

STATE OF NORTH DAKOTA
SECURITIES DEPARTMENT

In the Matter of Ross)
Owen Haugen)
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Respondent)

**FINDINGS OF FACT, ORDER TO SUMMARILY
SUSPEND THE AGENT AND INVESTMENT
ADVISER REPRESENTATIVE REGISTRATIONS OF
ROSS OWEN HAUGEN, NOTICE OF PROPOSED
ORDER TO REVOKE THE AGENT AND INVESTMENT
ADVISER REPRESENTATIVE REGISTRATIONS OF
ROSS OWEN HAUGEN, AND NOTICE
OF RIGHT TO REQUEST A HEARING**

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FINDINGS OF FACT

The Securities Commissioner has determined as follows:

1. Capital Growth Financial, LLC (CGF), CRD #41040, is a dealer and investment adviser headquartered in Boca Raton, Florida, which, for all times relevant to this matter, has been registered as a dealer in North Dakota. CGF is also currently registered as an investment adviser in North Dakota.
2. Respondent, Ross Haugen, CRD #1286021, has been registered as an agent in North Dakota with various firms, and has maintained a place of business in North Dakota, for approximately 20 years. He is currently registered as an agent of CGF and maintains a North Dakota branch office of CGF.
3. Haugen has occasionally been registered as an investment adviser representative in North Dakota. Haugen is currently registered as an investment adviser representative with CGF.

4. Since 1994, Ross Haugen has been the subject of 12 customer complaints. Through these complaints, several of Haugen's customers have alleged that Haugen engaged in multiple violations of the securities laws, including: engaging in unsuitable transactions, breach of fiduciary duty, selling away, unauthorized trading, misrepresentation and fraud, and other improper activities with regard to private placement investments. Many of these customer complaints have been settled and/or have proceeded to arbitration. In the aggregate, more than \$400,000 was returned to investors based on the allegations raised in these complaints.

5. From 1999 to 2001, Ross Haugen engaged in sales activities in a private placement security without the approval of his then employer. Haugen was terminated from that employment in 2001, for cause, based on allegations that he violated his firm's policy by selling non-publicly traded securities. These activities apparently involved violations of NASD Rules.

6. During 2002, Haugen entered into a registration agreement with the Securities Department. This registration agreement was deemed necessary based on the information described above.

7. From 2002-2003, Ross Haugen has been the subject of five regulatory actions, assessing more than \$30,000 in civil penalties, based on selling unregistered securities

and engaging in investment advisory business while not registered as an investment adviser representative.

8. In December of 2003, the Securities Department entered into a registration agreement with CGF based, in large part, on concerns of this office regarding the supervision of Haugen. The registration agreement required CGF to engage in heightened supervision of Haugen.

9. In May of 2004, the Securities Department conducted an unannounced examination of Haugen's CGF office. During that examination and subsequent investigation, the following information was learned:

a. Haugen maintained several critical customer account documents in blank form, i.e. they were signed by the customer but left otherwise blank. These documents included: "Irrevocable Stock/Bond Power Agreement", "Requisition for Check or Wire", and "Letter of Authorization to transfer Securities or Monies Between Accounts". These activities were in direct violation of firm policy and constitute a dishonest or unethical practice in the securities industry.

b. Haugen engaged in the public advertising of private placement securities, in direct violation of SEC Regulation D, Rule 502.

c. Haugen has sold private placement securities to persons who were not accredited investors and were not sufficiently knowledgeable in financial and business matters to evaluate the risks and merits of the investment. As such, Haugen has sold securities in violation of SEC Regulation D, Rule 506.

d. Haugen recommended and conducted unsuitable trades in private placement securities.

10. Pursuant to the facts set forth above, Haugen has violated the securities laws and engaged in dishonest, fraudulent or unethical practices in the securities industry. As such, there is sufficient grounds for the Commissioner to suspend and revoke the agent and investment advisor registrations of the respondent under N.D.C.C. § 10-04-11.

**ORDER TO SUMMARILY SUSPEND THE AGENT
AND INVESTMENT ADVISER REPRESENTATIVE
REGISTRATIONS OF ROSS OWEN HAUGEN**

Based on the findings of fact set forth above, the Commissioner hereby Orders that the agent and investment adviser representative registrations of Ross Owen Haugen are hereby suspended pending final determination of the matter regarding the Commissioner's Proposed Order to revoke the registration of Ross Owen Haugen.

**NOTICE OF PROPOSED ORDER TO REVOKE THE
AGENT AND INVESTMENT ADVISER REPRESENTATIVE
REGISTRATIONS OF ROSS OWEN HAUGEN**

YOU ARE HEREBY NOTIFIED THAT the North Dakota Securities Commissioner hereby proposes to issue an Order to Revoke the Agent and Investment Adviser Representative Registrations of Ross Owen Haugen. The Order that the Commissioner proposes to issue is attached hereto and incorporated herein by reference.

NOTICE OF RIGHT TO REQUEST A 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 FIFTEEN (15) DAYS AFTER THE RECEIPT OF THIS ORDER. You have the right to be represented by legal counsel at the hearing.

IN TESTIMONY WHEREOF, witness my hand and seal this 13th day of August, 2004.





Karen J. Tyler, Securities Commissioner
North Dakota Securities Department
600 East Boulevard Ave.
State Capitol – Fifth Floor
Bismarck, ND 58505-0510
(701) 328-2910

**STATE OF NORTH DAKOTA
SECURITIES DEPARTMENT**

In the Matter of Ross)	ORDER TO REVOKE THE AGENT AND INVESTMENT ADVISER REPRESENTATIVE REGISTRATIONS OF ROSS OWEN HAUGEN
Owen Haugen)	
)	
Respondent)	

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The Securities Commissioner, after Respondent has been afforded the opportunity for a hearing, has determined as follows:

1. Capital Growth Financial, LLC (CGF), CRD #41040, is a dealer and investment adviser headquartered in Boca Raton, Florida, which, for all times relevant to this matter, has been registered as a dealer in North Dakota. CGF is also currently registered as an investment adviser in North Dakota.

2. Respondent, Ross Haugen, CRD #1286021, has been registered as an agent in North Dakota with various firms, and has maintained a place of business in North Dakota, for approximately 20 years. He is currently registered as an agent of CGF and maintains a North Dakota branch office of CGF.

3. Haugen has occasionally been registered as an investment adviser representative in North Dakota. Haugen is currently registered as an investment adviser representative with CGF.

4. Haugen's current registrations, as discussed in paragraphs 2 and 3 above, were suspended by the Securities Commissioner on August 13, 2004.

5. Since 1994, Ross Haugen has been the subject of 12 customer complaints. Through these complaints, several of Haugen's customers have alleged that Haugen engaged in multiple violations of the securities laws, including: engaging in unsuitable transactions, breach of fiduciary duty, selling away, unauthorized trading, misrepresentation and fraud, and other improper activities with regard to private placement investments. Many of these customer complaints have been settled and/or have proceeded to arbitration. In the aggregate, more than \$400,000 was returned to investors based on the allegations raised in these complaints.

6. From 1999 to 2001, Ross Haugen engaged in sales activities in a private placement security without the approval of his then employer. Haugen was terminated from that employment in 2001, for cause, based on allegations that he violated his firm's policy by selling non-publicly traded securities. These activities apparently involved violations of NASD Rules.

7. During 2002, Haugen entered into a registration agreement with the Securities Department. This registration agreement was deemed necessary based on the information described above.

8. From 2002-2003, Ross Haugen has been the subject of five regulatory actions, assessing more than \$30,000 in civil penalties, based on selling unregistered securities and engaging in investment advisory business while not registered as an investment adviser representative.

9. In December of 2003, the Securities Department entered into a registration agreement with CGF based, in large part, on concerns of this office regarding the supervision of Haugen. The registration agreement required CGF to engage in heightened supervision of Haugen.

10. In May of 2004, the Securities Department conducted an unannounced examination of Haugen's CGF office. During that examination and subsequent investigation, the following information was learned:

a. Haugen maintained several critical customer account documents in blank form, i.e. they were signed by the customer but left otherwise blank. These documents included: "Irrevocable Stock/Bond Power Agreement", "Requisition for Check or Wire", and "Letter of Authorization to transfer Securities or Monies Between Accounts". These activities were in direct violation of firm policy and constitute a dishonest or unethical practice in the securities industry.

b. Haugen engaged in the public advertising of private placement securities, in direct violation of SEC Regulation D, Rule 502.

c. Haugen has sold private placement securities to persons who were not accredited investors and were not sufficiently knowledgeable in financial and

business matters to evaluate the risks and merits of the investment. As such, Haugen has sold securities in violation of SEC Regulation D, Rule 506.

d. Haugen recommended and conducted unsuitable trades in private placement securities.

11. Pursuant to the facts set forth above, Haugen has violated the securities laws and engaged in dishonest, fraudulent or unethical practices in the securities industry. As such, there is sufficient grounds for the Commissioner to revoke the agent and investment advisor registrations of the respondent under N.D.C.C. § 10-04-11.

**ORDER TO REVOKE THE AGENT AND INVESTMENT ADVISER
REPRESENTATIVE REGISTRATIONS OF ROSS OWEN HAUGEN**

Based on the findings of fact set forth above, the Commissioner hereby Orders that the agent and investment adviser representative registrations of Ross Owen Haugen are hereby revoked.

IN TESTIMONY WHEREOF, witness my hand and seal this _____ day of _____, 200__.

(SEAL)

Karen J. Tyler, Securities Commissioner
North Dakota Securities Department
600 East Boulevard Ave.
State Capitol – Fifth Floor
Bismarck, ND 58505-0510
(701) 328-2910

STATE OF NORTH DAKOTA
SECURITIES DEPARTMENT

In the Matter of Ross)
Owen Haugen) **AFFIDAVIT OF SERVICE BY MAIL**
)
)
) Respondent)

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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, August 16, 2004, 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 each of the following documents:

**FINDINGS OF FACT, ORDER TO SUMMARILY SUSPEND THE
AGENT AND INVESTMENT ADVISER REPRESENTATIVE
REGISTRATIONS OF ROSS OWEN HAUGEN, NOTICE OF
PROPOSED ORDER TO REVOKE THE AGENT AND INVESTMENT ADVISER
REPRESENTATIVE REGISTRATIONS OF ROSS OWEN
HAUGEN, AND NOTICE OF RIGHT TO REQUEST A HEARING**

And

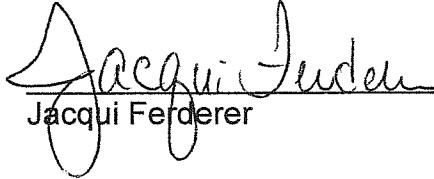
**ORDER TO REVOKE THE AGENT AND INVESTMENT ADVISER
REPRESENTATIVE REGISTRATIONS OF ROSS OWEN HAUGEN**

A copy of the above documents 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:

Ross Owen Haugen
Capital Growth Financial, LLC
3001 B 32nd Ave South
Grand Forks, ND 58201

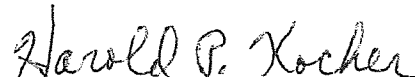
Michael Jacobs
Capital Growth Financial, LLC
225 NE Mizner Boulevard, Suite 750
Boca Raton, FL 33432

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 this 16th day of August, 2004



Harold P. Kocher, Notary Public
Burleigh County, North Dakota
My commission expires 4/26/2008