

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

BEFORE THE
SECURITIES COMMISSIONER

In the Matter of Capital Management)
International, Ltd., Ronald Ratoff and)
their Officers, 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
CAPITAL MANAGEMENT INTERNATIONAL, LTD., RONALD RATOFF, AND THEIR
OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES:**

The 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 51-23 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 foreign currency options, which are commodities options as defined in §51-23-02(4) N.D.C.C., to residents of North Dakota in violation of §51-23-03 N.D.C.C.
2. The subject commodities options were not sold by exempt persons under §51-23-04; nor were they offered in exempt transactions under §51-23-05 N.D.C.C.

NOW, THEREFORE, IT IS ORDERED, pursuant to §51-23-12(1) N.D.C.C., that the Respondents immediately shall **CEASE AND DESIST** from offering for sale or selling in North Dakota the subject commodities options, or any other commodities option or contract, however denominated, except that this order does not prohibit the offer or sale of commodities options or contracts through exempt persons under §51-23-04 or through exempt transactions under §51-23-05 N.D.C.C.

NOTICE OF CIVIL PENALTIES

YOU ARE NOTIFIED that the above-cited violations are sufficient grounds for the imposition of civil penalties pursuant to §51-23-12(1) N.D.C.C. The Securities Commissioner does not order a civil penalty herein but expressly reserves the authority to assess civil penalties regarding the violations outlined above, any other violations subsequently discovered, or any future commodity options or contract sales violations or violations of this order.

NOTICE OF RIGHT TO REQUEST HEARING

YOU ARE NOTIFIED that pursuant to §51-23-20 N.D.C.C. you may request a hearing before the Securities Commissioner if such a request is made in writing WITHIN THIRTY BUSINESS DAYS FROM THE ENTRY 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 24th day of July 1998.



Harold P. Kocher

Harold P. Kocher, Chief Examiner
Office of Securities Commissioner
State Capitol – Fifth Floor
600 East Boulevard Ave.
Bismarck, ND 58505-0510
(701) 328-2910

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SUBPOENA DUCES TECUM

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TO: CAPITAL MANAGEMENT INTERNATIONAL, LTD.

SUBPOENA DUCES TECUM

Pursuant to the authority of the Securities Commissioner under §51-23-11 N.D.C.C. and Rule 45 of the North Dakota Rules of Civil Procedure, you are hereby ordered to provide the following documents and records to the Office of the Securities Commissioner on or before August 17, 1998. If you claim a privilege for any of the materials requested in this Subpoena, list the document or documents which you believe are privileged, and state the specific privilege. If you claim that any request is unclear or burdensome, provide the materials which you believe can be fairly requested and state in specific detail the reason why you believe any other relevant materials in your possession should not be included in your response to this request.

1. Provide the name, address and telephone number of each North Dakota resident to whom investments were offered and/or sold by Capital Management International, Ltd. For each North Dakota resident who was offered and/or sold any investment by Capital Management International, Ltd., provide the name of the individual who solicited the investment. For any sales, provide the amount of the investment made, the date of the investment, and the amount of return, if any, that the investor has received on the investment.
2. Provide copies of all trade confirmations, account statements, documents of correspondence, notes, or other documents regarding client conversations and telephone recordings of conversations between Capital Management International, Ltd., and North Dakota residents.

You may object to this subpoena by mailing or delivering a written objection, stating your valid reason to the Matthew Bahrenburg, Office of the Securities Commissioner, State Capitol—Fifth Floor, 600 East Boulevard Ave., Bismarck, ND 58505-0510. Any objection must be received within 10 days after you receive the subpoena. If the time specified in the subpoena for compliance is less than 10 days, any objection must be received at least 24 hours before the time specified for compliance.

If you make a timely objection, you do not need to comply with this subpoena unless the court orders otherwise. You will be notified if the party serving the subpoena seeks a court order compelling compliance with this subpoena. You will then have the opportunity to contest enforcement.

Failure to obey this subpoena, without making a timely objection, and stating a valid reason, may be contempt of court.

This subpoena is authorized and enforced by the Authority of the North Dakota Securities Commissioner and is effective as indicated by the Commissioner's signature and seal below. Failure to respond to this Subpoena is a violation of North Dakota law and this subpoena can be enforced by court action.

Subscribed by my hand and seal this 24th day of July 1998.



Harold P. Kocher
Harold Kocher, Chief Examiner
Office of Securities Commissioner
600 East Boulevard Ave.
State Capitol – Fifth Floor
Bismarck, ND 58505-0510
(701) 328-2910

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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, Friday, July 24, 1998 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 documents:

**CEASE AND DESIST ORDER,
NOTICE OF CIVIL PENALTY AND
NOTICE OF RIGHT TO REQUEST A HEARING,
AND SUBPOENA DUCES TECUM.**

Copies of the above documents were securely enclosed in an envelope with postage duly prepaid, sent via certified mail, return receipt requested, and addressed to:

CAPITAL MANAGEMENT INTERNATIONAL, LTD
4875 N FEDERAL HWY, STE 200
FORT LAUDERDALE, FL 33308

RONALD RATOFF
c/o CAPITAL MANAGEMENT INTERNATIONAL, LTD
4875 N FEDERAL HWY, STE 200
FORT LAUDERDALE, FL 33308

To the best of my knowledge, information, and belief, the addresses given above are the actual post office addresses of the parties intended to be served.

Jacqui Ferderer
Jacqui Ferderer

Subscribed and sworn to before me on July 24, 1998.

Matthew Bahrenburg
Matthew Bahrenburg, Notary Public
Burleigh County, North Dakota
My commission expires 04/26/2002