

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of American Investment )  
Services, Inc., )  
)  
)  
Respondent )

**ORDER FOR RESCISSION  
AND NOTICE OF RIGHT TO  
REQUEST A HEARING**

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**THE SECURITIES COMMISSIONER OF THE STATE OF NORTH  
DAKOTA TO AMERICAN INVESTMENT SERVICES, INC.:**

The North Dakota Securities Commissioner has conducted an investigation into the above-captioned matter, and has a reasonable basis to believe that the Respondent has engaged 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.).

1. Respondent, American Investment Services, Inc., is a securities dealer headquartered in Colorado, and previously headquartered in Illinois. For all times relevant to this matter, the firm was a registered dealer in the state of North Dakota.

2. On or around December 4, 1997, by and through its agent, Craig A. Wollenburg of Rugby, North Dakota, Respondent sold preferred stock in SPF Energy, Inc. to Robert McLaurin, a then-resident of North Dakota. The price paid by Mr. McLaurin at the time of the sale was \$100,000. The preferred stock was to accrue interest at the rate of 10% annually, to be paid quarterly. SPF Energy, Inc.

has steadily made those quarterly payments as per the terms of the preferred stock.

3. SPF Energy, Inc. is a firm headquartered in Minot, North Dakota, apparently doing business as Farstad Oil, Inc. At the time of the sale of SPF Energy, Inc. stock to Mr. McLaurin, SPF Energy, Inc. stock was not registered as a security in North Dakota, and the Respondent has provided this office with no evidence that the security was exempt from registration pursuant to North Dakota statute.

4. SPF Energy, Inc. stock was a speculative investment at the time of Mr. McLaurin's investment, and was subject to significant risks, including, without limitation, the risks associated with a lack of liquidity, as there exists no established market for the secondary trading for SPF Energy, Inc. stock.

5. At the time of his investment in SPF Energy, Inc. stock, Mr. McLaurin had the total investable assets of approximately \$150,000. At that time, Mr. McLaurin was retired and expressed a need for income to come from his investments. Additionally, Mr. McLaurin had a moderate risk temperament, as expressed on the documentation maintained by Respondent.

6. Pursuant to section 10-04-04 N.D.C.C., it is unlawful for any person to sell a security in North Dakota unless the security is registered or exempt from registration. Pursuant to the facts set forth above, Respondent violated this provision through the sale of SPF Energy, Inc. stock to Mr. McLaurin.

7. The National Association of Securities Dealers (NASD) is a self-regulatory organization that exercises private regulatory authority over its member

dealer firms. Respondent is, and for all times relevant to this matter has been, an NASD member firm.

8. Pursuant to NASD Conduct Rule 2310, a registered person cannot recommend a securities transaction which is not suitable to the investor. The facts set forth above, demonstrate that the Respondent, through its agent, Mr. Wollenburg, has violated those rules through the securities transaction described above.

9. Pursuant to section 10-04-11, in connection with section 73-02-09-02 N.D.A.C., it is an unethical or deceptive practice to violate any applicable NASD rules, or to otherwise recommend unsuitable transactions, or transactions which lead to a client being over-concentrated in a particular security. Based on the facts set forth above, Respondent engaged in unethical or deceptive practices through the sale of SPF Energy, Inc. to Mr. McLaurin.

10. The following order is necessary and appropriate in the public interest and for the protection of investors.

**NOTICE OF ADDITIONAL POTENTIAL  
ACTIONS AND CIVIL PENALTIES**

Respondent, and all parties associated with this matter, are hereby notified that this Order is not intended to be the final resolution to this matter, and that the Commissioner specifically reserves the authority to issue additional orders to assess and collect civil penalties and pursue other legal or equitable remedies, and/or to bring civil action against the Respondent and/or any parties

related to this matter, including, without limitation, Craig A. Wollenburg and SPF Energy, Inc.

### **ORDER FOR RESCISSION**

Now, therefore, pursuant to the authority of the Securities Commissioner as set forth in chapter 10-04, N.D.C.C., it is hereby Ordered that Respondent shall pay to complainant, Robert McLaurin, the sum of 100,000 plus interest at the rate of 10% per year as accrued since April 1, 2002.

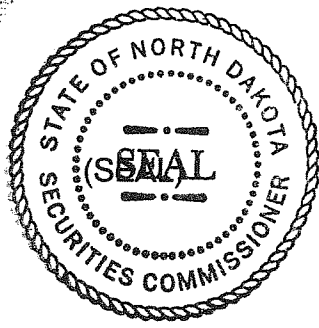
Payment is ordered to be made directly to the Complainant within ten (10) days of the entry of this Order, with evidence of payment provided to the Commissioner by that date. Respondent can demand return of the SPF Energy, Inc. stock which was purchased in the transaction described above.


It is the intention of the Commissioner that this be a non-exclusive remedy for the Complainant, as the complainant retains all rights to pursue any party for recovery of damages resultant from violations of the North Dakota Securities Act.

### **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.

Dated at Bismarck, North Dakota on this 30<sup>th</sup> day of May, 2002.



  
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Karen J. Tyler, Securities Commissioner  
Office of the Securities Commissioner  
State Capitol, Fifth Floor  
600 East Boulevard  
Bismarck, ND 58505-0510  
Ph. # (701) 328-2900

STATE OF NORTH DAKOTA  
COUNTY OF BURLEIGH

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**AFFIDAVIT OF SERVICE  
BY MAIL**

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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.

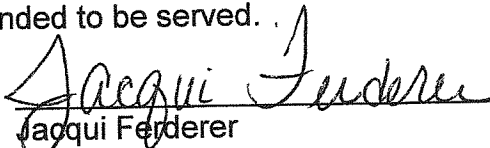
On, May 30, 2002, I deposited in the Central Mailing Bureau of the United States Post Office Department in the State Capitol in Bismarck, North Dakota, true and correct copies of the following document:

**ORDER FOR RESCISSION AND NOTICE  
OF RIGHT TO REQUEST A HEARING**

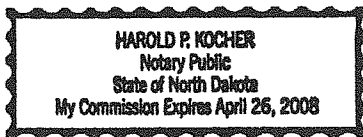
A copy of the above document was securely enclosed in an envelope with postage prepaid, sent via Certified U. S. mail, return receipt requested, and addressed to each of the following:


Mark Uselton, Chief Compliance Officer  
American Investment Services, Inc.  
6801 Broadway Extension, Ste 203b  
Oklahoma City, OK 73116

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.

  
Jacqui Ferderer

Subscribed and sworn to before me on May 30, 2002.



  
Harold P. Kocher, Notary Public  
Burleigh County, North Dakota  
My commission expires: