

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of Preferred Trust &)
Management, Ltd. and Larry Borud,)
)
 Respondents.)

CONSENT ORDER

.....
The North Dakota Securities Commissioner has advised the Respondent, Larry Borud, that the Commissioner is prepared to commence formal action pursuant to North Dakota Century Code Chapter 10-04 and has determined as follows:

1. Respondent, Preferred Trust and Management, Ltd. (Preferred Trust), is an organization, which issues and sells unregistered and fraudulent investments. Preferred Trust is not a legal entity in any US Jurisdiction and was not properly authorized to conduct business in North Dakota at any time. Additionally, Preferred Trust is not now and has never been registered as a dealer in North Dakota.
2. Respondent, Borud, is, and for all times relevant to this matter, has been a resident of North Dakota and is not affiliated with any North Dakota registered dealer. Respondent is not now and has never been registered as a securities agent in North Dakota or in any other U. S. jurisdiction.
3. From 2000 to 2001, Respondent solicited several North Dakota residents to purchase investments in Preferred Trust and Management, Ltd. Many of the persons who were solicited by Borud ultimately invested in the investment scheme. Borud's activity took place in North Dakota.
4. On April 10, 2001, the Commissioner issued a Cease and Desist Order against the above-named respondents, based on the facts briefly described above. Borud requested a hearing regarding this matter, which was held on September 28, 2003.
5. On November 6, 2003, the administrative law judge issued his recommended findings and recommended order, in which the administrative law judge determined, in part, that:
 - a. The Preferred Trust investment scheme was not registered as a security in North Dakota.
 - b. Mr. Borud was not registered as an agent or an investment advisor representative.

- c. Mr. Borud referred at least 9 persons to invest in the Preferred Trust investment scheme.
- d. Mr. Borud intended to receive compensation based on his referrals of persons to invest in the Preferred Trust investment scheme.
- e. The Preferred Trust investment scheme was fraudulent, and that Mr. Borud was perpetrating that fraudulent investment scheme.

6. Based on the findings of fact summarized above, the administrative law judge determined that Mr. Borud engaged in 9 violations of section 10-04-04 by engaging in the sale of unregistered and non-exempt securities.

7. Based on the findings of fact summarized above, the administrative law judge determined that Mr. Borud engaged in 9 violations of section 10-04-10 by engaging in the sale of securities while not registered as an agent.

8. Based on the findings of fact summarized above, the administrative law judge determined that Mr. Borud engaged in 9 violations of section 10-04-15 by engaging in a scheme or artifice to defraud investors, or otherwise engaging in a course of business that operates as a fraud or deception upon investors.

9. After reaching those conclusions, the administrative law judge recommended the imposition of a \$10,000 civil penalty against Mr. Borud.

10. On March 9, 2004, the Commissioner issued her "Findings of Fact, Conclusions of Law and Order" with respect to this matter. In that Order, which is incorporated herein by reference, the Commissioner found the violations described above, and assessed a civil penalty against Mr. Borud in the amount of \$5,000. Additionally, the Cease and Desist Order was upheld and remains in effect.

11. Respondent, Borud, did not appeal the Commissioner's Order, and the time to appeal that Order has passed.

12. Respondent, Borud, asserts that he has complied with the Cease and Desist Order of April 10, 2001. The Securities Department has no information contradicting that assertion.

13. Respondent, Borud, has pledged to cooperate with the investigations of this office and other law enforcement investigations regarding this matter.

14. Respondent specifically states that the payment of the \$5,000 penalty assessed in the Commissioner's Order, and collected contemporaneous with this Consent Order, does not constitute an admission by Mr. Borud of any of the facts found by the Commissioner in this Consent Order or in the earlier Order.

15. The following Order is necessary and appropriate in the public interest and for the protection of investors.

NOW, THEREFORE, IT IS ORDERED, THAT:

1. Respondent, Borud, shall not offer for sale and/or sell any security in North Dakota unless that security is registered or exempt from registration under Chapter 10-04 N.D.C.C.
2. Respondent, Borud, shall not transact any securities business with any person in North Dakota unless he is registered as an agent and properly affiliated with a registered dealer, or he is properly exempt from agent registration pursuant to Chapter 10-04 N.D.C.C.
3. Respondent, Borud, shall not engage in any fraudulent conduct in North Dakota in violation of Section 10-04-15 N.D.C.C.
4. Respondent, Borud, shall cooperate with any investigation of this office and/or the investigation(s) of any other law enforcement officer. Such cooperation shall include willingly providing truthful statements to any investigator or law enforcement officer regarding the Preferred Trust investment scheme, including Mr. Borud's own involvement and the involvement of any other person in the Preferred Trust investment scheme.
5. The Cease and Desist Order issued in the above-captioned matter by the Commissioner on April 10, 2001, as discussed above, is hereby vacated. The Findings of Fact, Conclusions of Law and Order, issued on March 9, 2004 and as modified herein, remains in full force and effect.
6. This Order shall be effective upon signature of the Commissioner.

Signed and Sealed this 28th day of July, 2004.





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

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of Preferred Trust & Management, Ltd. and Larry Borud, Respondents.

CONSENT TO ENTRY OF ORDER

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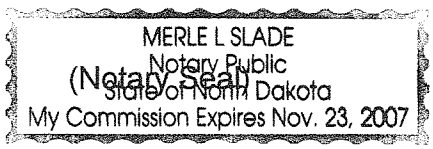
SECURITIES DEPARTMENT STATE OF NORTH DAKOTA

Based on mutual concessions and a willingness to resolve all matters discussed in the foregoing Consent Order, the undersigned, Larry Borud, states that:

- 1. He has read the foregoing Consent Order, and knows and fully understands its contents and effects.
2. He has been advised that any willful violation of this order is a Class B Felony pursuant to Section 10-04-18(1) N.D.C.C. and is punishable by a \$10,000 fine and 10 years' imprisonment, with respect to a natural person, pursuant to Section 12.1-32-01(3) N.D.C.C.
3. The foregoing Consent Order constitutes the entire settlement agreement between the Respondents and the Securities Commissioner, there being no other promises or agreements, either expressed or implied.
4. Though not admitting the Commissioner's findings, He is specifically precluded from denying those findings in any public forum.
5. He consents to entry of the foregoing Consent Order by the Securities Commissioner, and does so willingly for the purpose of resolving the issues described in the foregoing Consent Order.

Dated this 14 day of July, 2004. Larry Borud 1952 3rd Street, NW Minot, ND 58703

Subscribed and Sworn before me this 14 day of July, 2004.



Merle L. Slade Notary Public State: ND County: ward My Commission Expires: 11-23-07