

STATE OF NORTH DAKOTA  
COUNTY OF BURLEIGH

BEFORE THE  
SECURITIES COMMISSIONER

11015764

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In the Matter of Friends N Freedom, )  
LaVerne Zenker, Kay Zenker, and their )  
Officers, Directors, Agents and )  
Employees, )  
Respondents. )

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

.....  
**THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA TO  
FRIENDS N FREEDOM, LAVERNE ZENKER, KAY ZENKER 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 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 Respondents have offered for sale and/or sold investments to residents of North Dakota in violation of §10-04-04 N.D.C.C. The subject investments are securities as defined in §10-04-02(13) N.D.C.C.
2. The subject investments have not been registered with the Securities Commissioner under §10-04-07; §10-04-07.1; §10-04-08; or §10-04-08.1 N.D.C.C.; are not exempt securities under §10-04-05 N.D.C.C; and have not been offered for sale or sold in exempt transactions under §10-04-06 N.D.C.C.
3. The Respondents have not registered as a securities salesman in violation of §10-04-10(2) N.D.C.C.
4. The Respondents have engaged in a scheme or artifice to defraud investors and potential investors through the investment scheme, in violation of §10-04-15 N.D.C.C.

**NOW, THEREFORE, IT IS ORDERED**, pursuant to §10-04-16 N.D.C.C., that the Respondents 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 salesmen.
3. From engaging in any scheme or artifice to defraud investors, or otherwise engaging in a fraudulent or deceptive act while offering for sale or selling securities or investments in North Dakota or to North Dakota residents.

This order does not prohibit the offer or sale of securities through exempt securities transactions under §10-04-06 N.D.C.C., nor does it prohibit registered dealers and sales agents from offering or selling exempt securities under §10-04-05 N.D.C.C.

**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 herein assess a **civil penalty of \$10,000**, and expressly reserves the authority to assess additional 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 §10-04-12 N.D.C.C. 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 3<sup>rd</sup> day of  
September, 1999.



*Syver Vinje*

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

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AFFIDAVIT OF SERVICE  
BY MAIL

I, Harold P. Kocher, 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, September 3rd, 1999, 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 document:

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

A copy of the above document was securely enclosed in an envelope with postage prepaid, sent via Certified U. S. mail, return receipt requested, and addressed to each of the following:

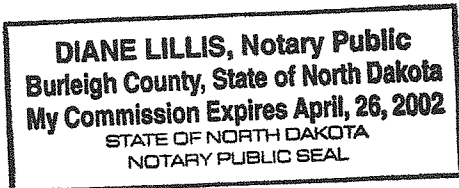
LaVerne and Kay Zenker  
HCR 02, Box 30  
Regent, ND 58650

Friends N Freedom  
c/o LaVerne and Kay Zenker  
HCR 02, Box 30  
Regent, ND 58650

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

Harold P. Kocher  
Harold P. Kocher

Subscribed and sworn to before me on September 3rd, 1999.



Diane Lillis  
Diane Lillis, Notary Public  
Burleigh County, North Dakota  
My commission expires 4/26/2002