

STATE OF NORTH DAKOTA

SECURITIES DEPARTMENT

In the Matter of Ashmore Family )  
Foundation, a Minnesota Charitable )  
Trust, Flint Ashmore, Monte R. Ashmore, )  
and their Officers, Directors, Agents, )  
and Employees, )  
Respondents. )

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

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**THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA  
TO: ASHMORE FAMILY FOUNDATION, a Minnesota Charitable Trust, FLINT  
ASHMORE, MONTE R. ASHMORE, AND THEIR OFFICERS, DIRECTORS, AGENTS,  
AND EMPLOYEES, RESPONDENTS.**

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. Respondent, Ashmore Family Foundation, (hereinafter, "the Foundation") is a Minnesota Charitable Trust operated and controlled by Respondents, Flint Ashmore and Monte R. Ashmore, as Trustees, and is headquartered in Ulen, Minnesota. Ashmore Family Foundation is not now and has never been registered as a broker-dealer in North Dakota.
2. Respondents, Flint Ashmore and Monte R. Ashmore, are Minnesota residents who, for all times relevant to this matter, operated and controlled the Foundation, as

Trustees. Respondents, Flint Ashmore and Monte R. Ashmore, are not now and have never been registered as an agent with the North Dakota Securities Department.

3. On or about March 21, 2005, Respondents, Flint Ashmore and Monte R. Ashmore, engaged in the offering of two investment contracts known as "Endowment Agreements" issued by Respondent, Ashmore Family Foundation, to three North Dakota residents in West Fargo, North Dakota.
4. The two securities transactions referenced above involved a total investment of \$52,000 with interest to be paid at the rate of 5% per month for a period of twelve months and the return of principal by June 15, 2006. Respondents have failed to make the payments as agreed.
5. The Endowment Agreements issued by the Foundation have not been registered with the Securities Department under N.D.C.C. §§ 10-04-07, 10-04-07.1, 10-04-08, or 10-04-08.1; are not exempt securities under N.D.C.C. § 10-04-05; and have not been offered for sale or sold in exempt transactions under N.D.C.C. § 10-04-06; and are not federal covered securities or have not properly filed as federal covered securities under N.D.C.C. § 10-04-08.4. The offers and sales of the subject investments were made in violation of N.D.C.C. § 10-04-04 and Respondents engaged in two violations of N.D.C.C. § 10-04-04.
6. The transactions referenced above were conducted at a time when the Foundation was not registered as a broker-dealer with the Securities Department. The Foundation engaged in two violations of N.D.C.C. § 10-04-10(1).

7. Respondent, Flint Ashmore, was not registered as an agent with the Securities Department at the times of these transactions. The Respondent, Flint Ashmore, engaged in two violations of N.D.C.C. 10-04-10(2).
8. Respondent, Monte R. Ashmore, was not registered as an agent with the Securities Department at the times of these transactions. The Respondent, Monte R. Ashmore, engaged in two violations of N.D.C.C. 10-04-10(2).
9. The Respondents have offered and sold the above-referenced securities by use of material misrepresentations and/or omissions, in describing the investments as "safe", "legal" and "guaranteed" or otherwise have engaged in fraudulent or deceptive practices for two violations of N.D.C.C. § 10-04-15.
10. 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, to rescind transactions made in 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 \$100,000 based on the violations described above. The violations described above are sufficient grounds for the Commissioner to assess civil penalties against the Respondents pursuant to N.D.C.C. § 10-04-16 (1).
11. This Order is issued 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 the Respondents shall immediately **CEASE AND DESIST**:

1. From offering for sale or selling in North Dakota the subject securities, or any other securities however denominated, unless and until such securities have been registered with the Securities Department.

2. From offering for sale or selling securities, or effecting transactions in securities, in North Dakota unless and until they have registered with the Securities Department as broker-dealers or agents.
3. From using material misstatements or omissions, engaging in a scheme or artifice to defraud investors, or from engaging in any fraudulent or deceptive practices, in connection with the offer and/or sale of securities in this state.

This order does not prohibit the offer or sale of securities through exempt securities transactions under N.D.C.C. § 10-04-06, nor does it prohibit registered broker-dealers and agents from offering or selling exempt securities under N.D.C.C. § 10-04-05 or federal covered securities offered pursuant to a notice filing made to the Securities Department pursuant to N.D.C.C. § 10-04-08.4.

**YOU ARE NOTIFIED that any willful violation of this order is a Class B Felony pursuant to N.D.C.C. § 10-04-18(1). Pursuant to N.D.C.C. § 12.1-32-01(3), a Class B Felony is punishable by a \$10,000 fine and 10 years' imprisonment, with respect to a natural person. Pursuant to N.D.C.C. § 12.1-32-01.1(2), a Class B Felony is punishable by a \$35,000 fine with respect to an organization.**

**YOU ARE FURTHER NOTIFIED that, pursuant to N.D.C.C. § 12.1-09-03, a person is guilty of a criminal offense if that person 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 N.D.C.C. § 10-04-16(1). Respondents, Ashmore Family Foundation, Flint Ashmore and Monte R. Ashmore, are hereby assessed, and shall pay a civil penalty of \$80,000 to the North Dakota Securities Department based on the violations discussed above. The civil penalty assessed under this paragraph is joint and several, and shall be deposited as follows:

1. \$70,000 shall be deposited into the North Dakota Investor Restitution Fund (Fund # 262), for the purpose of reimbursing the complainants for losses incurred as a result of the investments with the Respondents. The complainants' losses will be calculated pursuant to N.D.C.C. § 10-04-17. Any funds not paid to the complainants within one year of the date those funds are collected shall revert to the General Fund for the State of North Dakota.
2. \$10,000 shall be paid to the North Dakota Securities Department, and shall be deposited into the General Fund for the State of North Dakota.


The civil penalties assessed herein are due and payable immediately upon the entry of this Order, except to the extent that a hearing has been timely requested by the respective Respondent. If a hearing is requested, the Securities Commissioner expressly reserves the authority to modify this provision and to assess civil penalties, not to exceed \$10,000 per violation, regarding the violations outlined above or any other violations subsequently discovered.

**NOTICE OF RIGHT TO REQUEST HEARING**

**YOU ARE NOTIFIED** that pursuant to N.D.C.C. § 10-04-12 you may request a hearing before the Securities Commissioner if such a request is made in writing WITHIN FIFTEEN (15) DAYS AFTER THE RECEIPT OF THIS ORDER. The respondents have the right to be represented by legal counsel at the hearing.

IN TESTIMONY WHEREOF, witness my hand and seal this 4<sup>th</sup> day of October, 2007.



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

**STATE OF NORTH DAKOTA**  
**SECURITIES DEPARTMENT**

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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 this 4<sup>th</sup> day of October, 2007, I deposited in the Central Mailing Bureau of the United States Post Office Department in the State Capitol in Bismarck, North Dakota, a true and correct copy of each of the following documents:

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

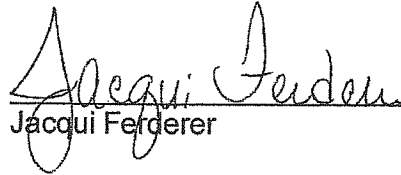
A copy of the above document was securely enclosed in an envelope with postage duly prepaid, sent via certified mail, return receipt requested, addressed to each of the following:

Ashmore Family Foundation  
Monte R. Ashmore, Trustee  
215 2<sup>nd</sup> St. NW  
Ulen, MN 56585

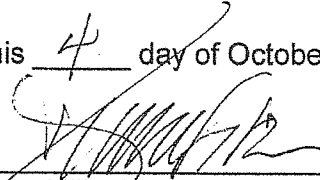
Monte R. Ashmore  
215 2<sup>nd</sup> St. NW  
Ulen, MN 56585

Flint Ashmore  
3509 Westmoor Circle  
Moorhead, MN 56560

To the best of my knowledge, information, and belief, the address given above is the actual mailing address for the party intended to be served or of the attorney representing that party.

  
Jacqui Ferderer

Subscribed and sworn to before me this 4 day of October, 2007.

  
Diane Lillis, Notary Public  
Burleigh County, North Dakota  
My commission expires 4/26/2008

