

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of Preferred Trust )  
 and Management, Ltd.; Tri-West )  
 Investment Club; Larry Eugene )  
 Slaubaugh, and their officers, Directors, )  
 Agents, Employees & Associates, )  
 Respondents. )

**CEASE AND DESIST ORDER,  
 NOTICE OF CIVIL PENALTY, AND  
 NOTICE OF RIGHT TO  
 REQUEST A HEARING**

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**THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA TO  
 PREFERRED TRUST AND MANAGEMENT, LTD.; TRI-WEST INVESTMENT CLUB;  
 LARRY EUGENE SLAUBAUGH, AND THEIR OFFICERS, DIRECTORS, AGENTS &  
 EMPLOYEES:**

The North Dakota Securities Commissioner has a reasonable basis to believe that the Respondents have engaged in, are engaging in, or are about to engage in, acts, practices or transactions, as more fully described below, which are prohibited under Chapter 10-04 of the North Dakota Century Code (N.D.C.C.). It is necessary and appropriate in the public interest and for the protection of investors to restrain these acts, practices, or transactions of the Respondents.

1. The Respondent, Larry Slaubaugh, as an agent of Respondent, Preferred Trust and Management, LTD., has offered for sale and/or sold investment(s) in Preferred Trust and Management, LTD. to several resident(s) of North Dakota in violation of §10-04-04 N.D.C.C. Additionally, the Respondent, Larry Slaubaugh, as an agent of Respondent, Tri-West Investment Club, has offered for sale and/or sold investment(s) in Tri-West Investment Club to several resident(s) of North Dakota in violation of §10-04-04 N.D.C.C.

The subject investment(s) are securities as defined in §10-04-02(15) N.D.C.C.

2. The subject investment(s) have not been registered with the Securities Commissioner under N.D.C.C. §§ 10-04-07, §10-04-07.1, §10-04-08, or §10-04-08.1; are not exempt securities under N.D.C.C. §10-04-05; and have not been offered for sale or sold in exempt transactions under N.D.C.C. §10-04-06.

3. Neither Preferred Trust and Management, LTD nor Tri-West Investment Club was registered as a dealer in North Dakota. Additionally, Respondent, Larry Slaubaugh, was not registered as an agent in North Dakota. As such, each transaction and solicitation was made in violation of N.D.C.C. §10-04-10.

4. The program is a scheme or artifice to defraud investors, and each offer and each sale was made in violation of N.D.C.C. §10-04-15.

**NOW, THEREFORE, IT IS ORDERED**, pursuant to N.D.C.C. §10-04-16, that the Respondents shall immediately **CEASE AND DESIST**:

1. From offering for sale or selling in North Dakota the subject investment, or any other investment interest however denominated, unless and until such investment interests have been registered with the Securities Commissioner.

2. From offering for sale or selling investments in North Dakota unless and until they have registered with the Securities Commissioner as dealers or agents.

3. From engaging in any scheme or artifice to defraud investors or engaging in any other fraudulent act, as that term is used in N.D.C.C. §10-04-15.

This order does not prohibit the offer or sale of securities through exempt securities transactions under N.D.C.C. §10-04-06, nor does it prohibit registered dealers and agents from offering or selling exempt securities under N.D.C.C. §10-04-05.

**YOU ARE NOTIFIED** that any willful violation of this order is a Class B Felony pursuant to §10-04-18(1) N.D.C.C. Pursuant to §12.1-32-01 N.D.C.C., a Class B Felony is punishable by a \$10,000 fine and 10 years' imprisonment.

**NOTICE OF CIVIL PENALTIES**

**YOU ARE NOTIFIED** that the above-cited violations are sufficient grounds for the imposition of civil penalties pursuant to §10-04-16(1) N.D.C.C. The Securities Commissioner does not herein assess a civil penalty, but the Commissioner expressly reserves the authority to assess civil penalties, not to exceed \$10,000 per violation, regarding the violations outlined above, any other violations subsequently discovered, or any future securities violations or violations of this order.

**NOTICE OF RIGHT TO REQUEST HEARING**

**YOU ARE NOTIFIED** that pursuant to N.D.C.C. §10-04-12 you may request a hearing before the Securities Commissioner if such a request is made in writing WITHIN TEN (10) DAYS AFTER THE RECEIPT OF THIS ORDER. The respondent has the right to be represented by legal counsel at the hearing.

**IN TESTIMONY WHEREOF**, witness my hand and seal this 14th day of May, 2001.



Syver Vinje, Securities Commissioner  
Office of the Securities Commissioner  
600 East Boulevard Ave.  
State Capitol – Fifth Floor  
Bismarck, ND 58505-0510  
(701) 328-2910

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**AFFIDAVIT OF SERVICE BY MAIL**

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I, Jacqui Ferderer, 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.

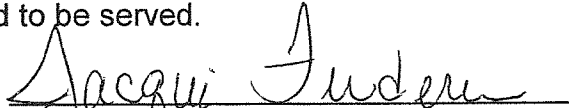
On, May 14, 2001, I deposited in the Central Mailing Bureau of the United States Post Office Department in the State Capitol in Bismarck, North Dakota, true and correct copies of the following document:

**CEASE AND DESIST ORDER, NOTICE OF CIVIL PENALTY,  
AND NOTICE OF RIGHT TO REQUEST A HEARING**

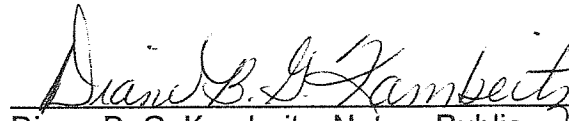
A copy of the above document was securely enclosed in an envelope with postage prepaid, sent via Certified U. S. mail, return receipt requested, and addressed to each of the following:

Larry Eugene Slaubaugh  
4652 78<sup>th</sup> Street NE  
Wolford, ND 58385

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

  
Jacqui Ferderer

Subscribed and sworn to before me on May 14, 2001.

  
Diane B. G. Kambeitz, Notary Public  
Burleigh County, North Dakota  
My commission expires 4/25/2006

DIANE B.G. KAMBEITZ  
Burleigh County, State of North Dakota  
My Commission Expires April 25, 2006  
STATE OF NORTH DAKOTA  
Notary Public Seal