

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of Dirk P. Hausauer)

)

CONSENT ORDER

Respondent)

)

.....

The North Dakota Securities Commissioner has conducted an investigation into the above-captioned matter and has determined that Dirk P. Hausauer, the respondent, has engaged in violations of the North Dakota Securities Act as set forth below. The Commissioner has commenced formal action pursuant to North Dakota Century Code Chapter 10-04 and has further determined that the violations described below are sufficient for the Commissioner to assess civil penalties against the respondent. The Commissioner has further determined as follows:

1. Linsco Private Ledger Financial Services, Inc. ("Linsco") is a broker/dealer firm which is headquartered at 155 Federal Street, 14th Floor, Boston Massachusetts 02110. Linsco (CRD # 6413) is, and for all times relevant to this matter, has been registered as a securities dealer in the state of North Dakota.
2. Dirk P. Hausauer ("Hausauer") is a person who, for all times relevant to this matter, was a securities agent employed by Linsco. While employed at Linsco, Hausauer was the manager of Linsco's Bismarck office. For all times relevant to this matter, Hausauer was registered as a securities agent in the state of North Dakota and was properly registered to be the manager of the office that he managed.
3. From 1994 to 1998, Hausauer conducted in excess of 417 unauthorized securities transactions in the accounts of his clients. These transactions were made in violation of N.D.C.C. §10-04-15.

4. From 1994 to 1998, Hausauer conducted 338 trades in the accounts of his clients which appear excessive in light of the clients' objectives and risk temperaments, and which were executed for the sole apparent purpose of generating commissions for Hausauer, and not for the benefit of the clients. These transactions were made in violation of N.D.C.C. §10-04-15.

5. In the aggregate, Hausauer engaged in more than 750 violations of the North Dakota Securities Laws, including unauthorized and excessive trading activities in violation of N.D.C.C. §10-04-15.

6. On March 17, 2000, the Commissioner entered into a Consent Agreement and Undertaking with Linsco which required them to repay \$200,000 to several of Hausauer's clients, based on Hausauer's violations as set forth above. The Consent Agreement included a payment of \$25,000 to the Securities Protection Fund. Linsco is not subject to any further action by the Commissioner regarding this matter, and is not a party to this Consent Order.

7. Pursuant to N.D.C.C. §10-04-16, 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, in his discretion, 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.

8. The violations described above are sufficient grounds for the Commissioner to assess civil penalties against respondent pursuant to N.D.C.C. §10-04-16.

9. Hausauer acknowledges that he does not have extensive financial resources and he states that he would be unable to pay even a small civil penalty assessed by the Commissioner.

10. The following Order is necessary and appropriate in the public interest.

NOW, THEREFORE, IT IS ORDERED, THAT:

1. Respondent shall not transact any securities business with any person in North Dakota respondent is registered as an agent, and conducting business through a registered broker/dealer, or properly exempted under N.D.C.C. Ch. 10-04.

2. Respondent shall pay a civil penalty of \$300,000 to the Office of the Securities Commissioner pursuant to N.D.C.C. §10-04-16. The civil penalty is suspended and shall not be required to be paid if the following conditions are met.

a. Hausauer shall not engage in any violations of the securities laws in this state or in any other jurisdiction for a period of ten (10) years from the date of this order.

b. Hausauer shall not work in the securities business in North Dakota, nor shall he apply to be registered in any capacity with the Commissioner for a period of ten (10) years from the date of this order.

c. Hausauer shall perform twenty-five hundred (2500) hours of community service over the next eight years. The Community Service shall be performed in the following ways:

i. At Least two thousand (2000) hours of general community service to be completed in eight (8) years, with at least two hundred (200) hours to be completed in any given year, and with the full two thousand (2000) hours to be completed by the end of the eight years. This community service shall not include service with nursing homes or retirement homes, and shall not involve working in any financial or bookkeeping capacity for any organization. The service under this paragraph will be assigned and catalogued by South Central Dakota

Community Service & Restitution Program, and all costs associated with that service shall be born by Hausauer.

ii. Up to five hundred (500) hours of this requirement shall be public speaking engagements, assigned by the Commissioner, to educate the public about the securities industry, fraud in the securities industry, and other topics as directed by the Commissioner. Hausauer shall not be required to engage in more than sixty-two and one half (62½) hours each year, until the entire five hundred (500) hours is completed within eight years. Such time shall include performing speaking engagements, reasonable preparation time, travel time, and any other time the Commissioner shall approve. All expenses associated with completion of these tasks shall be born by Hausauer. The Commissioner shall arrange all engagements and shall approve the subject and content of the speech prior to the engagement. To the extent that the Commissioner has not assigned, and that Hausauer has not engaged in, speaking engagements in any given year, the balance shall be completed in other public service according to the terms of and in addition to the public service required in sub-paragraph i, above.

d. During the term of the community service as discussed above, Hausauer shall be restricted from engaging in any outside business activities, including product sales, service sales, consulting or advising, or soliciting donations, with any persons who he met through the public service, whether the person is or has been an employee or a volunteer with the service organization, or if the person is or has been receiving services from the organization. Additionally, Hausauer shall be restricted from borrowing money from any persons who he

met through the public service, whether the person is or has been an employee or a volunteer with the service organization, or if the person is or has been receiving services from the organization.

3. This Order shall be effective upon signature of the Commissioner.

Signed and Sealed this 21st day of February, 2001.



Syver Vinje
Syver Vinje, Securities Commissioner
Office of the Securities Commissioner
State Capitol-5th Floor
600 East Boulevard Ave.
Bismarck, ND 58505-0510
(701) 328-2910

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of Dirk P. Hausauer,)
)
 Respondent)

**CONSENT TO ENTRY
OF ORDER**

.....

I, Dirk P. Hausauer, the undersigned, state that I have read the foregoing Consent Order and that I know and fully understand its contents and effects. I do hereby admit to engaging in all of the acts outlined above, and I further state that I execute this Consent to Entry of Order willingly and in my personal capacity. I acknowledge that I have waived my rights to a hearing with respect to this matter, and that I consent to entry of the Consent Order by the Securities Commissioner.

It is further expressly understood that the Consent Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either expressed or implied.

Dated this 16th day of February, 2001.

Dirk P. Hausauer
Dirk P. Hausauer
2007 St. Joseph Drive
Bismarck, ND 58501