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2 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**
3 **DIVISION OF FINANCE AND CORPORATE SECURITIES**
4 **SECURITIES SECTION**

5 **BEFORE THE DIRECTOR OF THE DEPARTMENT OF**
6 **CONSUMER AND BUSINESS SERVICES**

6 **In the Matter of:**

S-03-0056

7 **DAVID ARNOLD MILLER d/b/a**
8 **WESTERN INTERNET SERVICES**
9 **CORP., a/k/a Wincorp,**

10 **Respondent.**

ORDER TO CEASE AND DESIST,
ORDER DENYING USE OF
EXEMPTIONS, ORDER ASSESSING
CIVIL PENALTY AND
CONSENT TO ENTRY OF ORDER

11 **WHEREAS** the Director of the Department of Consumer and Business
12 Services ("Director") has conducted an investigation of certain business activities
13 conducted by David Arnold Miller ("Miller"), doing business as Western Internet
14 Services Corp., a/k/a Wincorp, and has determined that Miller has offered and/or
15 sold unregistered securities in Oregon in violation of the Oregon Securities Laws;
16 and

17 **WHEREAS** the Director has determined that Miller has offered and/or sold
18 unregistered securities without a license in violation of the Oregon Securities Laws;
19 and

20 **WHEREAS** the Director has determined that Miller engaged in fraud in
21 connection with the sale of securities in Oregon in violation of ORS 59.135; and

22 **WHEREAS** the parties wish to resolve and settle this matter,

23 **NOW THEREFORE**, as evidenced by the authorized signature(s) subscribed
24 on this Order, Miller **CONSENTS** to entry of this Order upon the Director's Findings
25 of Fact and Conclusions of Law as stated hereinafter.

26 **////**



FINDINGS OF FACT

The Director **FINDS** that:

1. Miller is a resident of the State of Oregon with a residence of 376 S. 42nd Street, Springfield, Oregon 97477. Miller's date of birth is March 23, 1943.

2. Western Internet Services Corporation, also doing business under the name Wincorp (hereafter referred to as "Wincorp"), is a dissolved Oregon corporation whose principal place of business was 1030 Oak Street, Eugene, Oregon 97401.

3. At all relevant times herein, Miller was the owner, principal, president, and/or sole shareholder of Wincorp.

4. Miller claimed he and Wincorp were in the business of providing Internet access for hotels and motels.

5. Miller and Wincorp offered and sold shares of stock in Wincorp to Oregon residents. At least one Oregon resident invested money with Miller and Wincorp for the purchase of stock in the company.

6. To induce investment in Wincorp, Miller falsely represented to at least one Oregon investor that MCI and Lucent, two large national telecommunications companies, were interested in either investing capital in, or contracting with, Wincorp. There is no evidence that either Lucent or MCI ever considered either investing in, or contracting with, Wincorp. Miller also falsely represented to investors that Wincorp would imminently become a public company.

7. All investor funds were pooled together to be expended for the operation of Wincorp.

8. At least one Oregon investor invested with Miller and Wincorp based on Miller's representations of knowledge and expertise in the field of Internet communications. That investor had no personal knowledge or expertise in this area





1 and the success of the investment was solely dependent upon the efforts of Miller
2 and Wincorp.

3 9. Funds invested with Miller for the operation of Wincorp were diverted
4 for the operation of other businesses including the operation of another company
5 called "Money Tree," which Miller claims was established as "a holding company for
6 Wincorp" but the existence of which was not disclosed to investors; "Frank's Auto," a
7 used car lot in Eugene, Oregon; and "Noah's Carriages," a limousine service
8 operated by Frank Kluthe to which investor funds were loaned. Miller diverted
9 investor funds to pay for his daily living expenses, taking money from the Wincorp
10 checking account whenever he needed funds. Miller also diverted investor funds to
11 pay the rent for his son's martial arts studio.

12 10. In 1992, Miller pled guilty in Washington County Circuit Court to one
13 count of rape, an "A" felony, and was sentenced to 10 years imprisonment at the
14 Oregon State Penitentiary. Miller was paroled before serving the full sentence. Miller
15 never apprised prospective investors that he had been convicted of a felony and
16 served time in prison.

17 11. Miller holds no securities license in Oregon or in any other state
18 authorizing him to sell securities.

19 12. The interests in Wincorp have not been registered for sale as
20 securities under Oregon Securities Laws.

21 CONCLUSIONS OF LAW

22 The Director **CONCLUDES** that:

23 1. The sale of stock in Wincorp by Miller constitutes securities as defined
24 in ORS 59.015.

25 2. Miller sold securities in Oregon without a valid securities license in
26 violation of ORS 59.165.

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 b. \$5,000 for violation of ORS 59.055 (sale of unregistered securities);

2 and

3 c. \$10,000 for violation of ORS 59.135 (engaging in fraud in connection
4 with the sale of securities).

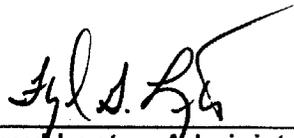
5 4. That the payment of the civil penalty assessed above is hereby
6 **SUSPENDED** by the Director so long as Respondent David Arnold Miller is in full
7 compliance with the terms and conditions of this Order. The suspended portion of
8 this penalty will be immediately due and payable upon a determination by the
9 Director that Respondent David Arnold Miller has violated any term of this Order.

10 The Director reserves the right to immediately impose the suspended portion
11 of this civil penalty upon a determination that Respondent David Arnold Miller has
12 violated any term of this Order, or any provision of the Oregon Securities Law, ORS
13 Chapter 59, or the administrative rules adopted thereunder, OAR Chapter 441.

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

16 Dated this 9th day of August 2004 at Salem, Oregon.

17 CORY STREISINGER, DIRECTOR
18 DEPARTMENT OF CONSUMER & BUSINESS SERVICES

19 

20 _____
21 Floyd Lanter, Administrator
22 Division of Finance and Corporate Securities

23 **CONSENT TO ENTRY OF ORDER**

24 I, David Arnold Miller, state that I am a resident of the State of Oregon, that I
25 have read the foregoing Order and that I know and fully understand the contents
26 hereof; that I make no admission of liability with respect to the Findings of Fact in the
foregoing Order; that I execute this consent as a settlement of the matter referred to

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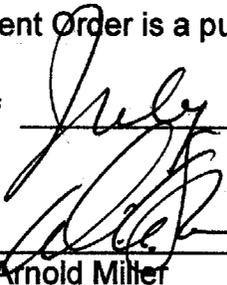
1 in the Order; that I have been advised of my right to a hearing, and that I have been
2 represented by counsel in this matter; that I voluntarily consent to the entry of this
3 Order without any force or duress, expressly waiving any right to a hearing in this
4 matter; that I understand that the Director reserves the right to take further actions
5 against me to enforce this Order or to take appropriate action upon discovery of
6 other violations of the Oregon Securities Law by me; and that I will fully comply with
7 the terms and conditions stated herein.

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

12 I also assure the Director that henceforth any business entity owned,
13 operated or under my control, operating in or from Oregon, shall be registered with
14 the Oregon Secretary of State's Business Registry Office pursuant to ORS Chapters
15 60 and/or 648.

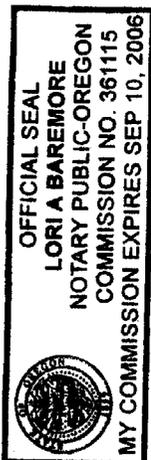
16 I understand that this Consent Order is a public document.

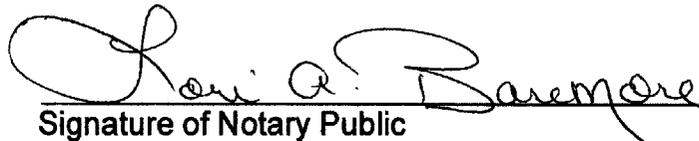
17 Dated this 27th day of July, 2004.

18 

David Arnold Miller

19 SUBSCRIBED AND SWORN to before me this 27 day of July,
20 2004.



21 

Signature of Notary Public

22 Lori A. Baremore

Printed Name of Notary Public)

23 Notary Public for the State of: OREGON

24 My commission expires: Sept 10, 2006

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