

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of Ross Owen Haugen, )  
 )  
 Respondent )

**CONSENT ORDER**

.....  
The North Dakota Securities Commissioner has advised the respondent, Ross Owen Haugen, that the Commissioner is prepared to commence formal action pursuant to North Dakota Century Code Chapter 10-04 and has determined the following:

1. Respondent is a securities agent who resides in and works in North Dakota. Respondent is currently employed by and associated with CGF Securities, Inc. (CGF), a dealer headquartered in Boca Raton, Florida. Prior to July 31, 2002, Respondent was employed by and associated with Wachovia Securities, Inc. (Wachovia), a dealer headquartered in Charlotte, North Carolina.
2. From August 1 through August 5, Respondent was temporarily registered as an agent for CGF. On August 21, 2002, Respondent became registered as an agent for CGF based on a registration agreement entered into between Respondent and the Commissioner. Respondent was not registered from August 6 thru August 20.
3. From July of 2002 to September of 2002, respondent solicited at least seven North Dakota residents to purchase investments issued by American Capital Corporation (ACC), a company headquartered in Jupiter, Florida. Respondent was not selling this investment through either Wachovia or CGF but was acting as an agent of ACC. Respondent was not registered as an agent for ACC, nor was ACC registered as a dealer in North Dakota. As such, these transactions were made in violation of section 10-04-10 N.D.C.C. Respondent received \$41,500 in commissions based on those transactions.
4. One transaction was solicited by Respondent during July of 2002. That transaction was apparently made in violation of NASD Rules.
5. The securities issued by ACC were not registered or exempt from registration, nor had ACC properly filed the securities as federal covered securities. As such, the transactions were made in violation of section 10-04-04 N.D.C.C.
6. Based on the activities described in paragraphs 3 and 5 above, the Commissioner issued a Cease and Desist Order against the Respondent and ACC on October 3, 2002. The violations described in paragraph 5 above could

have been avoided through a proper and timely filing made by ACC. ACC entered into a Consent Order, has paid civil penalties to the Commissioner, and has agreed to make a rescission offer to the North Dakota investors involved in the offering.

7. 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.

8. The violations described above are sufficient grounds for the Commissioner to assess civil penalties against the respondent pursuant to section 10-04-16 N.D.C.C.

9. Respondent has denied any wrongdoing, acknowledges his right to a hearing on this matter and waives this right to a hearing and to present arguments to the Commissioner. Respondent specifically states that it was ACC's responsibility to register the securities sold.

10. Respondent, without admitting any violations, agrees to resolve this matter with the Securities Commissioner by this Consent Order, and this is evidenced by Respondents' signature on the Consent to Entry of Order.

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

**NOW, THEREFORE, IT IS ORDERED, THAT:**

1. Respondent shall not transact any securities business with any person in North Dakota unless respondent is registered as an agent, and conducting business through a registered broker/dealer, or is properly exempt from such registration.

2. Respondent shall not offer for sale or sell any security in North Dakota unless such security is registered, exempt from registration, or properly filed as a federal covered security.

3. Respondent shall pay a civil penalty of \$8,000 to the Office of the Securities Commissioner pursuant to NDCC §10-04-16.

4. Respondent shall issue seven checks, representing half of the commissions generated on each respective transaction, according to the terms set forth below:

- a. Check for \$5,000 payable to Rodney Webster
- b. Check for \$5,000 payable to Rodney Webster, Inc.

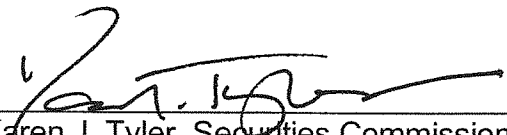
- c. Check for \$3,250 payable to Arnold Monson
- d. Check for \$2,500 payable to Philip A. Bradbury
- e. Check for \$2,500 payable to Arlene Hanson
- f. Check for \$1,250 payable to George A. Anderson
- g. Check for \$1,250 payable to Lorraine H. Paulson

The checks described above shall be submitted to the Commissioner, who shall hold such checks until the rescission offer made by ACC is completed. If an investor rejects the rescission offer made by ACC pursuant to their Consent Order, the Commissioner shall forward the check to the respective investor. If the investor accepts the rescission offer, the Commissioner shall return the respective check to the Respondent. Respondent acknowledges liability to ACC for the full amount of commissions paid to the Respondent based on transactions that are rescinded pursuant to ACC's rescission offer referred to herein.

- 5. The Cease and Desist Order dated October 3, 2002 is hereby vacated.
- 6. This Order shall be effective upon signature of the Commissioner.

Signed and Sealed this 5<sup>th</sup> day of March, 2003.

(SEAL)

  
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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

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In the Matter of Ross Owen Haugen, )  
 )  
 Respondent )

**CONSENT TO ENTRY  
OF ORDER**

.....  
Ross Owen Haugen, the undersigned, states that he has read the foregoing Consent Order and that he knows and fully understands its contents and effects. He further states that he is executing this Consent to Entry of Order in his/her personal capacity. He acknowledges that he has waived his/her rights to a hearing with respect to this matter, and that he consents to entry of the Consent Order by the Securities Commissioner.

Haugen denies responsibility for the violations expressed in the foregoing Consent Order and contends that the responsibility for ensuring that the security was properly registered was the responsibility of the issuer and not Haugen. Despite that, Haugen acknowledges entering into this agreement willingly to resolve the issues expressed therein.

It is further expressly understood that the Consent Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either expressed or implied.

Dated this 24<sup>th</sup> day of Feb, 2003.

Ross Owen Haugen  
Ross Owen Haugen  
CGF Securities, LLC  
3001-B 32nd Avenue South  
Grand Forks, ND 58201

Subscribed and Sworn before me this 24 day of Feb., 2003.

Lynette Franks  
Notary Public  
State: North Dakota County: Grand Forks  
My Commission Expires: 8/25/05

(Notary Seal)

LYNETTE FRANKS  
NOTARY PUBLIC  
STATE OF NORTH DAKOTA  
My Commission Expires: Aug. 25, 2005