

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of Capital )  
Growth Financial, LLC, )  
Respondent. )

ORDER FOR AND NOTICE  
OF CIVIL PENALTY AND  
NOTICE OF RIGHT TO  
REQUEST A HEARING

The North Dakota Securities Commissioner has conducted an investigation into the above-captioned matter and has determined as follows:

1. Respondent, Capital Growth Financial, LLC (Capital Growth), is a securities dealer headquartered in Boca Raton, Florida. Capital Growth is not currently registered as a dealer in North Dakota, and has not been registered as a dealer since September 2, 2004.
2. Capital Growth Asset Based Bridge Loan Fund II, LLC (Loan Fund) is an issuer dealer headquartered in Boca Raton, Florida. For all times relevant to this matter, the Loan Fund has had its securities properly filed pursuant Section 10-04-08.4(2) N.D.C.C.
3. Capital Growth and Loan Fund are co-located in Capital Growth's Boca Raton, Florida office. The managing member of Loan Fund is the president and an owner of Capital Growth. Upon information and belief, Loan Fund is a subsidiary or an affiliate of Capital Growth.
4. On or around December 21, 2004, Respondent, Capital Growth, sent a letter to more than ten North Dakota residents soliciting their investments in the

Loan Fund. The solicitation included a summary description of the investment opportunity.

5. Pursuant to Section 10-04-10(1) N.D.C.C., no dealer may offer for sale or sell any securities within or from this state unless it is registered as dealer with the securities department or the securities are sold through exempt transactions under section 10-04-06 N.D.C.C. The facts described above demonstrate that the Respondent engaged in more than ten violations of this provision.

6. Pursuant to Section 10-04-16 N.D.C.C., when it shall appear to the Commissioner that any person has engaged in, or is engaging in, or is about to engage in any act or practice which is declared illegal in this chapter, the Commissioner may issue any order and collect civil penalties against any person found in an administrative action to have violated any provision of the chapter in an amount not to exceed \$10,000 for each violation. The violations described above are sufficient grounds for the Commissioner to assess civil penalties against the Respondent pursuant to Section 10-04-16(1) N.D.C.C.

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

#### **ORDER FOR AND NOTICE OF CIVIL PENALTY**

**YOU ARE NOTIFIED** that the above-cited violations are sufficient grounds for the imposition of civil penalties pursuant to Section 10-04-16(1) N.D.C.C. The Securities Commissioner hereby assesses a civil penalty against the Respondent in the amount of \$5,000.



**NOTICE OF RIGHT TO REQUEST 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.

The Respondent has the right to be represented by legal counsel at the hearing.

Dated at Bismarck, North Dakota on this 10<sup>th</sup> day of February, 2005.



  
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Karen J. Tyler, Securities Commissioner  
North Dakota Securities Department  
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