

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

**IN THE MATTER OF: ARTHUR S. MILLER,
and ASSET PROTECTION ASSOCIATES, and
its managers, officers, affiliates, subsidiaries, representatives,
successors, and assigns.**

FILE NO. 0700268

TEMPORARY ORDER OF PROHIBITION

TO RESPONDENTS:

**Arthur S. Miller
480 Elm Place, Unit 107
Highland Park, Illinois 60035**

**Asset Protection Associates
2612 Oak Street
Highland Park, Illinois 60035**

TO LEGAL COUNSEL:

**Arnstein & Lehr
Mary Cannon Veed
129 South Riverside Plaza, Suite 1200
Chicago, Illinois 60606**

On information and belief, I, Jesse White, Secretary of State for the State of Illinois, through my designated representative, who has been fully advised in the premises by the staff of the Securities Department, Office of the Secretary of State, herein find:

1. Respondent Arthur S. Miller ("Miller") is a natural person and a registered Insurance Agent in the state of Illinois with a last known address of 480 Elm Place, Unit 107, Highland Park, Illinois 60035.
2. Respondent Miller also does business as Asset Protection Associates, ("Asset Protection") which is an unregistered entity controlled by Miller and maintains a mailing address at 2612 Oak Street, Highland Park, Illinois 60035.

Temporary Order of Prohibition

2

3. On March 8, 1995, the National Association of Securities Dealers, Inc. (“NASD”), District Business Conduct Committee (“DBCC”) for District No. 8 accepted Respondent Miller’s Letter of Acceptance, Waiver and Consent, dated December 6, 1994, and Decision and Order of Acceptance of Offer of Settlement issued in Complaint No. C8A95002. The NASD ordered Respondent Miller to be censured and barred from association with any member of the NASD in any capacity and fined \$10,000.00, with fine collection effects suspended unless and until the Respondent seeks to again become associated with a member of any capacity. Respondent Miller consented to the finding of the DBCC that Miller fraudulently signed several insurance policy forms without the knowledge, authorization, or consent of a customer in violation of Article III, Section 1 of the NASD’s Rules of Fair Practice.
4. On September 19, 1995, the Illinois Department of Securities (“IDS”) revoked the registration of Respondent Miller as a salesperson in the state of Illinois, pursuant to the authority provided under Section 8.E(3) of the Act.
5. On March 14, 1996, the Illinois Department of Insurance (“IDI”) took a regulatory action against Respondent Miller in connection with the NASD AND IDS. Respondent Miller entered into a Consent Order and was ordered to pay a fine of \$1,000.00.
6. In November of 2009, the IDI took another regulatory action against Respondent Miller for selling an annuity when his insurance license had expired. The Respondent and the IDI agreed to a Stipulation to Consent Order and a fine of \$5,000.00.
7. As a result of the regulatory actions described above, Respondent Miller is not registered to offer or sell securities, or provide investment advisory services, in the State of Illinois, nor is Asset Protection incorporated in Illinois or registered as a foreign entity doing business in or from Illinois.
8. Respondent Miller, through Asset Protection, used targeted mailings to invite retirees or those planning to retire soon to attend an exclusive dinner event promising to discuss all of the following topics:
 - a. 2010 Roth Conversion Opportunities – Is it right for You?
 - b. Gaining it Back – Which investments may be the best to offset your losses? Do you need to stay in the market to recover? The answer is no!
 - c. Financial Professionals – Is your financial professional a fiduciary? Why is this important?
 - d. Investment Risk – Where is the smartest place to invest money for growth today?
 - e. Mutual Funds – How can you potentially outperform. what do you do?

Temporary Order of Prohibition

3

- f. Secure Investments – How can you potentially outperform CDs and Bank accounts without market risk?
 - g. Income Planning – How can you avoid outliving your money?
9. Listed above are specific examples of statements and claims contained in Respondent Miller and Respondent Asset Protection's seminar mailings and flyers.
 10. In May of 2010, Investor A received one of Respondent Miller's mailings to attend a dinner seminar at the designated location.
 11. Investor A is a resident of Illinois, who, at the time of the seminar was age 57.
 12. At the seminar, Investor A filled out a consultation request card so that she could meet with the Respondent to discuss in detail retirement planning goals.
 13. Respondent Miller drafted and sent a letter to Investor A requesting that she bring personal financial data to the scheduled consultation. Specifically, Miller requested 2009 tax returns and the most current statements for Investor A's bank accounts, IRA's, 401K's, stocks, mutual funds, annuities, insurance policies, trust, will, and power of attorney documents.
 14. Investor A disclosed that she had 1,000 shares of Walgreen stock from past employment. In addition, she informed Miller that she had the following mutual funds: Vanguard S & P 500 Index Fund at \$460,000.00, I-Shares Emerging Markets EFT at \$80,000.00, MSCI ACWI ex. US Index Fund at \$100,000.00, and I-Shares Barclays Aggregate Bond Fund at \$230,000.00. At the conclusion of this consultation, Miller stated that Investor A needed to preserve at least 58-60% of assets from risk.
 15. At the second meeting, Respondent Miller prepared a Scheduled Income Portfolio ("Portfolio") for Investor A which outlined the following items:
 - a. The Portfolio indicated that 83.6% of Investor A's assets were at risk and 16.4% were safe.
 - b. Respondent Miller advised Investor A that she needed to preserve at least 58-60% of her assets from risk;
 - c. Miller stated that all of the mutual funds listed above and the stocks in Walgreens were part of the 83.6% at risk; and
 - d. Respondent Miller advised Investor A to liquidate all of the mutual funds and stocks that he purported to be at risk except the shares in Walgreens.

16. Respondent Miller advised Investor A to liquidate a majority of the securities listed above without further inquiry into the cost basis which is used to determine tax implications.

COUNT I

FRAUD

FAILURE TO DISCLOSE REGULATORY ACTIONS

17. Counts 1-16 are re-alleged and incorporated by reference.
18. At all relevant times, Respondent Miller never disclosed to Investor A the existence of the following regulatory actions:
 - a. On March 18, 1995, NASD Order that censured and barred Miller from association with any member of the NASD in any capacity and fined \$10,000.00.
 - b. On September 15, 1995, IDS's revoked Miller's registration as a salesperson in the state of Illinois.
 - c. On March 14, 1996, IDI's Stipulation to Consent Order which included a \$1,000.00 fine.
 - d. On November 2, 2009, IDI's Stipulation to Consent Order which included a \$5,000.00 fine
19. As a result, the above-mentioned omissions of fact address the honesty, integrity, and competency of the Respondent Miller who is only an insurance licensed agent acting as an unregistered investment adviser.
20. Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to engage in any transaction, practice or course of business in conjunction with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
21. By virtue of the foregoing, Respondent violated Section 12.F of the Act.
22. Section 12.G of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.
23. By virtue of the foregoing, Respondent violated Section 12.G of the Act.

COUNT II

FAILURE TO REGISTER AS AN INVESTMENT ADVISER REPRESENTATIVE

24. Counts 1-23 are re-alleged and incorporated by reference.
25. The activities of Respondent Miller, described above, constitute the activity of an investment adviser representative.
26. Section 8 of the Act provides, *inter alia*, that all investment advisers and investment adviser representatives, except as otherwise provided, shall be registered with the Secretary of State.
27. At all relevant times, Respondent Miller failed to file an application for registration as an investment adviser representative with the Illinois Secretary of State.
28. Section 12.C of the Act provides, *inter alia*, that it shall be a violation for any person to act as an investment adviser or investment adviser representative, unless registered as such.
29. Section 12.D of the Act provides, *inter alia*, that it shall be a violation for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act.
30. By virtue of the foregoing, Respondent Miller violated Sections 8, 12.C and 12.D of the Act.
31. Section 11.F(2) of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, (“the Act”) provides, *inter alia*, that the Secretary of State may temporarily prohibit or suspend for a maximum period of 90 days, by an order effective immediately, the offer or sale of securities by any person, if the Secretary of State shall in his or her opinion, based on credible evidence, deem it necessary to prevent an imminent violation of this Act or to prevent losses to investors which the Secretary of State reasonably believes will occur as a result of a prior violation of this Act

COUNT III

FAILURE TO RESPOND TO AN ILLINOIS SECURITIES DEPARTMENT

SUBPOENA DUCES TECUM

32. On July 7, 2010, the Department issued a Subpoena Duces Tecum in the matter of File No. 07-00268 and the Illinois Department of Securities (“Department”)

Temporary Order of Prohibition

6

Investigator Frank Perry personally served the Subpoena to Respondents Miller and Asset Protection.

33. Attached to the Subpoena was a "Schedule A" listing the documents or information to be produced.
34. The due date for the Subpoena Duces Tecum was July 20, 2010.
35. As of Tuesday, July 20, 2010, the Department received only a portion of the requested documents and/or information responsive to the Subpoena. Specifically, the Respondent failed to provide a list of all clients/customers of Asset Protection Associates and/or Arthur S. Miller including names, addresses, telephone numbers, date(s) of investment(s), amount(s) invested, and fees and/or commissions earned off of each client/customer.
36. The Subpoenas were issued pursuant to Section 11.D(1) of the Illinois Securities law of 1953 (815 ILCS 5/1 et. seq.) (the "Act").
37. Section 11.D of the Act states, inter alia, that the Secretary of State or a person designated by him or her may require by subpoena the production of any books and records, papers, or other documents which the Secretary of State or a person designated by him or her deems relevant or material to the inquiry.
38. The Respondents Miller and Asset Protection failed to produce all of the documents requested by the due date, or any day thereafter, that were subpoenaed by the Department pursuant to the authority granted under Section 11.D(1) of the Act.
39. By virtue of the foregoing, Respondents failure to respond to the Subpoena by the due date impeded designees of the Secretary of State from conducting an investigation under Section 11.D(1) of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondent Miller, doing business as Asset Protection Associates and his partners, officers and directors, agents, employees, affiliates, successors and assigns are temporarily **PROHIBITED** from offering or selling securities in or from this State until the further Order of the Secretary of State.

NOTICE is hereby given that Respondents may request a hearing on this matter by transmitting such request in writing to Enforcement Attorney, Maria Pavone, Illinois Securities Department, 69 W. Washington Street, Suite 1220, Chicago, Illinois 60602. Such request must be made within thirty (30) calendar days of the date of entry of the Temporary Order of Prohibition. Upon receipt of a request for hearing, a hearing will be scheduled as soon as reasonably practicable. A request for hearing will not stop the effectiveness of this Temporary

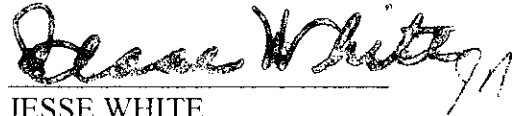
Temporary Order of Prohibition

7

Order and will extend the effectiveness of this Temporary Order for sixty days from the date the hearing request is received by the Department.

FAILURE BY ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) CALENDAR DAYS AFTER ENTRY OF THIS TEMPORARY ORDER OF PROHIBITION SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE SUFFICIENT BASIS TO MAKE THIS TEMPORARY ORDER OF PROHIBITION FINAL.

Dated: This 1st day of October 2010

A handwritten signature in black ink, appearing to read "Jesse White", written over a horizontal line.

JESSE WHITE
Secretary of State
State of Illinois

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