

JUN 23 2011

STATE OF NORTH DAKOTA
SECURITIES DEPARTMENT

SERVED
Deputy Sheriff
W. Murray

In the Matter of Gibraltar Partners, Inc.,)
a New York corporation, and Anthony)
John Johnson,)
Respondents.)

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

SHERIFF'S RETURN
CITY OF NEW YORK
KINGS COUNTY

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THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA

TO: GIBRALTAR PARTNERS, INC., a New York corporation, and ANTHONY JOHN
JOHNSON, RESPONDENTS.

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. Respondent, Gibraltar Partners, Inc., (hereinafter, "Gibraltar") is a New York corporation operated and controlled by Respondent, Anthony John Johnson, (hereinafter, "Johnson") with its principal place of business at Penthouse C, 1 Astor Place, New York, New York. Gibraltar is not now and has never been registered as an issuer-dealer or broker-dealer in North Dakota.
2. Respondent, Anthony John Johnson, is believed to be a resident of New York, and is not now and has never been registered as an agent with the North Dakota Securities Department.

3. On or about March 21, 2011, Respondents engaged in the offer for sale and sale of a promissory note for value to at least one North Dakota resident, in Harvey, North Dakota. Said promissory note was a "security" as defined in N.D.C.C. § 10-04-02(19).
4. The securities transaction referenced above involved a total investment of \$102,000 to bear interest at the rate of 18%-20% over a ninety day period and was to be secured by an assignment in Gibraltar's purported interest in Permapave USA, Inc and insurance.
5. The promissory note offered for sale and sold by the Respondents has 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; is not an exempt security under N.D.C.C. § 10-04-05; and has not been offered for sale or sold in an exempt transaction under N.D.C.C. § 10-04-06; and is not a federal covered security or has not been properly filed as a federal covered security under N.D.C.C. § 10-04-08.4. The offer and sale of the subject investment was made in violation of N.D.C.C. § 10-04-04 and Respondents engaged in one violation of N.D.C.C. § 10-04-04.
6. The transaction referenced above was conducted at a time when Gibraltar was not registered as an issuer-dealer or broker-dealer with the Securities Department. Respondent Gibraltar engaged in one violation of N.D.C.C. § 10-04-10(1).
7. Respondent Johnson was not registered as an agent with the Securities Department at the times of this transaction. Respondent Johnson engaged in one violation of N.D.C.C. 10-04-10(2).

8. Respondents, Gibraltar and Johnson, in the offer for sale and sale of the promissory note described herein, directly and indirectly employed devices, schemes and artifices to defraud the purchaser of the security, and made untrue statements and omissions of material fact in that the entire amount of the investment was at risk of loss, Respondents failed to disclose that they were not registered to sell securities in this state, and Respondents failed to disclose that Johnson was at the time of the sale the subject of criminal charges in *United States v. Anthony John Johnson, et al.*, Case No. 07-CR-854, in the United States District Court, Eastern District of New York, awaiting sentencing for securities fraud and conspiracy. Therefore, Respondents, Gibraltar and Johnson, engaged in fraudulent practices in violation of N.D.C.C. § 10-04-15(2).
9. Pursuant to N.D.C.C. § 10-04-16(1), the Securities Commissioner has the authority to Order that a person Cease and Desist from violations of the Securities Act, to rescind transactions made in violations of the Securities Act, and to assess civil penalties in an amount not to exceed \$10,000 for each violation of the Securities Act or a total of \$40,000 based on the violations described above. The violations described above are sufficient grounds for the Commissioner to assess civil penalties against the Respondents pursuant to N.D.C.C. § 10-04-16(1).
10. This Order is issued in the public interest, and for the protection of investors.

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 Department as issuer-dealers, 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.

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 a registered broker-dealer or agent 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 PENALTY

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). Respondents, Gibraltar and Johnson, are hereby assessed, and shall pay a civil penalty of \$40,000 to the North Dakota Securities Department based on the violations discussed above. The civil penalty assessed under this paragraph is joint and several, and shall be deposited as follows:

1. \$40,000 shall be deposited into the North Dakota Investor Restitution Fund (Fund # 262), for the purpose of reimbursing the complainant for losses incurred as a result of the investment with the Respondents. The complainant's losses will be calculated pursuant to N.D.C.C. § 10-04-17. Any funds not paid to the complainant within one year of the date those funds are collected shall revert to the General Fund for the State of North Dakota pursuant to statute.

The civil penalty assessed herein is due and payable immediately upon the entry of this Order, except to the extent that a hearing has been timely requested by the respective Respondent. If a hearing is requested, the Securities Commissioner expressly reserves the authority to modify this provision and to assess civil penalties, not to exceed \$10,000 per violation, regarding the violations outlined above or any other violations subsequently discovered.

ORDER FOR RESCISSION


The Securities Commissioner further Orders that the Respondents shall make rescission for the full amount paid for the securities described above, plus interest at the statutory rate, and any attorneys fees reasonably attributed to the investor's attempt to recover hereunder, pursuant to the provisions of N.D.C.C. §§ 10-04-16(1) and 10-04-17.

NOTICE OF RIGHT TO REQUEST A 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 12 day of May, 2011.





Karen J. Tyler, Securities Commissioner
North Dakota Securities Department
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