

REVIEWED BY:

400004-22897

STATE OF NORTH DAKOTA  
COUNTY OF BURLEIGH

BEFORE THE  
SECURITIES COMMISSIONER

JUN 10 1997

CONSENT ORDER  
SECURITIES DEPARTMENT

In the Matter of )  
Investment Management and )  
Research, Inc. and David Rothchild )  
Respondents. )

The North Dakota Securities Commissioner has advised the Respondents that the Commissioner is prepared to commence formal action pursuant to North Dakota Century Code Chapter 10-04 and has reasonable grounds to believe that:

1. Respondents offered investments in Royal Crown Corporation bonds to residents of North Dakota while said investments were not registered or exempted under North Dakota law. Respondents claim that the bonds were exempted under NDCC §10-04-06(8) by virtue of the fact that its parent corporation (Triarc Companies, Inc.) is listed in a qualified manual and exempted under NDCC §10-04-06(8). The Commissioner and the Respondents disagree about the applicability of this exemption, but agree to resolve this matter informally.
2. Pursuant to NDCC §10-04-16, if it appears to the Commissioner that any person has engaged in, or is engaging in, or is about to engage in any act or practice or transaction which is prohibited Ch. 10-04 N.D.C.C., the Commissioner may issue any order which the Commissioner deems necessary or appropriate in the public interest or for the protection of investors. If a person is found, after a hearing or an opportunity for hearing, to have violated any provision of Ch. 10-04 N.D.C.C., or any regulation, rule, or order adopted or issued under Ch. 10-04 N.D.C.C., the Commissioner may collect civil penalties in an amount not to exceed \$10,000 for each violation.
3. The alleged violations described above constitute sufficient grounds for the imposition of civil penalties under Ch. 10-04 N.D.C.C.
4. Respondents waive their right to a hearing in this matter and to present arguments to the Commissioner.
5. Respondents acknowledge their right to be represented by legal counsel throughout this proceeding, and have agreed to an informal disposition of this matter, without a hearing.
6. The following Order is necessary and appropriate in the public interest.

**NOW, THEREFORE, IT IS ORDERED, THAT:**

1. Respondents shall not make any offers or sales of Royal Crown Corporation bonds to residents of North Dakota until such time as the bonds are registered or exempted under North Dakota law. Respondents agree not to sell Royal Crown Corporation bonds to North Dakota residents pursuant to the exemption under NDCC § 10-04-06(8).
2. Respondents are ordered to offer to refund the money paid for the investments in Royal Crown Corporation bonds plus interest at the listed interest rate on the bond to all North Dakota residents who purchased investments in the bonds from respondents from January 1, 1992 to the present in exchange for said bonds less the income received on the bonds.
3. Respondents shall pay a civil penalty of \$2,000 to the Office of the Securities Commissioner pursuant to § 10-04-16 N.D.C.C.
4. This Order shall be effective upon signature of the Commissioner.

Dated at Bismarck, North Dakota, on ~~May~~ <sup>July</sup> 21, 1997.



Cal Hoovestol  
CAL HOOVESTOL  
SECURITIES COMMISSIONER  
State Capitol-5th Floor  
Bismarck, ND 58505-0510  
(701) 328-2910

STATE OF NORTH DAKOTA  
COUNTY OF BURLEIGH

BEFORE THE  
SECURITIES COMMISSIONER

In the Matter of )  
Investment Management and )  
Research, Inc. and David Rothchild ) **CONSENT TO ENTRY OF ORDER**  
 )  
Respondents. )

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The undersigned, acting on behalf of the Respondents, states that he/she has read the foregoing Consent Order; that he/she knows and fully understands its contents and effects; that he/she is authorized to execute this Consent to Entry of Order on behalf of the Respondents; that Respondents have waived their rights to a hearing with respect to this matter; and that Respondents consent to entry of the Consent Order by the Securities Commissioner without admitting or denying the findings of fact and conclusions of law contained herein. 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 16 day of June, 1997.

Investment Management and Research,  
Inc.

By: Michael J. Di Girolamo  
(Type or Print Name)

Signed: *Michael J. Di Girolamo*  
Capacity: Vice President - Compl

Subscribed and sworn to before me on <sup>June</sup>~~May~~ 16, 1997.

*Mary E. Haas*  
Notary Public

My commission expires:

