

STATE OF NORTH DAKOTA

SECURITIES DEPARTMENT

IN THE MATTER OF:

Preferred Trust and
Management, LTD., and
Ron Stafford.

)
)
)
)
)

CONSENT ORDER

The North Dakota Securities Commissioner brought this action by service of a Cease and Desist Order on April 10, 2001, on Respondent, Ron Stafford. This action seeks, under N.D.C.C. § 10-04-16, to restrain and enjoin actions taken by Stafford, who is not a registered agent, in connection with the offer or sale of unregistered securities, fraudulently issued by Preferred Trust and Management, Ltd., an offshore investment company. Stafford was cited for his involvement in the sale of Preferred Trust securities to at least one individual in North Dakota which action, pursuant to N.D.C.C. § 10-04-16, carries a civil penalty up to \$10,000 per violation.

An appeal was brought by Stafford and, after a continuance while another respondent in a similar matter pursued an appeal to the North Dakota Supreme Court, a hearing was held before an Administrative Law Judge on July 21, 2003.¹

At the conclusion of the hearing, the Administrative Law Judge issued recommended findings of fact to the Commissioner, including that Preferred Trust and Management, Ltd., was involved in a fraudulent investment scheme to sell securities in North Dakota. At the hearing, Stafford testified concerning his involvement with Preferred Trust. The ALJ excluded certain evidence at the hearing that would have

¹ The appeal hearing was consolidated with four other similar cases represented by the same counsel.

shown that Stafford was listed as having referred another individual to Preferred Trust and was entitled to compensation for such referral. The ALJ also determined the evidence offered by the Securities Department's counsel and by Stafford did not support a finding that Stafford had violated the securities laws. The Commissioner believes the evidence was excluded in error and issued an order rejecting the ALJ's recommendations.

It is the Commissioner's position that the evidence from the hearing, and additional evidence from previous trial testimony, shows that Stafford, directly or indirectly, took action in connection with an offer or sale of unregistered securities to at least one individual in North Dakota, and that he took this action for purposes of receiving a payment as a result of a subsequent sale of such securities in violation of N.D.C.C. §§ 10-04-04, 10-04-10, and 10-0415(2), (4). Stafford denies that he violated any provision of N.D.C.C. ch. 10-04, denies that he had any knowledge of any fraudulent scheme when he invested in the program, denies that he referred other individuals to the program, or offered for sale or sold unregistered securities, and denies that there is sufficient evidence for the Commissioner to assess civil penalties against him under N.D.C.C. § 10-04-16. The parties wish to end their dispute, however, and to avoid the continued expense, delay, and uncertainties of further litigation, and have agreed to the entry of this Consent Order.

The Commissioner finds the following Order is necessary and appropriate in the public interest.

NOW, THEREFORE, IT IS ORDERED THAT:

1. Respondent Ron Stafford shall refrain from taking any action in connection with the offer for sale or sale in North Dakota of Preferred Trust and Management, LTD, securities or any other securities until such security has been registered with the Securities Department or properly exempted.

2. Respondent Ron Stafford shall refrain from taking any action in connection with the offer for sale or sale of securities in North Dakota until such time as he has registered with the Securities Department as a dealer or agent.

3. Respondent Ron Stafford shall pay to the Securities Department the sum of \$1,000 to resolve this matter. This payment is accepted as a civil penalty by the Commissioner, however, the payment is not an admission of any wrongdoing by Respondent.

4. Respondent Ron Stafford agrees to cooperate with any investigation by the Commissioner or any law enforcement agency and shall willingly and openly testify in any proceeding related to the subject of this action.

5. The Commissioner shall not refer Ron Stafford to any jurisdiction for criminal prosecution for any violations cited in the Cease and Desist Order issued April 10, 2001.

6. The Cease and Desist Order issued April 10, 2001, is hereby withdrawn.

Dated this 30 day of June, 2004.

NORTH DAKOTA SECURITIES DEPARTMENT



Karen Tyler
Securities Commissioner

STATE OF NORTH DAKOTA

SECURITIES DEPARTMENT

IN THE MATTER OF:

Preferred Trust and
Management, LTD., and
Ron Stafford.

)
)
)
)
)

CONSENT TO ENTRY OF ORDER

STATE OF NORTH DAKOTA

)

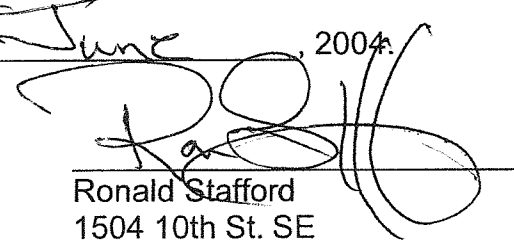
) ss

COUNTY OF WARD

)

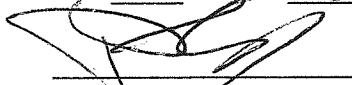
The undersigned Respondent Ron Stafford states that he has read the foregoing Consent Order and that he knows and fully understands its contents and effects and that he consents to the Consent Order by the Commissioner of the North Dakota Securities Department. It is further understood that the Consent Order constitutes the entire agreement between the parties, there being no other promises or agreements, either expressed or implied.

Dated this 29 day of June, 2004.



Ronald Stafford
1504 10th St. SE
Minot, ND

Subscribed and sworn to before me
this 29th day of June, 2004.



Notary Public
Expires 8-12-05