

**STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH**

**BEFORE THE
SECURITIES COMMISSIONER**

In the matter of)
Norfolk Securities Corp.) **PROPOSED ORDER**
40 Broad Street, 25th Floor) **DENYING REGISTRATION**
New York, NY 10004;)
and their Officers, Directors, Agents,)
and Employees;)
Respondents)

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WHEREAS, Norfolk Securities Corp. filed an application to register as a dealer in North Dakota on December 8, 1994, pursuant to § 10-04-10 N.D.C.C.; and

WHEREAS, information obtained by the North Dakota Office of the Securities Commissioner during a review of Respondent's application demonstrated that while the application was pending and before the application was granted:

1. Respondent has solicited the sale of investments from North Dakota residents;
2. Respondent purchased stock on behalf on North Dakota residents without their permission to do so;
3. an inquiry letter was sent to Respondent on March 18, 1996 requesting further information regarding the above solicitations and sales;
4. the inquiry letter indicated a response was required within fourteen days from receipt of the letter;
5. the Office of the Securities Commissioner received verification that Respondent received the letter via certified mail on March 21, 1996;
6. more than fourteen days have elapsed since Respondent has received the letter;
7. the Office of the Securities Commissioner has not received a response from Respondent;
8. a Cease and Desist Order was issued against Norfolk Securities Corp.; Ron O. Hosang; Tarji Jones; and their Officers, Directors, Agents and Employees on March 22, 1996, for violations of Ch. 10-04 N.D.C.C.;

9. Respondent had an opportunity to request a hearing on the Order within fourteen days from receipt of the Order;

10. the Office of the Securities Commissioner received verification that Respondent received the Order via certified mail on March 26, 1996;

11. more than fourteen days have elapsed since Respondent has received the Order; and

12. the Office of the Securities Commissioner has not received a request for hearing on the Order from Respondent.

THEREFORE, The Securities Commissioner alleges that:

1. Respondent engaged in securities transactions in North Dakota as an unregistered dealer in violation of § 10-04-10 N.D.C.C.;

2. Respondent engaged in securities transactions in North Dakota as unregistered salesmen in violation of § 10-04-10 N.D.C.C.;

3. Respondent failed to properly supervise its salesmen in violation of § 27, Article III of the National Association of Securities Dealers Rules of Fair Practice;

4. Respondent continued to violate § 10-04-10 N.D.C.C. by transacting securities business in North Dakota after knowingly applying for registration as a dealer as defined under § 10-04-02 N.D.C.C.;

5. pursuant to § 10-04-10(5) and § 10-04-11(1)(a) N.D.C.C., the Commissioner may deny the registration of any dealer or salesman after a hearing or opportunity for hearing as provided in § 10-04-12 N.D.C.C.;

6. Pursuant to § 10-04-15 N.D.C.C., it shall be a fraudulent practice and it shall be unlawful for any person knowingly to subscribe to, or make or cause to be made, any material false statement or representation in any application, financial statement, or other document or statement required to be filed under any provision of the chapter;

7. Pursuant to § 10-04-16 N.D.C.C., whenever 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 Ch. 10-04 N.D.C.C., the Commissioner may, in his discretion, 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;

8. Pursuant to § 10-04-18 N.D.C.C., any person who willfully violates any provision of Ch. 10-04 N.D.C.C. or any rule or order of the Commissioner made pursuant to the provisions of the chapter, or who engages in any act, practice, or transaction declared by any provision of the chapter to be unlawful shall be guilty of a class B felony; and

9. The violations described above constitute sufficient grounds for the denial of Respondent's application and for the imposition of civil penalties under Ch. 10-04 N.D.C.C.

WHEREAS, The Commissioner finds the following Order is necessary and appropriate in the public interest;

IT IS HEREBY ORDERED:

1. the application for registration of Norfolk Securities Corp. is denied;
2. the Securities Commissioner imposes a civil penalty of \$20,000 for the above-mentioned violations;
3. Norfolk Securities Corp. is hereby ordered to make an offer of rescission of any securities sold to any North Dakota residents Respondent has conducted business with in the past, or is presently conducting business with, which shall include, but not be limited to the following:

Herman Sonduck
226 W. Rosser
Bismarck, ND 58501

Craig Zander
500 W Interstate Ave.
Bismarck, ND 58501

4. the rescission offer shall cite the provisions contained in § 10-04-17 N.D.C.C. pertaining to sales made in violation of Ch. 10-04 N.D.C.C.;
5. upon completion of the terms herein, Respondent shall provide the Commissioner with proof of all offers of rescission within thirty (30) days after receipt of the Order; and
6. this Order shall be effective upon signature of the Securities Commissioner.

NOTICE OF RIGHT TO REQUEST HEARING

YOU ARE HEREBY NOTIFIED that pursuant to § 10-04-12 N.D.C.C., you may request a hearing before the Securities Commissioner, if that request is made in writing WITHIN TEN (10) DAYS AFTER RECEIPT OF THIS ORDER. If no hearing is requested within ten (10) days and none is ordered by the Commissioner, a Final Order Denying Registration will be entered by the Commissioner. You may be represented by counsel at any hearing on this matter.

Dated at Bismarck, North Dakota on April 12, 1996.



Cal Hoovestol

CAL HOOVESTOL
SECURITIES COMMISSIONER
State Capitol, 5th Floor
600 East Boulevard
Bismarck, ND 58505-0510

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

BEFORE THE
SECURITIES COMMISSIONER

In the matter of)
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40 Broad Street, 25th Floor)
New York, NY 10004;)
and their Officers, Directors, Agents,)
and Employees;)
Respondents)

NOTICE OF OPPORTUNITY
FOR HEARING

.....

YOU ARE HEREBY NOTIFIED that pursuant to § 10-04-12 N.D.C.C., you may request a hearing before the Securities Commissioner on the attached Proposed Order Denying Registration. The request must be made in writing **WITHIN TEN (10) DAYS AFTER RECEIPT OF THE ORDER.** If no hearing is requested within ten (10) days and none is ordered by the Commissioner, a Final Order Denying Registration will be entered by the Commissioner. You may be represented by counsel at any hearing on this matter.

Dated at Bismarck, North Dakota on April 12, 1996.



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SECURITIES COMMISSIONER
State Capitol, 5th Floor
600 East Boulevard
Bismarck, ND 58505-0510

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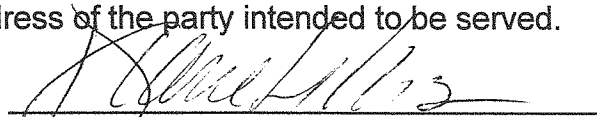
.....
I, Diane Lillis, being first duly sworn, state that I am a citizen of the United States over the age of twenty-one years and not a party to or interested in the above-entitled proceeding, that on April 12, 1996 I deposited in the Central Mailing Bureau of the United States Post Office Department in the State Capitol in Bismarck, North Dakota, true and correct copies of the following document:

**PROPOSED ORDER DENYING REGISTRATION
NOTICE OF OPPORTUNITY FOR HEARING**

A copy of the above document was securely enclosed in an envelope with postage prepaid, via certified mail, return receipt requested, and addressed to:

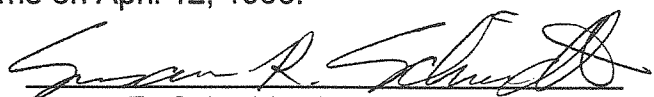
Norfolk Securities Corp.
40 Broad Street, 25th Floor
New York, NY 10004

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



Diane Lillis

Subscribed and sworn to before me on April 12, 1996.



Susan R. Schmidt, Notary Public
Burleigh County, North Dakota
My commission expires 9/25/2001