

DENISE VOIGT CRAWFORD  
SECURITIES COMMISSIONER



JOHN R. MORGAN  
DEPUTY SECURITIES COMMISSIONER

Mail: P.O. BOX 13167  
AUSTIN, TEXAS 78711-3167

Phone: (512) 305-8300  
Facsimile: (512) 305-8310

## Texas State Securities Board

208 E. 10th Street, 5th Floor  
Austin, Texas 78701-2407  
www.ssbstate.tx.us

JACK D. LADD  
CHAIRMAN

BRYAN K. BROWN  
MEMBER

BETH ANN BLACKWOOD  
MEMBER

WILLIAM R. SMITH  
MEMBER

EDWARD ESCUDERO  
MEMBER

IN THE MATTER OF THE APPLICATIONS FOR  
THE AGENT AND INVESTMENT ADVISER  
REPRESENTATIVE REGISTRATIONS OF  
PATRICIA ANN SHEARER

§  
§  
§  
§

**Order No. IC07-SUS-28**

TO: Patricia Ann Shearer (CRD No. 2725842)  
M Holdings Securities, Inc.  
1125 N.W. Couch Street, Suite 900  
Portland, OR 97209

### DISCIPLINARY ORDER

Be it remembered that Patricia Ann Shearer ("Respondent"), appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this order ("Order"), the Undertaking incorporated by reference herein, and the Findings of Fact and the Conclusions of Law contained herein.

### FINDINGS OF FACT

1. Respondent has waived (a) Respondent's right to notice and hearing in this matter; (b) Respondent's right to appear and present evidence in this matter; (c) Respondent's right to appeal this Order; and (d) all other procedural rights granted to Respondent by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et sea. (Vernon 1964 & Supp. 2007) ("Texas Securities Act") and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et sea. (Vernon 2000 & Supp. 2007) ("Administrative Procedure Act").
2. On or about September 1, 2006, Respondent applied for registration with the Securities Commissioner as an agent and as an investment adviser representative of M Holdings Securities, Inc., which are currently pending.
3. On or about December 28, 2004, Respondent entered into an undertaking ("Undertaking") with the Securities Commissioner. The Undertaking was also entered into by Russell Kent Childs ("Childs"), Cambridge Legacy Securities L.L.C. ("Cambridge Securities"), and Cambridge Legacy Advisors, Inc. ("Cambridge Advisors").
4. On or about June 19, 2006, the staff of the Texas State Securities Board (the "Staff") performed an inspection ("Inspection") of Childs and his Wealth Management Advisors, LLC office ("WMA").

5. Respondent, in part, undertook and agreed in provision No. 8 of the Undertaking that:

Childs would not act in any supervisory capacity within the State of Texas and would be directly supervised by Respondent.

While supervising Childs, Respondent: (1) would be employed by and be a principal of Cambridge Securities or Cambridge Advisors; (2) her supervision activity would be at the direction of, under the control and responsibility of, and be attributed as authorized actions of Cambridge Securities and Cambridge Advisors; and (3) her supervision activities would not be at the direction of, under the control, influence or direction of, Childs.

6. During the Inspection, the Staff discovered that:
- Respondent was employed by Childs through WMA;
  - Respondent was not employed by either Cambridge Securities or Cambridge Advisors;
  - Respondent performed her supervision activities at the direction of, and under the control, influence and direction of Childs and others; and
  - During the period from on or about February 28, 2006 through on or about March 17, 2006, Respondent was suspended by Childs from the WMA office and did not supervise Childs in any manner.
7. Respondent also undertook and agreed in provision No. 10 of the Undertaking to establish, maintain and enforce written procedures that were reasonably designed to achieve compliance with all of the provisions of the Undertaking and to maintain written and signed records of all supervision activities of Childs which were reasonably required by the provisions of the Undertaking.
8. During the Inspection, the Staff discovered that Respondent did not perform all of her duties and responsibilities as Childs' supervisor and did not enforce all of the written supervisory procedures of Cambridge Securities and Cambridge Advisors to ensure Childs' compliance with the Undertaking by :
- not maintaining files at WMA as required; and
  - not requiring and obtaining proper signatures on all documents prior to the completion of such documents as required.
9. Respondent, in part, also undertook and agreed in provision No. 12 of the Undertaking that:
- Childs' Texas customer accounts ("Childs' Accounts") would be reviewed ("Reviews") to determine compliance with the Texas Securities Act, the Rules and Regulations of the Texas State Securities Board, the rules of the SEC and FINRA, the Undertaking, and the written supervisory procedures of Cambridge Securities and Cambridge Advisors.

As a part of such Reviews, at a minimum of every six (6) months for a period of two (2) years from the date Childs' registrations were granted, all of Childs' Accounts would be audited ("Audits"). If the audits discovered any compliance concerns, such concerns would be immediately reported to the Director of the Inspections and Compliance Division of the Texas State Securities Board.

10. During the Inspection, the Staff discovered that the Audits performed had revealed compliance concerns. Respondent did not report these compliance concerns to the Director of the Inspections and Compliance Division of the Texas State Securities Board as required.
11. Respondent also undertook and agreed in provision No. 14 of the Undertaking that all forms or documents signed by a client/customer would be completed in full prior to obtaining the client's signature.
12. During the Inspection, the Staff discovered that Respondent was aware of and did not prevent Childs from conducting sales of securities through the use of forms and documents that had been signed by the customer, but whose terms and information were either blank or not fully completed as required.
13. Pursuant to Section 14.A(3) of the Texas Securities Act, the Securities Commissioner may reprimand and suspend the registrations of a registered agent and a registered investment adviser representative if the person has engaged in any inequitable practice in the sale of securities.
14. Pursuant to Section 14.A(11) of the Texas Securities Act, the Securities Commissioner may reprimand and suspend the registrations of a registered agent and a registered investment adviser representative if the person has violated any provision of any undertaking filed with the Securities Commissioner.

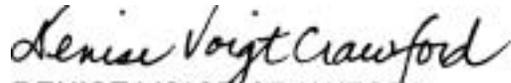
#### CONCLUSIONS OF LAW

1. Respondent's omissions in performance of her duties and responsibilities as Childs' supervisor and in enforcement of the written supervisory procedures of Cambridge Securities and Cambridge Advisors to achieve compliance by Childs with the Undertaking constitute inequitable practices in the sale of securities and are bases for the issuance of an order reprimanding and suspending the registrations of an agent and a registered investment adviser representative, pursuant to Section 14.A(3) of the Texas Securities Act.
2. Respondent's violations of provision Nos. 8, 10, 12 and 14 of the Undertaking filed with the Securities Commissioner constitute bases for the issuance of an order reprimanding and suspending the registrations of a registered agent and a registered investment adviser representative, pursuant to Section 14.A(11) of the Texas Securities Act.

ORDER

1. It is therefore ORDERED that the registrations of Patricia Ann Shearer as an agent and as an investment adviser representative, for M Holdings Securities, Inc., are hereby GRANTED.
2. It is further ORDERED that Patricia Ann Shearer is hereby REPRIMANDED.
3. It is further ORDERED that the registrations of Patricia Ann Shearer are hereby SUSPENDED for a period of thirty (30) calendar days from the date this Order is entered by the Securities Commissioner. In the event that either of Patricia Ann Shearer's registrations are terminated before the end of this period, the suspension period will be tolled from the date that Patricia Ann Shearer's registration is terminated to the date when Patricia Ann Shearer's registration is again effective.
4. It is further ORDERED that Patricia Ann Shearer COMPLY with the terms of the Undertaking, incorporated by reference herein.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 10<sup>th</sup>  
day of December, 2007.

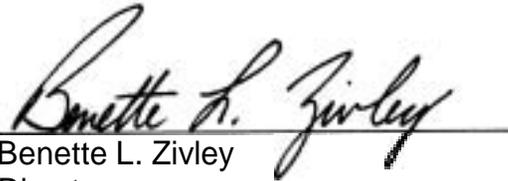
  
DENISE VOIGT CRAWFORD  
Securities Commissioner

Respondent:

---

Patricia Ann Shearer

Approved as to Form:



---

Benette L. Zivley  
Director  
Inspections and Compliance Division

Respondent:

  
**Patricia Ann Shearer**

Approved as to Form:

---

**Benette L. Zivley**  
**Director**  
**Inspections and Compliance Division**

**ACKNOWLEDGMENT**

On the 24<sup>th</sup> day of NOVEMBER, 2007, Patricia Ann Shearer ("Respondent") personally appeared before me, executed the foregoing Order, and acknowledged that:

- 1. Respondent has read the foregoing Order;
- 2. Respondent has been fully advised of her rights under the Texas Securities Act and the Administrative Procedure Act;
- 3. Respondent knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and
- 4. Respondent, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived her rights as set forth therein.

*Beverly W Ashley*

Notary Public in and for  
The State of TEXAS

[affix notary seal here]

My commission expires on: 1-4-08

