

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO**

STATE OF IDAHO, Department of)	
Finance, Securities Bureau,)	Docket No. 2003-7-38
)	
Complainant,)	AGREEMENT AND ORDER
)	
vs.)	
)	
GARY SCHIESS,)	
)	
)	
Respondent.)	
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The Director of the Department of Finance has investigated the conduct of Gary Schiess (“Schiess”) in the securities business. Pursuant to said investigation, it appears to the Director that violations of the Idaho Securities Act, Idaho Code §30-1401, *et seq.*, have occurred. The Director and Respondent have agreed to resolve this matter without a public hearing. Therefore, the Director deems it appropriate and in the public interest that this Agreement and Order be entered. Respondent consents to the entry of this Agreement and Order.

BACKGROUND

8. Respondent Schiess became an Idaho registered representative of World Group Securities (“WGS”) on April 12, 2002.

9. From October 14-24, 2002, representatives of the Complainant conducted a routine examination of the WGS branch office located at 410 Memorial Drive, Idaho Falls, ID. Respondent Schiess is an OSJ supervisor and a branch office manager (BOM) at the aforementioned Idaho Falls location.

FINDINGS

10. The procedures of WGS require the BOM to conduct monthly and quarterly interviews with each representative under supervision. The monthly and quarterly interview is recorded on a form that is maintained in the representative's file.
11. The Idaho Falls examination found:
- 38 missing monthly interviews.
 - 2 incomplete monthly interviews.
 - 1 backdated monthly interview.
 - 1 blank photocopied monthly interview signed by the representative.
 - 5 in-person interviews missing representative signatures.
 - 1 monthly interview missing branch manager or delegate signature.
 - 12 missing quarterly interviews.
 - 5 quarterly interviews that failed to evidence the representative's signature.

Documentation reviewed during the examination revealed that the issue of the missing interviews had been brought to the attention of Respondent Schiess

prior to the examination. Respondent Schiess failed to take action to correct this deficiency and enforce WGS's procedures.

5. WGS procedures require representatives wishing to engage in outside business activities (OBA) to submit to the BOM 1) a completed Form U-4 amendment, 2) an outside business activities questionnaire, and 3) obtain the BOM's written approval before engaging in the activity. Upon approval of the OBA, the BOM is instructed to send an approval letter to the representative and the WGS Registration Department, which will then update the representative's Form U-4.
6. The Idaho Falls examination found:
 - OBA questionnaires and U-4 amendments for mortgage-brokering activities had not been completed for Respondent Schiess or for 7 of the representatives Schiess supervised.
7. Respondent Schiess failed to exercise diligent supervision over the securities activities of his designated representatives.

VIOLATIONS

8. NASD Rule 3010(a)(5) requires the assignment of each registered person to an appropriately registered representative and/ or principal who shall be responsible for supervising that person's activities.
9. Rule 124 of the Idaho Securities Act establishes that any substantial violation of NASD Rules of Fair Practice or similar rules established by other self-regulatory organizations shall constitute a violation of the Idaho Rules.

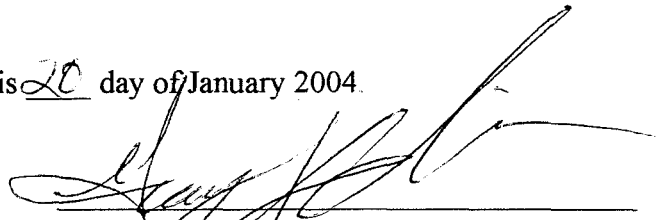
10. Rule 80 of the Idaho Securities Act requires salesmen of a broker-dealer to provide written notice to their broker-dealer of their proposed outside business activities.
11. Rule 119.01 of the Idaho Securities Act requires every broker-dealer to exercise diligent supervision over the securities activities of all of its salesmen and employees.
12. Rule 119.03(d) of the Idaho Securities Act requires every broker-dealer to establish, maintain and enforce written procedures including the review of back office operations which include systems and procedures pertaining to the currency and accuracy of books and records.
13. Respondent Schiess violated Rule 80, 119.01, 119.03, and Rule 124 of the Idaho Securities Act.

REMEDIES


14. Respondent Schiess admits the findings contained in this Agreement and Order.
15. Respondent Schiess agrees to pay a fine to the Department in the amount of \$1,000 within thirty (30) days of the date of this Agreement and Order.
16. Respondent Schiess agrees to the suspension of his OSJ and BOM roles and supervisory responsibilities for one year from the date of this Agreement and Order and further agrees not to accept any such role or responsibilities after the one-year period until Respondent retakes and passes the Series 26 examination.

17. Respondent agrees to comply with the provisions of the Idaho Securities Act in future securities transactions. Respondent further agrees that, should the Director find in the future that Respondent has committed any additional violations of the Act, the Department may use all allegations contained in the Agreement and Order, and any other allegations concerning violation of the Act by Respondent, in any subsequent proceeding.

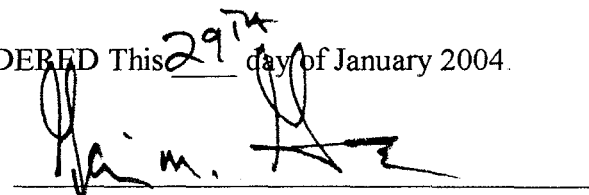
DONE AND DATED at Boise, Idaho this 20 day of January 2004.


GARY SCHIESS
OSJ, World Group Securities, Inc.

DONE AND DATED at Boise, Idaho this 29th day of January 2004.


MARILYN T. CHASTAIN
Bureau Chief, Securities Bureau
Department of Finance, State of Idaho

IT IS SO ORDERED This 29th day of January 2004.


GAVIN M. GEE
Director
Department of Finance, State of Idaho

