

RCW 21.20.020 Unlawful acts of person advising another. (1) It is unlawful for any person who receives any consideration from another party primarily for advising the other person as to the value of securities or their purchase or sale, whether through the issuance of analyses or reports or otherwise:

(a) To employ any device, scheme, or artifice to defraud the other person;

(b) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon the other person; or

(c) To engage in any dishonest or unethical practice as the director may define by rule.

This subsection (1) applies whether or not the person is an investment adviser, federal covered adviser, or investment adviser under this chapter or the Investment Advisers Act of 1940.

(2) It is unlawful for an investment adviser, acting as principal for his or her own account, knowingly to sell any security to or purchase any security from a client, or act as a broker for a person other than such client, knowingly to effect any sale or purchase of any security for the account of such client, without disclosing to such client in writing before the execution of such transaction the capacity in which he or she is acting and obtaining the consent of the client to such transaction.

This subsection (2) does not apply to a transaction with a customer of a broker-dealer if the broker-dealer is not acting as an investment adviser in relation to the transaction. [2002 c 65 s 2; 1998 c 15 s 2; 1959 c 282 s 2.]