

1 STATE OF ALASKA
2 DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
3 DIVISION OF BANKING, SECURITIES, AND CORPORATIONS
4 P.O. BOX 110807
5 JUNEAU, AK 99811-0807
6

7 In the Matter of:) ALASKA ORDER #95-06S
8 Sheila D. Miller (CRD #1271044)) Order Imposing Civil Fine
9 Outlook Financial Services)

10
11 I.

- 12 1. The Division of Banking, Securities and Corporations (the Division) received a
13 complaint from a client of Sheila D. Miller (Miller, CRD# 1271044) d.b.a. Outlook
14 Financial Services, 2525 Blueberry, Suite 103, Anchorage, Alaska 99503. Miller
15 is a registered representative of First Associated Securities Group, Inc. (BD
16 #20597), 430 Broadway, Chico, California 95928.
- 17
18 2. The complainant owned a \$98,000.00 annuity account on which there was no
19 surrender charge plus about \$62,000.00 in cash from the sale of property. The
20 complainant stated that Miller executed an investment program for her which cost
21 several thousand dollars in commissions without informing her of the costs, and
22 had not been responsive to the complainant's telephone calls. The complainant
23 had been drawing down on the annuity for several years, and wanted to limit the
24 withdrawals to \$1,000.00 per month for the next five years (about \$60,000.00) and
25 increase her returns on the balance. Miller exchanged the annuity and invested
26 the proceeds in another firm's annuity plus a number of mutual funds with
27 various objectives. After several conversations between the Division and the
28 complainant, and Miller, Miller made a settlement offer to the complainant, which

1 was accepted, which included the sale of all assets in the account and payment of
2 \$6,000.00 (check dated April 18, 1995) to the complainant to reimburse her
3 investment plus the statutory 6 percent interest.
4

5 II.
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- 7 3. At the initial meeting to discuss the problem with Division staff during the week
8 of March 6, Miller provided a copy of the New Account Forms signed by the
9 complainant and dated October 26, 1994.
10
- 11 4. The complainant told the Division that she signed blank New Account Forms on
12 October 6, 1994.
13
- 14 5. In conversation with the Division on March 22, 1995, Miller confirmed that the
15 complainant had signed blank New Account Forms on October 6, 1994. Miller
16 filled them in later and changed the dates to October 26, 1994, to reflect the date
17 that they were "processed."
18
- 19 6. In conversation with the Division on March 29, 1995, Miller indicated that she
20 was discussing the outlines of a settlement with the complainant which would
21 involve selling the securities and writing a check to make the complainant whole.
22 Miller was advised to put it all in writing with a copy to her compliance
23 department.
24
- 25 7. Miller provided a letter to the Division dated April 18, 1995, in which she
26 described the reasons for her investment recommendations to the complainant,
27 and described procedural and other changes she had instituted to eliminate the
28 problem of "mishandling of paperwork." These changes included scheduling time

1 between appointments to allow for follow up on transactions, filling out paperwork
2 completely in the presence of the client, and scheduling another appointment for
3 that purpose if necessary. This letter indicated a copy was sent to the Compliance
4 Department of First Associated Securities Group, Inc.
5

6 8. The Division sent a letter to First Associated Securities Group, Inc. dated
7 April 27, 1995, outlining the complaint and events which had occurred up to that
8 point.
9

10 9. Miller provided the Division a letter dated May 3 which included a final summary
11 of the settlement transactions with the complainant, and also corrected
12 misstatements made to the Division regarding reporting the complaint and the
13 settlement to the Compliance Department. In the letter, Miller stated that,
14 contrary to verbal assurances otherwise, she had not notified the Compliance
15 Department prior to the copy of the April 18 letter, referenced above.
16

17 III.
18

19 10. Alaska Statute (AS) 45.55.060(a)(7) provides for action against the registration of
20 an agent if the agent "has engaged in dishonest or unethical practices in the
21 securities business." Regulations define these practices at 3 AAC 08.060(17) to
22 include when an agent "fails to comply with any applicable provision of the Rules
23 of Fair Practice of the National Association of Securities Dealers adopted as of
24 July 19, 1990, or any applicable fair practice or ethical standard promulgated by
25 the Securities and Exchange Commission or by a self-regulatory organization
26 approved by the Securities and Exchange Commission, as of July 19, 1990."
27

28 11. The Division finds that Miller violated NASD Article III, The Rules of Fair

1 Practice covering the Business Conduct of Members, Section I, which states, "A
2 member, in the conduct of his business, shall observe high standards of
3 commercial honor and just and equitable principles of trade."
4

5 12. Miller violated Article III, Section I, by: (1) having a client sign and date a blank
6 New Account Form; (2) delaying for three weeks execution of the investment
7 program agreed to by the client; (3) altering the date on the New Account Forms
8 to mask the delay in program execution; (4) failing to return telephone calls of the
9 client promptly to discuss concerns of the client; (5) failing to promptly notify the
10 Compliance Department of the client's complaint and that the resolution of the
11 complaint would include a cash refund; and (6) assuring the Division that the
12 Compliance Department had been informed, when, in fact, it had not been.
13

14 IV.
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16 13. Pursuant to AS 45.55.920(c), for violation of the referenced statute and regulation,
17 Miller is ordered to pay a fine of \$500.00.
18

19 14. Miller may request a hearing pursuant to AS 45.55.920(d). This Order will
20 become final if a hearing is not requested within 15 days of receipt.
21

22 Issued at Juneau the 23rd day of May 1995.
23

24
25 /s/ Willis F. Kirkpatrick
26 Willis F. Kirkpatrick
Administrator of Securities

27 Contact Person:

28 Franklin Terry Elder
Securities Examiner
(907) 465-2521

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In the Matter of:) ALASKA ORDER #95-06S
Sheila D. Miller (CRD #1271044)) AFFIDAVIT OF SERVICE BY MAIL
Outlook Financial Services)

I, Daniel B. Hays, being first duly sworn on oath, depose and say:
I am a Secretary, employed by the State of Alaska, Division
of Banking, Securities and Corporations, Juneau, Alaska. On the 23rd day of May
1995, I mailed a true and correct copy of the Order Imposing Civil Fine, Alaska Order
95-05S, to: (1) Sheila D. Miller, Outlook Financial Services, 2525 Blueberry, Suite 103,
Anchorage, Alaska 99503; and (2) Office Manager, First Associated Securities Group,
Inc., 430 Broadwav. Chico, California 95928, by certified mail numbers _____
P 390 827 823 by placing the same in the U.S. mail at Juneau, Alaska,
postage prepaid.

/s/ Daniel B. Hays

Daniel B. Hays

Subscribed to and sworn to before me this 23rd day of May
1995.

/s/ Michael P. Menogle (illegible)

Notary Public in and for the State of Alaska

My Commission expires: 09/05/98

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