

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of Jeffrey Toft, )  
 )  
 Respondent )

**UNDERTAKING AND  
AGREEMENT**

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I. INVESTIGATION

The North Dakota Securities Commissioner ("Commissioner") has conducted an investigation into the above-captioned matter, has advised the respondent, Jeffrey Toft, that the Commissioner is prepared to commence formal action pursuant to North Dakota Century Code Chapter 10-04 and believes that the Securities Department has gathered facts sufficient to determine as follows:

1. The respondent, Jeffrey Toft, is an insurance agent registered to sell insurance products in North Dakota. Mr. Toft is not now and has never been registered as a securities agent in North Dakota.
2. During 2000, Mr. Toft sold a fixed annuity policy to a North Dakota resident. In selling this fixed annuity, Mr. Toft suggested that the North Dakota resident investor's securities holdings could fund the annuity.
3. Regarding the liquidation of securities, as described above, Mr. Toft suggested that these transactions could be conducted through Williams Financial Group, Inc., (WFG) a Texas based securities dealer registered in North Dakota, and its North Dakota registered agent, Sidney Mondschein. Mr. Toft provided his insurance client with forms necessary to establish an account at WFG, to transfer their existing securities holdings to WFG, to liquidate their securities holdings, and to transfer the assets to the insurance company through which Mr. Toft sold

annuity products. Mr. Toft assisted his clients in filling out these forms, which were created by WFG and/or Mr. Mondschein for the purposes of distribution to clients of insurance agents. Mr. Toft asserts that he was following the procedures established by Williams Financial Group, and that he believed those procedures were designed to comply with the North Dakota Securities Act.

4. Under the facts set forth above, the Commissioner has determined that the respondent was acting as an agent for WFG and engaged in one securities transaction in the account of one North Dakota resident while he was not properly registered as an agent, as required by Section 10-04-10 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.

## II. UNDERTAKING AND AGREEMENT

1. Respondent denies that he engaged in any act or practice in violation of Section 10-04-10, N.D.C.C.

2. Notwithstanding the above, the Commissioner and Respondent have reached an agreement to resolve the pending dispute. Respondent hereby undertakes and agrees that:

- a. Respondent shall not engage in the business of selling securities in North Dakota (other than in exempt transactions pursuant to Section 10-04-06,

N.D.C.C.), unless or until he is registered as a securities agent and properly affiliated with a registered dealer.

b. Respondent shall not transact any securities business with any person in North Dakota or otherwise recommend that any person in North Dakota purchase or sell any securities (other than in exempt transactions pursuant to Section 10-04-06, N.D.C.C.), unless and until Respondent has become registered to sell securities in North Dakota.

c. Unless registered as a securities agent in North Dakota, Respondent shall not engage in any activities in North Dakota that could be construed as referring an insurance client to a securities dealer unless such activities are strictly limited to providing a business card to the client. Respondent is specifically precluded from providing any dealer account forms to a client, assisting a client with completing any dealer account forms, or submitting any such forms to a dealer.

3. Nothing contained in this Undertaking and Agreement shall constitute an admission of wrongdoing by Respondent. This Undertaking and Agreement is being tendered by Respondent solely for the purpose of resolving the matter now pending before the Commissioner, and does not constitute evidence or an admission regarding the existence or non-existence of any issue, fact, or violation of any law. However, the Respondent understands that a violation of any provision imposing an affirmative duty upon him pursuant to the terms of this Undertaking and Agreement shall constitute a basis for disciplinary proceedings against him pursuant to the Securities Act.

Signed and Sealed this 1<sup>st</sup> day of June, 2004.

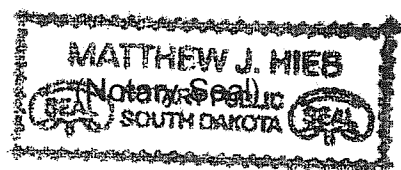


[Signature]  
Karen J. Tyler, Securities Commissioner  
Office of the Securities Commissioner  
State Capitol-5th Floor  
600 East Boulevard Ave.  
Bismarck, ND 58505-0510  
(701) 328-2910

Dated this 21<sup>st</sup> day of May, 2004.

[Signature]  
Jeffrey Tott  
409 N. Dewberry Ave.  
Sioux Falls, SD 57110-2201

Subscribed and Sworn before me this 21<sup>st</sup> day of May, 2004.



[Signature]  
Notary Public  
State: South Dakota County: Minnehaha  
My Commission Expires: April 17 2009