

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of Engine Electronics, Inc.)

Respondent)

CONSENT ORDER

.....
The North Dakota Securities Commissioner has advised the Respondent, Engine Electronics, Inc., that the Commissioner is prepared to commence formal action pursuant to North Dakota Century Code Chapter 10-04 and has determined as follows:

1. During 2001 and 2002, Respondent placed an advertisement in a general publication magazine, some of which were delivered into North Dakota. The purpose of the advertisement was to sell promissory notes issued by the respondent. At least one resident of North Dakota responded to the advertisement and respondent provided that North Dakota resident with a packet of materials soliciting an investment in the notes.

2. The notes are securities as defined by North Dakota law, and were not registered as securities, nor were they exempt securities or offered through exempt transactions under the Securities Act. Additionally, neither respondent nor any of its employees or agents was registered as a dealer or agent under the Securities Act.

3. Pursuant to section 10-04-04 N.D.C.C., no person may offer or sell any security within or from this state unless the security is registered, is an exempt security under section 10-04-05 N.D.C.C., is offered through an exempt transaction under section 10-04-06 N.D.C.C., or is a federal covered security.

4. Pursuant to section 10-04-10 N.D.C.C., no person may offer for sale or sell any security within or from this state unless registered as a dealer or an agent in North Dakota, unless the securities are offered through an exempt transaction under section 10-04-06 N.D.C.C.

5. 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.

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

7. Respondent acknowledges its right to a hearing on this matter and waives this right to a hearing and to present arguments to the Commissioner.

8. Respondent agrees to resolve this matter with the Securities Commissioner by this Consent Order, and this is evidenced by the signature below.

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

NOW, THEREFORE, IT IS ORDERED, THAT:

1. Respondent, Engine Electronics, shall not offer or sell any security within or from this state unless the security is registered or exempt from registration pursuant to section 10-04-04 N.D.C.C.

2. Respondent, Engine Electronics, Inc., shall not offer or sell any security within or from this state unless respondents are registered as required by section 10-04-10 N.D.C.C., unless the transactions are exempt pursuant to section 10-04-06 N.D.C.C.

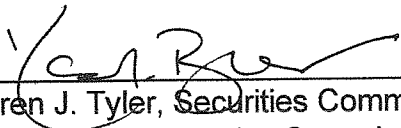
3. Respondent shall not advertise any securities in a generally circulated magazine without the caption, "Not Available in North Dakota", "Not Available in Some States", or a comparable disclaimer, unless the securities are registered or exempt from registration and the salesmen are registered as required by section 10-04-10 N.D.C.C., unless the transactions are exempt pursuant to section 10-04-06 N.D.C.C. Any advertisements published in a generally circulated magazine with a proper disclaimer shall not, taken alone, be viewed as sufficient grounds to determine a violation of paragraph 1 of this Order.

4. Respondent, Engine Electronics, Inc., shall pay a civil penalty of \$500 to the Office of the Securities Commissioner pursuant to section 10-04-16 N.D.C.C.

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

Signed and Sealed this 2nd day of April, 2002.




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

Signed this 27th day of March, 2002.

Engine Electronics, Inc.
196 University Parkway
Pamona, CA 91768

By: *Luis K. Phil*
Its: President

Subscribed and Sworn before me this 27 day of March, 2002.

Robert J. Rust

(Notary Seal)

Print name: ROBERT J. RUST
Notary Public, My Commission expires: 6-3-05
State: CALIFORNIA County: LOS ANGELES

