other: N/A |
| **Date Initiated:** | 06/14/2018 |
| **Docket/Case Number:** | 3-18543 |
| **Employing firm when activity occurred which led to the regulatory action:** | SMFG, Inc., Smart Money Secured Income Fund Manager, LLC, and Turnkey Investment Fund Manager, LLC |
| **Product Type:** | No Product |
| **Allegations:** | SEC Admin Release 34-83434; IA Release 33122, June 14, 2018: The Securities and Exchange Commission (Commission) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act) and Section 203(f) of the Investment Advisers Act of 1940 (Advisers Act) against Ronald A. Fossum Jr. (Fossum). On the basis of this Order and Fossum's Offer, the Commission finds that on June 7, 2018, a Final Judgment was entered by consent against Fossum, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (Securities Act), Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act, in the civil action entitled United States Securities and Exchange Commission v. Ronald A. Fossum, Jr., et al., Civil Action Number 2:17-cv-01894-JCC, in the United States District Court for the Western District of Washington. The Commission's Complaint alleged that, from 2011 through 2016, Fossum and three entities he owned and controlled raised roughly $20 million from over one hundred investors through multiple unregistered offerings of securities issued by the three investment funds. In connection with raising investor money and managing and advising the investment funds, the Commission's Complaint alleged that Fossum engaged in multiple fraudulent and |

deceptive acts, including misrepresenting the financial condition of the funds, misstating management compensation, misappropriating fund assets for personal expenses, and commingling fund assets.

| | |
|---|---|
| **Current Status:** | Final |
| **Resolution:** | Order |
| **Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** | No |
| **Resolution Date:** | 06/14/2018 |
| **Sanctions Ordered:** | Bar (Permanent) |
| **If the regulator is the SEC, CFTC, or an SRO, did the action result in a finding of a willful violation or failure to supervise?** | No |

**(1) willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or to have been unable to comply with any provision of such Act, rule or regulation?**

**(2) willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? or**

**(3) failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation by such person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any such Acts, or any of the rules of the Municipal Securities Rulemaking Board?**

**Sanction 1 of 2**

| | |
|---|---|
| **Sanction Type:** | Bar (Permanent) |
| **Capacities Affected:** | Participating in any offering of a penny stock |
| **Duration:** | Indefinite |
| **Start Date:** | 06/14/2018 |
| **End Date:** | |

**Sanction 2 of 2**

| | |
|---|---|
| **Sanction Type:** | Bar (Permanent) |
| **Capacities Affected:** | broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or NRSRO |
| **Duration:** | Indefinite |
| **Start Date:** | 06/14/2018 |
| **End Date:** | |

| | |
|---|---|
| **Regulator Statement** | In anticipation of the institution of these proceedings, Fossum has submitted an Offer of Settlement (the Offer) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings and the findings which is admitted, Fossum  consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (Order). In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Fossum's Offer. Accordingly, it is hereby ordered pursuant to Section 15(b)(6) of the Exchange Act, and Section 203(f) of the Advisers Act, that Fossum be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization (NRSRO); and pursuant to Section 15(b)(6) of the Exchange Act, Fossum be, and hereby is barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock. |

## Civil - Final

This type of disclosure event involves an injunction issued by a court in connection with investment-related activity or a finding by a court of a violation of any investment-related statute or regulation.

### Disclosure 1 of 1

| | |
|---|---|
| **Reporting Source:** | Regulator |
| **Initiated By:** | UNITED STATES SECURITIES AND EXCHANGE COMMISSION |
| **Relief Sought:** | Civil and Administrative Penalty(ies)/Fine(s)<br>Disgorgement<br>Injunction<br>Monetary Penalty other than Fines |
| **Date Court Action Filed:** | 12/19/2017 |
| **Product Type:** | Other: pooled investment funds |
| **Type of Court:** | Federal Court |
| **Name of Court:** | United States District Court Western District of Washington |
| **Location of Court:** | Seattle, Washington |
| **Docket/Case #:** | 2:17-cv-01894 |
| **Employing firm when activity occurred which led to the action:** | SMFG, Inc.; Smart Money Secured Income Fund Manager, LLC; Turnkey Investment Fund Manager, LLC |
| **Allegations:** | The United States Securities and Exchange Commission (the "Commission") alleges that this matter concerns a scheme by Ronald A. Fossum, Jr. ("Fossum") to defraud three pooled investment funds, as well as investors in those funds. From approximately March 2011 through at least June 2016, Fossum raised over $20 million from over one hundred investors in three pooled investment funds that he managed: (a) Smart Money Secured Income Fund, LLC ("Smart Money Fund"), which invested principally in real estate, websites, oil and gas ventures, and securities; (b) Turnkey Investment Fund, LLC ("Turnkey Fund"), which invested in oil and gas ventures; and (c) Accelerated Asset Group, LLC ("Accelerated Asset"), which invested in distressed consumer debt (Smart Money, Turnkey Fund, and Accelerated Asset are, collectively, the "SMFG Funds"). Fossum managed the respective SMFG Funds through three entities he owned and controlled-SMFG, Inc. ("SMFG"), Smart Money Secured Income Fund Manager, LLC ("Smart Money Manager"), and Turnkey Investment Fund Manager, LLC ("Turnkey Manager") (SMFG, Smart Money Manager, and Turnkey Manager are, collectively, the "Managing Entities"). In connection with raising investor money and managing the SMFG Funds, Fossum engaged in multiple fraudulent and deceptive acts, including misappropriating money for various personal expenses, misrepresenting |

the financial condition of the funds, concealing one fund's inability to redeem investments as promised in offering documents to investors, and indiscriminately commingling fund assets and transferring money between funds. Fossum also made material misstatements and misleading omissions in offering documents regarding compensation they received from one of the funds. Fossum defrauded Turnkey Fund and Turnkey Fund's investors by representing in fund offering documents that he would charge a onetime "management fee" of $2,990 per Turnkey Fund investment unit when, in fact, Fossum secretly took $20,000 or more from each investment unit sold. Fossum offered and sold interests in Smart Money Fund and Turnkey Fund securities without a registration statement for the offerings or any applicable exemption from registration. Further, Fossum acted as an unregistered broker by effecting transactions in Turnkey Fund securities and receiving transaction-based compensation for those transactions. In June 2016, Fossum caused the SMFG Funds and the Managing Entities to file for bankruptcy. The consolidated bankruptcy estate, which includes the SMFG Funds, is presently being liquidated, and it is not probable that it has sufficient assets for any meaningful repayment of the more than $20 million in principal contributed by investors. As a result, Fossum violated Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act"), Sections 10(b) and 15(a) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder, Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 ("Advisers Act").

| | |
|---|---|
| **Current Status:** | Final |
| **Resolution:** | Judgment Rendered |
| **Resolution Date:** | 06/07/2018 |
| **Sanctions Ordered or Relief Granted:** | Civil and Administrative Penalty(ies)/Fine(s)<br>Disgorgement<br>Injunction<br>Monetary Penalty other than Fines |
| **Capacities 1 of 1** | |
| **Capacities Affected:** | N/A |
| **Duration:** | Permanent |
| **Start Date:** | 06/07/2018 |
| **End Date:** | |
| **Monetary Sanction 1 of 3** | |
| **Monetary Sanction:** | Disgorgement |
| **Total Amount:** | $840,729.00 |
| **Portion against individual:** | 840729 |

| | |
|---|---|
| **Date Paid:** | |
| **Portion Waived:** | No |
| **Amount Waived:** | |
| **Monetary Sanction 2 of 3** | |
| **Monetary Sanction:** | Monetary Fine |
| **Total Amount:** | $320,000.00 |
| **Portion against individual:** | 320000 |
| **Date Paid:** | |
| **Portion Waived:** | No |
| **Amount Waived:** | |
| **Monetary Sanction 3 of 3** | |
| **Monetary Sanction:** | Prejudgment Interest |
| **Total Amount:** | $110,823.00 |
| **Portion against individual:** | 110823 |
| **Date Paid:** | |
| **Portion Waived:** | No |
| **Amount Waived:** | |
| **Regulator Statement** | SEC Litigation Release 24166, June 15, 2018: On June 7, 2018, a federal district court in the Western District of Washington entered a final consent judgment against Ronald A. Fossum, Jr. According to the SEC's complaint, Fossum misappropriated hundreds of thousands of dollars of investor funds he raised through unregistered securities offerings of three investment funds he owned and controlled: Accelerated Asset Group, LLC; Smart Money Secured Income Fund, LLC; and Turnkey Investment Fund, LLC. The complaint alleged, among other things, that Fossum used fraudulent statements and material omissions to induce more than one hundred investors to invest in his funds, and that he repeatedly breached his fiduciary duties to the funds by indiscriminately commingling fund assets to satisfy the funds' liquidity needs. Without admitting or denying the SEC's allegations, Fossum consented to the entry of a final judgment, permanently enjoining him from violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, Sections 10(b) and 15(a) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 206(1) and (2) of the Investment Advisers Act of 1940. The final judgment against Fossum also orders him to disgorge $840,729, plus prejudgment interest of $110,823, orders him to pay a civil penalty of $320,000, and imposes a conduct-based injunction that enjoins him from |

participating in the issuance, purchase, offer, or sale of any security other than for his own personal account.

## End of Report

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