

BEFORE THE
DIVISION OF SECURITIES
DEPARTMENT OF FINANCIAL INSTITUTIONS
STATE OF WISCONSIN

In the Matter of
SAFERATE FINANCIAL SERVICES a/k/a
MILLER & ASSOCIATES a/k/a
CAPITAL BRANCH PROCESSING SERVICES INC.
CONSOLIDATE CAPITAL, LLC
ALICE M. MILLER, LOU RAMIREZ,
SETH MILLER and BOB RYAN

PETITION FOR ORDER

Respondents.

File No.S-98177(EX)

The staff of the Enforcement Unit, Registration & Enforcement Section, of the Division of Securities, Department of Financial Institutions, State of Wisconsin has conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats. and as a result thereof alleges as follows:

1. Saferate Financial Services a/k/a Miller & Associates a/k/a Capital Branch Processing Services, Inc. (“Saferate”) is a foreign business entity with a last known business address at 63 Calle De Industria, Suite 524, San Clemente, CA 92672;
2. Consolidate Capital, LLC (“Consolidate”) is a foreign business entity with a last known business address of 31878 Del Obispo, Suite 118-510, San Juan Capistrano, CA 92627;
3. Alice M. Miller (“A. Miller”) is an adult individual with a last known business address at that of Saferate;
4. Lou Ramirez (“Ramirez”) is an adult individual with a last known business address at that of Saferate;
5. Seth Miller (“S. Miller”) is an adult individual with a last known business address at that of Saferate;
6. Bob Ryan (“Ryan”) is an adult individual with a last known business address at that of Consolidate;
7. Upon information and belief, from at least late spring 1998 until the present, A. Miller was a control person of Saferate;

8. Upon information and belief, from at least late spring 1998 until the present, Ramierz was Marketing Director of Saferate;

9. Upon information and belief, from at least late spring 1998 until the present, S. Miller was a control person of Saferate;

10. Upon information and belief, Ryan was control person of Saferate until at least late spring 1998 and of Consolidate from late spring 1998 until the present;

11. During at least February 1998 until the present, Saferate entered into contracts with various persons in Wisconsin to offer and sell products and services provided by Saferate (the "Agents");

12. Those "products and services" have included "commercial paper" or "promissory notes" issued by World Vision Entertainment ("World Vision"), Sebastian International Enterprises, Inc. ("Sebastian"), LifeBlood Biomedical, Inc., and AmeriTech Petroleum, Inc. ("AmreiTech") and other entities (together the "Notes");

13. The Notes are securities as defined by sec. 551.02(13), Wis. Stats.,

14. The securities have never been registered for offer or sale in Wisconsin pursuant to Ch. 551, Wis. Stats.,

15. Respondents have violated sec. 551.21(1), Wis. Stats., by offering unregistered securities in Wisconsin;

16. At all times material hereto, the Agents were not licensed, pursuant to Ch. 551, Wis. Stats., to offer and sell securities in Wisconsin;

17. Respondents have violated sec. 551.31(2), Wis. Stats., by employing unregistered agents to represent them in Wisconsin;

18. Saferate and Consolidate are not registered as broker-dealers in Wisconsin pursuant to Ch. 551, Wis. Stats.,

19. Saferate and Consolidate have violated sec. 551.31(1), Wis. Stats., by acting as broker-dealers in Wisconsin without being licensed;

20. On August 22, 1997, the Pennsylvania Securities Commission issued an order against Sebastian for the offer and sale of unregistered securities in connection with Sebastian's offer and sale of 9-month promissory notes;

21. On October 27, 1997 the Pennsylvania Securities Commission issued an order against World Vision for the offer and sale of unregistered securities in connection with World Vision's offer and sale of 9 month promissory notes;

22. In April 1998, the Maryland Securities Division issued an order against AmeriTech for the offer and sale of unregistered securities in connection with Ameritech's offer and sale of 9 month promissory notes;

23. Pursuant to the offering materials provided to persons in Wisconsin, the 9-month promissory notes of World Vision are "commercial paper under exempt security status;"

24. Respondents failed to disclose to investors the existence of the orders and that they had failed to register or obtain exemptions for the Notes prior to their offer and sale in Wisconsin;

25. Respondents' actions, as described above, constitute, under the circumstances, the making of a material misstatement or the omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, as proscribed by sec. 551.41(2), Wis. Stats.,

26. On June 3, 1999, the U.S. Securities & Exchange Commission obtained a TRO against AmeriTech for fraud in the offer and sale of its 9 month promissory notes

27. On July 14, 1998, the staff wrote a letter to Saferate asking it to provide the staff with information about its securities activities here, including names of all officers and representatives of the firm that have transacted business in Wisconsin and the names of all persons in Wisconsin who have been contacted to transact business;

28. On August 6, 1998, in response to the staff's letter of July 14, Ramirez, on behalf of Saferate, filed a letter with the Division that stated, in part, that Saferate, "does not sell any product nor have any clients" and that it "has no clients in Wisconsin, and ... are not actively soliciting clients in Wisconsin."

29. The August 6 letter was, in light of the facts and circumstances stated above, a false or misleading filing with the Division;

30. The actions of Saferate, A. Miller, Ramirez, and S. Miller, as described above constitute, under the circumstances, the making, in a document filed with the Division, a statement which was, at the time and in the light of the circumstances under which it was made, false or misleading in a material respect, or omitted 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, as proscribed by sec. 551.54, Wis. Stats.,

THEREFORE, the staff of the Enforcement Unit petitions the Administrator for the issuance of the attached Order.

Mark E. Dorman 7-29-99
Mark E. Dorman Date
Examiner
Enforcement Unit

David A. Cohen 7/29/99
David A. Cohen Date
Supervising Attorney
Enforcement Unit