

STATE OF NORTH DAKOTA
SECURITIES DEPARTMENT

In the Matter of James R. Bullis; and)	
Montgomery, Goff & Bullis, P.C.;)	CONSENT ORDER
)	
Respondents.)	

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WHEREAS, the North Dakota Securities Commissioner (“Commissioner”), pursuant to the authority granted by Chapter 10-04 of the North Dakota Century Code, initiated an investigation into the activities of Bruce Allen Hager (“Hager”) (CRD # 1358936), a former registered representative of ProEquities, Inc. (“ProEquities”), from August 1, 1997 to October 11, 2004, with offices in Fargo, North Dakota; and

WHEREAS, in the course of the investigation of Hager, the Commissioner pursued an investigation into the involvement of Respondents, James R. Bullis (“Bullis”) and his law firm, Montgomery, Goff & Bullis, P.C. (“MGBPC”), in the offer and sale of Intellisol, Inc. stock and membership interests in three North Dakota limited liability companies formed for the purpose of holding Intellisol stock; and

WHEREAS, Respondents, without admitting or denying any findings of fact or conclusions of law herein, except that Respondents expressly consent to the jurisdiction of the Securities Department and consent to the entry of this Order and the vacation of the Securities Commissioner’s Cease and Desist Order entered on March 21, 2006; and

WHEREAS, the Commissioner and Respondents have reached an agreement to resolve this matter and all issues relating thereto through this Consent Order, without a hearing or adjudication of any issue of fact or law, and without the initiation of formal proceedings;

NOW, THEREFORE, the Commissioner has determined as follows:

1. Respondent, James R. Bullis, is an attorney licensed to practice law in the State of North Dakota.
2. Respondent, Montgomery, Goff & Bullis, P.C., is a professional corporation organized in North Dakota on January 1, 2000, providing legal services. MGBPC is headquartered in Fargo, North Dakota, and Bullis is, and at all times relevant hereto was, an officer, shareholder and registered agent for the corporation.
3. In 2000, Michael Volk, an employee of Intellisol, Inc., retained the legal services of Bullis and MGBPC to assist him in exercising certain stock options he held for the purchase of Intellisol shares.
4. Bullis and MGBPC performed the legal work to set up a North Dakota limited liability company, Softech Venture Group, LLC, to act as a holding company of Intellisol stock and to raise money to fund the stock purchase. Bullis and MGBPC eventually performed the legal work to set up two more limited liability companies, Softech Venture Group Series B, LLC, and Softech Venture Group Series C, LLC, with the same purpose and to allow for more investors. Investors in the Softech entities became part-owners of a company that acquired and owned Intellisol stock. The Softechs did not acquire any other assets.

5. The membership interests in Softech, Softech B, and Softech C, are “securities” as defined in N.D.C.C. § 10-04-02.

6. In addition to performing the legal work to set up the Softech entities, Respondents also performed the legal work to draft a subscription agreement and investor questionnaire to facilitate the sale of Softech membership interests to potential investors. Respondents also assumed the responsibility for verifying that the subscription agreements and investor questionnaires were properly filled out for purposes of an exemption; escrowed the investors’ funds into MGBPC’s trust account and disbursed the funds at Volk’s direction, including a 5% commission based on the Softech sales to Hager and a like amount described as legal fees to MGBPC for their legal services; and issued the investors’ share certificates.

7. One purpose of the subscription agreement and investor questionnaire drafted by Bullis and MGBPC was to receive information from the potential investor that demonstrated that the investor was accredited or sophisticated. Several investors in the Softech entities did not complete either a subscription agreement or an investor questionnaire. For one or more of those persons, neither Bullis nor Softech had sufficient information to believe that these investors were either accredited or sophisticated. None of the investments were rejected, and none of the funds were returned to any investor.

8. Respondent Bullis, in his employment with MGBPC, had direct contact with two Softech investors (namely, Dennis White and James Larson). This contact included substantive discussions about their investment in Softech as

well as in depth conversations about the likely financial performance of Intellisol, and may have constituted soliciting or urging or influencing these two investors to buy. This contact could be deemed to have been beyond the scope of his role as an attorney and may have amounted to participation or aid in any way in making the actual sales of membership units to those two individuals. The sale to each of these two individuals referred to herein were made in violation of N.D.C.C. §10-04-04 and each of the Respondents engaged in two violations of N.D.C.C. §10-04-04.

9. The facts set forth above demonstrate that the Respondent MGBPC may have been acting as a broker-dealer with respect to the securities transactions described in paragraph 8. The transactions referenced above were conducted at a time when Respondent MGBPC was not registered as a broker-dealer with the Securities Department and Respondent MGBPC engaged in two violations of N.D.C.C. § 10-04-10(1).

10. The facts set forth above demonstrate that the Respondent Bullis may have been acting as an agent who participated or aided in any way in making the sales with respect to the securities transactions described in paragraph 8. The transactions referenced above were conducted at a time when Respondent Bullis was not registered as an agent with the Securities Department and Respondent Bullis engaged in at least two violations of N.D.C.C. § 10-04-10(2).

11. Pursuant to N.D.C.C. § 10-04-16(1), the Securities Commissioner has the authority to Order that a person Cease and Desist from violations of the Securities Act and to assess civil penalties in an amount not to exceed \$10,000 for

each violation of the Securities Act or a total of at least \$80,000 based on the violations described above. The action of Bullis, individually, and his employer, MGBPC, described above, if fully adjudicated and found to be true, would be sufficient grounds for the Commissioner to assess civil penalties against the Respondents.

12. Respondents acknowledge their right to a hearing on this matter and waive this right to a hearing before an Administrative Law Judge and to present arguments to the Commissioner.

13. Respondents agree to resolve this matter with the Securities Commissioner by this Consent Order. Respondents have consented to the entry of this Order by executing the Consent to Entry of Order, which is attached hereto and incorporated herein by reference.

14. The following Order is necessary and appropriate in the public interest and for the protection of investors.

NOW, THEREFORE, IT IS ORDERED, pursuant to N.D.C.C. §10-04-16, that:

1. Respondents shall not offer for sale and/or sell any security in North Dakota unless that security is registered with the Department or exempt from registration under N.D.C.C. Chapter 10-04.

2. MGBPC shall not offer for sale or sell, or effect any transactions in securities, in North Dakota unless and until it has registered with the Securities Department as a broker-dealer or is exempt from registration under N.D.C.C. Chapter 10-04.

3. Bullis shall not offer for sale or sell, or effect any transactions in securities, in North Dakota unless and until he has registered with the Securities Department as an agent or is exempt from registration under N.D.C.C. Chapter 10-04.
4. Respondents are hereby assessed a civil penalty of \$30,000 based on the violations described above which penalty is due and payable to the North Dakota Securities Department on or before December 1, 2009.
5. The Cease and Desist Order, Order for Civil Penalty and Order for Rescission dated March 21, 2006, previously issued, is superseded by this Consent Order and is hereby vacated.
6. This Order is entered into solely for the purpose of resolving the above referenced investigation, and is not intended for it to be used for any other purpose, and its findings and conclusions shall not constitute admissions on the part of the Respondents for any purpose.
7. This Order shall be effective upon signature of the Commissioner.

IN TESTIMONY WHEREOF, witness my hand and seal this 23rd day of

November, 2009.





Karen J. Tyler, Securities Commissioner
North Dakota Securities Department
State Capitol-5th Floor
600 East Boulevard Ave.
Bismarck, ND 58505-0510
(701) 328-2910

STATE OF NORTH DAKOTA
SECURITIES DEPARTMENT

In the Matter of James R. Bullis; and)	
Montgomery, Goff & Bullis, P.C.;)	CONSENT TO ENTRY
)	OF ORDER
Respondents.)	

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Based on mutual concessions and a willingness to resolve all matters discussed in the foregoing Consent Order, the above-named Respondents state that:

1. The Respondents have read the foregoing Consent Order and know and fully understands its contents and effects.
2. The Respondents have been advised of their rights to a hearing with regard to this matter, and have specifically waived their rights to a hearing.
3. The Respondents have been advised that any willful violation of the Consent Order is a Class B Felony pursuant to N.D.C.C. § 10-04-18(1) and is punishable by a \$10,000 fine and 10 years imprisonment, with respect to a natural person, pursuant to N.D.C.C. § 12.1-32-01(3), or by a \$35,000 fine with respect to an organization, pursuant to N.D.C.C. § 12.1-32-01.1(2).
4. The foregoing Consent Order, which is attached hereto and incorporated herein by reference, constitutes the entire settlement agreement between the Respondents and the Securities Commissioner, there being no other promises or agreements, either expressed or implied. Solely for the purposes of this proceeding, the Respondents admit the jurisdiction of the Securities Department,

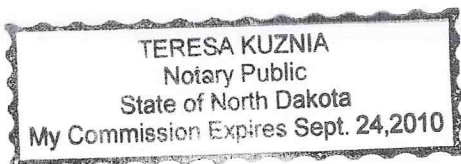
neither admit nor deny the accuracy of the factual determinations and legal conclusions of the Commissioner, as set forth in the foregoing Consent Order, and consent to entry of this Order as settlement of the issues contained in said Order. Nothing in the Consent Order shall affect Respondents' right to take such legal or such factual positions as they deem necessary and appropriate in litigation or any other legal proceeding in which the State of North Dakota is not a party.

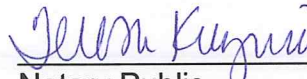
5. The Respondents consent to entry of the foregoing Consent Order by the Securities Commissioner, and do so willingly and voluntarily for the purpose of resolving the issues described in the foregoing Consent Order.

Dated this 13th day of November, 2009.

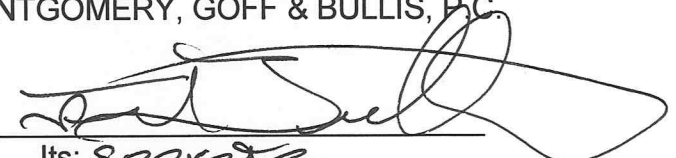

James R. Bullis

Subscribed and sworn to before me this 13th day of November, 2009.

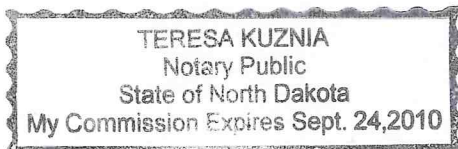



Notary Public
My Commission Expires:

MONTGOMERY, GOFF & BULLIS, P.C.

By: 
Its: secret

Subscribed and sworn to before me this 13th day of November, 2009.




Notary Public
My Commission Expires: