

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of American Capital Corporation; Ross Owen Haugen; and their Officers, Directors, Agents, and Employees, Respondents.

CEASE AND DESIST ORDER, NOTICE OF CIVIL PENALTY, AND NOTICE OF RIGHT TO REQUEST A HEARING

THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA TO AMERICAN CAPITAL CORPORATION; ROSS OWEN HAUGEN; AND THEIR OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES:

The North Dakota Securities Commissioner has a reasonable basis to believe that the Respondents have engaged in, are engaging in, or are about to engage in, acts, practices or transactions, as more fully described below, which are prohibited under Chapter 10-04 of the North Dakota Century Code (N.D.C.C.). It is necessary and appropriate in the public interest and for the protection of investors to restrain these acts, practices, or transactions of the Respondents.

- 1. The Respondents have offered for sale and/or sold investment(s) in American Capital Corporation, Inc. to at least one resident of North Dakota in violation of §10-04-04 N.D.C.C. The subject investment(s) are securities as defined in §10-04-02(15) N.D.C.C.
2. The subject investment(s) have not been registered with the Securities Commissioner under §10-04-07; §10-04-07.1; §10-04-08; or §10-04-08.1 N.D.C.C.; are not federal covered securities under §10-04-08.4 N.D.C.C.; are not exempt securities under §10-04-05 N.D.C.C; and have not been offered for sale or sold in exempt transactions under §10-04-06 N.D.C.C.

3. The Respondents have not registered as an agent or dealer in violation of §10-04-10 N.D.C.C.

**NOW, THEREFORE, IT IS ORDERED**, pursuant to §10-04-16 N.D.C.C., that the Respondents shall immediately **CEASE AND DESIST**:

1. From offering for sale or selling in North Dakota the subject investment, or any other investment interest however denominated, unless and until such investment interests have been registered with the Securities Commissioner.
2. From offering for sale or selling investments in North Dakota unless and until they have registered with the Securities Commissioner as dealers or agents.

This order does not prohibit the offer or sale of securities through exempt securities transactions under §10-04-06 N.D.C.C., nor does it prohibit registered dealers and agents from offering or selling exempt securities under §10-04-05 N.D.C.C.

**YOU ARE NOTIFIED** that any willful violation of this order is a **Class B Felony** pursuant to §10-04-18(1) N.D.C.C. Pursuant to §12.1-32-01 N.D.C.C., a **Class B Felony** is punishable by a \$10,000 fine and 10 years' imprisonment.

**YOU ARE FURTHER NOTIFIED** that, pursuant to §12.1-09-03 N.D.C.C., a person is guilty of a criminal offense if he intentionally "alters, destroys, mutilates, conceals, or removes a record, document, or thing with intent to impair its verity or availability" in an official proceeding. As such, intentional destruction of any documents related to this matter may result in criminal prosecution.

**NOTICE OF CIVIL PENALTIES**

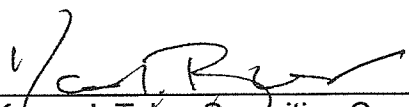
**YOU ARE NOTIFIED** that the above-cited violations are sufficient grounds for the imposition of civil penalties pursuant to §10-04-16(1) N.D.C.C. The Securities Commissioner does not herein assess a civil penalty, but the Commissioner expressly reserves the authority to assess civil penalties, not to exceed \$10,000 per violation, regarding the violations outlined above, any other violations subsequently discovered, or any future securities violations or violations of this order.

**NOTICE OF RIGHT TO REQUEST HEARING**

**YOU ARE NOTIFIED** that pursuant to §10-04-12 N.D.C.C. you may request a hearing before the Securities Commissioner if such a request is made in writing WITHIN TEN (10) DAYS AFTER THE RECEIPT OF THIS ORDER. The respondent has the right to be represented by legal counsel at the hearing.

**IN TESTIMONY WHEREOF**, witness my hand and seal this 3rd day of October, 2002 .



  
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Karen J. Tyler, Securities Commissioner  
Office of the Securities Commissioner  
600 East Boulevard Ave.  
State Capitol – Fifth Floor  
Bismarck, ND 58505-0510  
(701) 328-2910

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Corporation; Ross Owen Haugen; )  
and their Officers, Directors, Agents, )  
and Employees, )  
Respondents. )

**AFFIDAVIT OF SERVICE  
BY MAIL**

.....  
I, Jacqui Ferderer, being first duly sworn, state that I am a citizen of the United States over the age of twenty-one years and not a party to or interested in the above-entitled proceeding.

On October 3<sup>rd</sup>, 2002, I deposited in the Central Mailing Bureau of the United States Post Office Department in the State Capitol in Bismarck, North Dakota, true and correct copies of the following document:

**CEASE AND DESIST ORDER, NOTICE OF CIVIL  
PENALTY, AND NOTICE OF RIGHT TO REQUEST A HEARING**

A copy of the above document was securely enclosed in an envelope with postage prepaid, sent via Certified U. S. mail, return receipt requested, and addressed to the following:

American Capital Corporation  
900 South, US Highway 1  
Jupiter, FL 33477

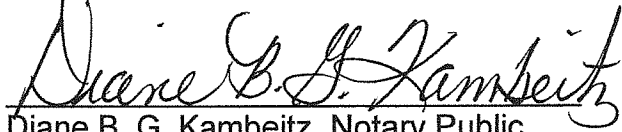
Ross O. Haugen  
CGF Financial Services, Inc.  
3001 32nd Ave South, Suite #2A  
Grand Forks, ND 58201

Marc Abramson  
CGF Securities, LLC  
225 NE Mizner Boulevard, Suite 750  
Boca Raton, FL 33432

To the best of my knowledge, information, and belief, the address given  
above is the last known address of the party intended to be served.

  
\_\_\_\_\_  
Jacquie Ferderer

Subscribed and sworn to before me this 3 day of October, 2002.

  
\_\_\_\_\_  
Diane B. G. Kambeitz, Notary Public  
Burleigh County, North Dakota  
My commission expires 4/25/2006

