

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of Fred Wayne)
Keiser, Jr.)
Respondent.)

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
FRED WAYNE KEISER, JR.:**

The North Dakota Securities Commissioner has a reasonable basis to believe that the Respondent has engaged in, is engaging in, or is 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 Respondent.

1. The Respondent has offered for sale and/or sold investment(s) in Preferred Trust and Management, LTD. to at least one resident of North Dakota in violation of §10-04-04 N.D.C.C. The subject investment(s) are securities as defined in §10-04-02(15) N.D.C.C.
2. The subject investment(s) have not been registered with the Securities Commissioner 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.
3. Preferred Trust and Management, LTD was not registered as a dealer, nor was the Respondent registered as an agent. As such, each transaction was made in violation of N.D.C.C. §10-04-10.

4. The program is a scheme or artifice to defraud investors, and each offer and each sale was made in violation of N.D.C.C. §10-04-15.

NOW, THEREFORE, IT IS ORDERED, pursuant to N.D.C.C. §10-04-16, that the Respondent shall immediately **CEASE AND DESIST**:

1. From offering for sale or selling in North Dakota the subject investment, or any other investment interest however denominated, unless and until such investment interests have been registered with the Securities Commissioner.
2. From offering for sale or selling investments in North Dakota unless and until they have registered with the Securities Commissioner as dealers or agents.
3. From engaging in any scheme or artifice to defraud investors or engaging in any other fraudulent act, as that term is used in N.D.C.C. §10-04-15.

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 dealers and agents from offering or selling exempt securities under N.D.C.C. §10-04-05.

YOU ARE NOTIFIED that any willful violation of this order is a Class B Felony pursuant to §10-04-18(1) N.D.C.C. Pursuant to §12.1-32-01 N.D.C.C., a Class B Felony is punishable by a \$10,000 fine and 10 years' imprisonment.

NOTICE OF CIVIL PENALTIES

YOU ARE NOTIFIED that the above-cited violations are sufficient grounds for the imposition of civil penalties pursuant to §10-04-16(1) N.D.C.C. 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 TEN (10) DAYS AFTER THE RECEIPT 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 Fourth day of January, 2000.



Matthew Bahrenburg, Attorney for the
Office of the Securities Commissioner

Signed pursuant to the authority of

Syver Vinje, Securities Commissioner
Office of the Securities Commissioner
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State Capitol – Fifth Floor
Bismarck, ND 58505-0510
(701) 328-2910