

December of 2003, Hager was also registered as an agent of Associated Financial Services, Inc., a dealer that is headquartered and registered in North Dakota.

3. On April 17, 1997, Hager was the subject of a Consent Order issued by the North Dakota Securities Department, wherein he was found to have failed to properly supervise a branch office that he was charged with supervising. Additionally, that Order found that Hager violated NASD rules. Hager was fined \$1,000 based on those violations.
4. On May 3, 1999, Hager entered into a Consent Order with the NASD wherein Hager was censured and fined \$25,000, joint and several with other persons. The Consent Order was based on multiple violations, including the sale of securities, through a private placement, without proper filings as required by NASD rules. The underlying activities took place prior to Hager's affiliation with ProEquities, Inc.
5. On or around February 24, 2004, Hager was the subject of one customer complaint, wherein a former customer alleged mismanagement of his account and violations relating to the sale of Intellisol, Inc. stock through a private securities transaction, outside of the approval of the dealer with which he was then affiliated.
6. In connection with the above-referenced complaint, ProEquities, Inc. initiated an internal inquiry, which led to the resignation of Hager as an agent of ProEquities, Inc. The firm concluded that Hager engaged in undisclosed outside business activities and received compensation based on a private securities transaction. Hager acknowledged that he had not properly disclosed an outside business relationship. Hager acknowledged that he violated the procedures of ProEquities, Inc. as well as NASD rules.

7. On March 3, 2004, Associated Financial Services, Inc. was the subject of a Consent Agreement with the North Dakota Securities Department, based on unregistered private securities transactions conducted by Hager.
8. Prior to the application of Bison Capital Management, LLC, referenced above, the Securities Department had initiated an investigation into certain activities regarding private securities transactions in Intellisol, Inc. stock and other entities that were apparently created to distribute Intellisol, Inc. stock to individual investors. The investigation of the Securities Department has revealed that, from 2000-2001:
 - a. Hager was involved in the sale of Intellisol, Inc. stock to several individuals, including some of his then-current clients.
 - b. Hager was involved in the sale of Softech Venture Group, LLC (Softech) membership units to several individuals, including many of his then-current clients.
 - c. Hager was involved in the sale of Softech Venture Group Series B, LLC (Softech B) membership units to several individuals, including many of his then-current clients.
 - d. Hager was involved in the sale of Softech Venture Group Series C, LLC (Softech C) membership units to several individuals, including many of his then-current clients.
 - e. With respect to paragraphs a-d, above, none of the securities were registered or exempt from registration, and none of the transactions were exempt transactions. With respect to paragraphs b-d, above, it has been

claimed that the securities were federal covered securities. This claim, however, is not supported by the facts of the offerings.

- f. The transactions described in paragraphs a-d, above, occurred while Hager was affiliated with ProEquities, Inc. Hager did not disclose the transactions to ProEquities, Inc. or get the approval from ProEquities, Inc. to conduct these private securities transactions.
 - g. As compensation for the transactions described in paragraph a-d, above, Hager received cash compensation in excess of \$125,000, as well as approximately 43,000 shares of Intellisol stock.
 - h. None of the entities involved in the transactions described in paragraphs a-d, above, were registered as dealers in North Dakota. Hager was not registered as an agent affiliated with any of the entities involved in these transactions, and was therefore unregistered with respect to these transactions.
9. During the course of the investigation, the Securities Department requested a written statement from Hager regarding his involvement in the events described in paragraph 7, above. This request was made, in writing, on September 13, 2004, and was requested again on September 29, 2004 and November 4, 2004. Hager has not complied with this request.

CONCLUSIONS OF LAW

1. Pursuant to Section 10-04-10(3) N.D.C.C., the Securities Commissioner may deny registration to an investment adviser applicant if the Commissioner determines that "such applicant is not of good business reputation".
2. Pursuant to Section 10-04-10(6) N.D.C.C., the Securities Commissioner may summarily postpone the approval of an investment adviser application if the Commissioner has reason to believe that there are grounds to deny the application. There are grounds for the Commissioner to determine that a person is not of good business reputation, and therefore, deny the application, if the person has engaged in any act or omission which would be sufficient grounds to revoke a registration under Section 10-04-11 N.D.C.C.
3. Pursuant to Section 10-04-11(2) N.D.C.C., it is sufficient grounds to revoke an investment adviser registration if an owner, officer or director of the entity has engaged in acts or omissions which would be sufficient grounds to revoke a dealer or investment adviser registration.
4. Pursuant to Section 10-04-11(1)(a) N.D.C.C., it is sufficient grounds to revoke a dealer or investment adviser registration if the entity has violated or failed to comply with any provisions of the Securities Act.
5. Pursuant to Section 10-04-04 N.D.C.C., no person may offer for sale or sell any security in North Dakota unless such security is registered, exempt from registration, or is properly filed as a federal covered security.
6. Pursuant to Section 10-04-10(2) N.D.C.C., it is unlawful for any person to act as a securities agent in North Dakota unless registered to do so.

7. Pursuant to Section 10-04-16.1(1)(b) N.D.C.C., the Securities Department may require any person to file a statement, in writing, as to all the facts and circumstances concerning an investigation. Failure to provide that statement, when required, is a violation of this provision.
8. Pursuant to Section 10-04-11(1)(c) N.D.C.C., it is sufficient grounds to revoke a dealer or investment adviser registration if the entity has engaged in dishonest, fraudulent, or unethical practices in the securities business.
9. Pursuant to Sections 73-02-09-02(21) N.D.A.C., it is a dishonest or unethical practice for a person to refuse to provide information requested by the Securities Department pursuant to its investigative authority.
10. Pursuant to Section 73-02-09-02(29) N.D.A.C., it is a dishonest or unethical practice for a person to fail to comply with the ethical standards and rules of a self-regulatory organization, including the NASD.
11. Pursuant to Section 10-04-11(1)(m) N.D.C.C., it is sufficient grounds to revoke a dealer or investment adviser registration if the entity has failed to reasonably supervise its employees.

APPLICATION OF FACT TO LAW

Based on the foregoing, there is sufficient reason to believe that Bison Capital Management, LLC is not of good business reputation because Bruce A. Hager, its owner and president, engaged in the following acts which would be sufficient grounds to revoke a dealer or investment adviser registration.

1. Hager violated the Securities Act by selling unregistered securities. (¶¶ 7 and 8(a-e) of Findings of Fact and ¶¶ 2-5 of Conclusions of Law).
2. Hager violated the Securities Act by selling securities while not registered as an agent with respect to the transactions. (¶ 8(a-d & h) of Findings of Fact and ¶¶ 2-4, and 6 of Conclusions of Law).
3. Hager violated the Securities Act by refusing to provide information required by the Securities Department. (¶ 9 of Findings of Fact and ¶¶ 2-4, and 7 of Conclusions of Law).
4. Hager engaged in dishonest or unethical practices by refusing to provide information required by the Securities Department. (¶ 9 of Findings of Fact and ¶¶ 2, 3, 8, and 9 of Conclusions of Law).
5. Hager engaged in dishonest or unethical practices by violating NASD rules. (¶¶ 3-6, and 8 of Findings of Fact and ¶¶ 2, 3, 8, and 10 of Conclusions of Law).
6. Hager failed to reasonably supervise a branch office that he was charged to supervise. (¶ 3 of the Findings of Fact and ¶¶ 2, 3, and 11 of the Conclusions of Law).

**SUMMARY ORDER TO POSTPONE THE INVESTMENT ADVISER
APPLICATION OF BISON CAPITAL MANAGEMENT, LLC**

Based on the findings of fact set forth above, the Commissioner hereby Orders that the investment adviser application of Bison Capital Management, LLC is postponed pending final determination of the matter regarding the Commissioner's Proposed Order to Deny the Investment Adviser Application of Bison Capital Management, LLC.

**NOTICE OF PROPOSED ORDER TO DENY THE INVESTMENT
ADVISER APPLICATION OF BISON CAPITAL MANAGEMENT, LLC**

YOU ARE HEREBY NOTIFIED THAT the North Dakota Securities Commissioner hereby proposes to issue an Order to Deny the Investment Adviser Application of Bison Capital Management, LLC. The Order that the Commissioner proposes to issue is attached hereto and incorporated herein by reference.

NOTICE OF RIGHT TO REQUEST A HEARING

YOU ARE NOTIFIED that, pursuant to Section 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 FIFTEEN (15) DAYS AFTER THE RECEIPT OF THIS ORDER. You have the right to be represented by legal counsel at the hearing.

IN TESTIMONY WHEREOF, witness my hand and seal this 26th day of

January, 2005.

(SEAL)



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

In the Matter of Bison Capital)	ORDER TO DENY THE
Management, LLC)	INVESTMENT ADVISER
)	APPLICATION OF BISON
Respondent)	CAPITAL MANAGEMENT, LLC

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After hearing or opportunity for a hearing, it has been determined that Bison Capital Management, LLC is not of good business reputation because Bruce A. Hager, its owner and president, has engaged in the following:

1. Hager violated the Securities Act by selling unregistered securities.
2. Hager violated the Securities Act by selling securities while not registered as an agent with respect to the transactions.
3. Hager violated the Securities Act by refusing to provide information required by the Securities Department.
4. Hager engaged in dishonest or unethical practices by refusing to provide information required by the Securities Department.
5. Hager engaged in dishonest or unethical practices by violating NASD rules.
6. Hager failed to reasonably supervise a branch office that he was charged to supervise.

Based on foregoing, it is hereby **ORDERED** that the investment adviser application of Bison Capital Management, LLC be denied.

IN TESTIMONY WHEREOF, witness my hand and seal this _____ day of
_____, 2005.

(SEAL)

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

In the Matter of Bison Capital)
Management, LLC)
Respondent)

AFFIDAVIT OF MAILING

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, January 26, 2005, 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:

FINDINGS OF FACT; CONCLUSIONS OF LAW; APPLICATION OF FACT TO LAW; SUMMARY ORDER TO POSTPONE THE INVESTMENT ADVISER APPLICATION OF BISON CAPITAL MANAGEMENT, LLC; NOTICE OF PROPOSED ORDER TO DENY THE INVESTMENT ADVISER APPLICATION OF BISON CAPITAL MANAGEMENT, LLC; AND NOTICE OF RIGHT TO REQUEST A HEARING

And

ORDER TO DENY THE INVESTMENT ADVISOR APPLICATION OF BISON CAPITAL MANAGEMENT, LLC
(unexecuted copy)

A copy of the above documents 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:

Jeff A. Bredahl
Bredahl, Frisk & Gompf
3431 4th Avenue S., Suite 200
Fargo, ND 58107-9706

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

Jacqui Ferderer
Jacqui Ferderer

Subscribed and sworn to before me on this 26th day of January,
2005.

Harold P. Kocher
Harold P. Kocher, Notary Public
Burleigh County, North Dakota
My commission expires 4/26/2008