

STATE OF NORTH DAKOTA

SECURITIES DEPARTMENT

In the Matter of David A. Skjerven and)	CEASE AND DESIST ORDER, NOTICE OF CIVIL PENALTY, AND NOTICE OF RIGHT TO REQUEST A HEARING
Skjerven Financial Services,)	
)	
Respondents.)	

.....

**THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA TO
DAVID A. SKJERVEN AND SKJERVEN FINANCIAL SERVICES.**

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. The Respondents have offered for sale and/or sold notes, which are securities as defined in N.D.C.C. §10-04-02(19), to several residents of North Dakota.
2. The subject securities 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. All offers and/or sales of the subject investment were made in apparent violation of N.D.C.C. § 10-04-04.

3. The Respondent, Skjerven Financial Services, was not registered as a broker-dealer with the Securities Department, in apparent violation of N.D.C.C. § 10-04-10(1).
4. The Respondent, David A. Skjerven, was not registered as an agent with the Securities Department while some of the transactions were conducted, in apparent violation of N.D.C.C. § 10-04-10(2). Respondent, Skjervēn, is not currently registered as an agent with the Securities Department.
5. The Respondents have offered and sold the above-referenced securities by use of material misrepresentations and/or omissions, have engaged in a scheme or artifice to defraud investors and/or have otherwise engaged in fraudulent or deceptive practices in violation of N.D.C.C. § 10-04-15.
6. Based on a complaint from a North Dakota resident, and the information developed from the investigation related thereto, the Securities Department issued a Consent Order against the Respondent, Skjerven, on February 15, 2005 in connection with the sale of an unregistered note in North Dakota. This Consent Order Ordered the Respondent, Skjerven, in relevant part, as follows:

“Respondent shall not offer for sale and/or sell any security in North Dakota unless that security is registered or exempt from registration under Chapter 10-04 N.D.C.C.”

“Respondent shall not transact any securities business with any person in North Dakota unless he is registered as an agent or is properly exempt from registration under Chapter 10-04 N.D.C.C.”

Many of the transactions described in this Order were conducted in violation of these provisions of the Consent Order dated February 15, 2005.

CEASE AND DESIST ORDER

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 Commissioner 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.
4. From engaging in any violations of the North Dakota Securities Act (N.D.C.C. Ch. 10-04).
5. From violating any provisions of the Consent Order issued by the North Dakota Securities Department against the Respondent, David A. Skjerven, on February 15, 2005.

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). The Securities Commissioner does not herein assess a civil penalty, but the Commissioner expressly reserves the authority to assess civil penalties, not to exceed \$10,000 per violation, regarding the violations outlined above, any other violations subsequently discovered, or any future securities violations or violations of this order.

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 31 day of

August, 2006.





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 David A. Skjerven and)	
Skjerven Financial Services,)	AFFIDAVIT OF SERVICE
)	BY MAIL
Respondents.)	

.....

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 1st day of September, 2006, 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:

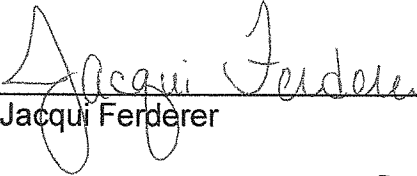
**CEASE AND DESIST ORDER, NOTICE OF CIVIL PENALTY,
AND NOTICE OF RIGHT TO REQUEST A HEARING**

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:

David A. Skjerven
Skjerven Financial Services
818 Main Ave, Suite 5
Fargo, ND 58103


David A. Skjerven
360 Red Butte Drive
Sedona, AZ 86351-7772

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.



Jacquie Ferderer

Subscribed and sworn to before me this 1st day of September, 2006.



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

