

1 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
 2 DIVISION OF FINANCE AND CORPORATE SECURITIES  
 3 SECURITIES SECTION  
 4 BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND  
 5 BUSINESS SERVICES

5 In the Matter of: )

A-02-0009(b)

6 First Federated Companies of Oregon, )  
 Inc., an Oregon Corporation, fka First )  
 7 Federated Communications of Oregon, )  
 Inc., dba First Choice Communications; )  
 8 Michael J. Morris; Robert A. Miller; )  
 and Stephen E. Allsup, )

ORDER TO CEASE AND DESIST  
 ORDER ASSESSING CIVIL PENALTY  
 AND  
 CONSENT TO ENTRY OF ORDER  
 BY RESPONDENT  
 ROBERT A. MILLER

9 )  
 10 \_\_\_\_\_ Respondents. )

11 WHEREAS the Director of the Department of Consumer and Business Services has  
 12 conducted an investigation of certain business activities conducted by First Federated  
 13 Companies of Oregon, Inc. (fka First Federated Communications of Oregon, Inc.), doing  
 14 business as First Choice Communications and by Michael J. Morris, Robert A. Miller and  
 15 Stephen E. Allsup and has determined that Robert A. Miller sold unregistered securities and  
 16 sold securities without a license in violation of the Oregon Securities Laws;

17 WHEREAS Robert A. Miller wishes to resolve and settle this matter with the  
 18 DIRECTOR;

19 NOW THEREFORE, as evidenced by the authorized signature subscribed on this  
 20 Order, Robert A. Miller hereby CONSENTS to entry of this Order to Cease and Desist upon  
 21 the Director's Findings of Fact and Conclusions of Law as stated hereinafter.

22 FINDINGS OF FACT

100102-034-005-001-0500-0000050000

23 1. At all times material to this Order, First Federated Companies of Oregon, Inc. (fka  
 24 First Federated Communications of Oregon, Inc.), dba First Choice Communications,  
 25 (hereinafter "First Choice") was an Oregon corporation. First Choice filed articles of  
 26 incorporation with the Oregon Secretary of State in November 1991 and filed articles of

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 Salem, OR 97301-3881  
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1 dissolution on April 21, 2001. First Choice's principal place of business was 9600 SW Oak  
2 Street, Suite 240, Portland, Oregon 97223. The only officers, directors and shareholders of  
3 First Choice were Michael J. Morris ("Morris"), Robert A. Miller ("Miller") and Stephen E.  
4 Allsup ("Allsup"), all of whom are residents of the State of Oregon.

5 2. First Choice was in the business of reselling the telecommunications products of  
6 companies such as AT&T, Integra Telecom and Envoy Global. First Choice had very few, if  
7 any, physical assets and its primary source of revenue was the commissions it earned on the  
8 resale of telecommunications products.

9 3. Starting in approximately 1996, Miller worked as a full time employee of First  
10 Choice. Miller's duties included acting as a salesperson, as well as supervising and training  
11 the sales staff. In addition, throughout the business life of First Choice, Miller was involved  
12 in varying degrees in the fund raising efforts of First Choice, including but not limited to  
13 referring friends and family and drafting correspondence to investors.

14 4. From 1991 to 2001, Respondents entered into "Loan Agreements" or promissory  
15 notes (the "notes") with at least 86 individuals, the majority of whom were residents of the  
16 State of Oregon. Respondents raised approximately \$3,000,000 through the sale of these  
17 notes.

18 5. Pursuant to the notes, investors provided money to Miller, Morris and Allsup for  
19 use in the business of First Choice. Most of the notes were written on First Choice letterhead  
20 and contained similar, if not identical, language. Generally, the notes provided that an  
21 investor would receive interest payments in the amount of 10-12% per annum and that the  
22 notes would mature in one year. In many cases, however, First Choice could not repay the  
23 notes as agreed and the notes were renegotiated each year by adding any unpaid interest to the  
24 principal amount. Investors state that Respondents marketed the notes as an obligation of  
25 Respondents to repay investors money, with interest, at a certain point in the future, although  
26 a number of investors received minimal or no payment of interest or principal on the notes.

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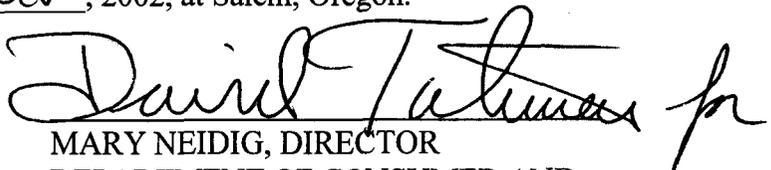
1 The Director, pursuant to ORS 59.995, **HEREBY ORDERS** the following **CIVIL**  
2 **PENALTIES:**

3 1. Respondent Robert A. Miller shall be denied the use of any securities licensing or  
4 registration exemptions contained in the Oregon Securities Laws, including ORS Chapter 59  
5 and OAR Chapter 441.

6 2. Respondent Robert A. Miller shall pay a civil monetary penalty of \$15,000 for  
7 violation of ORS 59.165 and ORS 59.055 (unlicensed and unregistered sales). \$12,600 of the  
8 civil monetary penalty shall be **SUSPENDED**; however, any violation of the Oregon  
9 Securities Laws or the terms of this Order shall make the entire penalty amount due and  
10 payable immediately. The remaining \$2,400 of the civil monetary penalty is payable as  
11 follows: Respondent Robert A. Miller shall pay \$500 at the execution of this Order, and shall  
12 pay the remaining \$1,900 of the due and payable civil monetary penalty in monthly  
13 installments of no less than \$100 beginning the first month following the date of execution of  
14 this Order. Payments shall be due on or before the tenth day of each month. If Respondent  
15 Robert A. Miller fails to comply with the payment schedule, is late with a monthly payment,  
16 or fails to make a monthly payment, then the entire unpaid portion of the civil penalty,  
17 including but not limited to, the \$12,600 suspended portion of the civil penalty, shall become  
18 immediately due and payable. Nothing in this Order should be construed as limiting  
19 Respondent Robert A. Miller's ability to prepay any portion of the due and payable civil  
20 monetary penalty at any time.

21 The entry of this Order in no way limits further remedies which may be available  
22 to the Director under Oregon Law.

23 Dated this <sup>12</sup>7 day of October, 2002, at Salem, Oregon.

24   
25 MARY NEIDIG, DIRECTOR  
26 DEPARTMENT OF CONSUMER AND  
BUSINESS SERVICES

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**CONSENT TO ENTRY OF ORDER**

I, Robert A. Miller, state that I am a resident of the State of Oregon, that I have read the foregoing Order and that I know and fully understand the contents hereof; that I make no admission of liability with respect to the Findings of Fact in the foregoing Order; that I have been advised of my right to a hearing, and that I have been represented by counsel in this matter; that I voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter; that I understand that the Director reserves the right to take further actions against me to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law by me; and that I will fully comply with the terms and conditions stated herein.

I further assure the Director that I will not engage in the activities of a broker-dealer, investment adviser, or mortgage broker, or act as a salesperson for any of these unless such activities are in full compliance with Chapter 59 of the Oregon Revised Statutes.

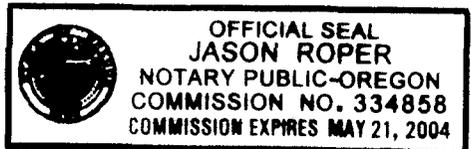
I understand that this Consent Order is a public document.

Dated this 27<sup>th</sup> day of September, 2002.

  
Robert A. Miller

SUBSCRIBED AND SWORN to before me this 27<sup>th</sup> day of September, 2002.

Jason Roper  
(Printed Name of Notary Public)  
Notary Public Jason Roper  
for the State of: Oregon  
My commission expires: May 21, 2004



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