

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

IN THE MATTER OF: AMERICAN INVESTMENT  
SERVICES, INC.

FILE NO. 0200050

NOTICE OF HEARING

TO THE RESPONDENT: American Investment Services, Inc.  
6801 Broadway Extension, Suite 203B  
Oklahoma City, OK 73116  
CRD # 21111

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5/1], et seq. (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 520 South Second Street, Suite 200 Springfield, Illinois 62701 on the 21st day of May, 2003, at the hour of 9:00 a.m., or as soon thereafter as counsel may be heard, before Jon K. Ellis or such other duly designated Hearing Officer of the Secretary of State. A copy of the Rules under the Act pertaining to contested cases is attached to this Notice.

Said hearing will be held to determine whether an Order should be entered which revokes the Dealer registration of American Investment Services, Inc., (the "Respondent") in the State of Illinois and/or granting such other relief as may be authorized under the Act including but not limited to imposition of a monetary fine in the maximum amount of \$10,000 pursuant to Section 11.E.4 of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

1. That American Investment Services, Inc., (the "Respondent") was registered as a Dealer in the State of Illinois pursuant to Section 8 of the Illinois Securities Law [815 ILCS 5/1 et seq.] (the "Act") from October 21, 1987 through December 31, 2002.
2. That on or about November 12, 2002 the National Association of Securities Dealers, Inc. (the "NASD"), a self regulatory organization registered under the Federal 1934 Act, expelled the Respondent from membership with the NASD for failing to meet SEC Net capital requirements; Preparing inaccurate trial balances and net capital computations for several

Notice of Hearing

-2-

months in the years 1999, 2000 and 2001, preparing inaccurate FOCUS reports; Failing to promptly report several customer complaints or arbitration proceeding against representatives, the suspension of a representative, settlement of arbitration proceedings against representatives and one internal investigation; Failing to file Form U4 and U5's as required in a timely manner; Failing to report disciplinary actions taken against a representative and settlements of arbitration proceedings against the Respondent within required time frames; Failing to accurately report NASDAQ National Market Securities Sales transactions as short sales; and Failing to accurately report NASDAQ National Market Sales Transactions as bunched trades.

3. That Section 8.E.1(j) of the Act states, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of a Dealer may be suspended or revoked if the Secretary of State finds that the Dealer has had membership in or association with any self-regulatory organization registered under the Federal 1934 Act or the Federal 1974 Act suspended, refused, expelled, cancelled, barred, limited in any capacity, or otherwise adversely affected in a similar manner arising from any fraudulent or deceptive act or practice in violation of any rule, regulation or standard duly promulgated by the self-regulation organization.
4. That Section 8.E(3) of the Act provides, inter alia, that if no proceeding is pending or instituted and withdrawal becomes effective, the Secretary of State may nevertheless institute a revocation or suspension proceeding within two years after withdrawal became effective and enter a revocation or suspension order as of the last date on which registration was effective.
5. That by virtue of the foregoing, the Respondent is subject to the entry of an Order which revokes its Dealer registration in the State of Illinois pursuant to the authority provided under Sections 8.E.(1)(j) and 8.E(3) of the Act.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer, special appearance or other responsive pleading to the allegations outlined above within thirty days of the receipt of this notice. A failure to file an answer, special appearance or other responsive pleading within the prescribed time shall be construed as an admission of the allegations contained in the Notice of Hearing.

Notice of Hearing

-3-

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any respondent has upon due notice moved for and obtained a continuance.

A copy of the Rules, promulgated under the Act and pertaining to hearings held by the Office of the Secretary of State, Securities Department, is included with this Notice.

Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated this 31<sup>st</sup> day of March, 2003.

  
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JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State  
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Hearing Officer:  
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