

STATE OF NORTH DAKOTA
SECURITIES DEPARTMENT

In the Matter of David W. Torson,)	CEASE AND DESIST ORDER,
)	ORDER FOR AND NOTICE OF CIVIL
)	PENALTY, AND NOTICE OF RIGHT
Respondent.)	TO REQUEST A HEARING

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THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA
TO: DAVID W. TORSON, RESPONDENT.

The North Dakota Securities Commissioner has a reasonable basis to believe that the Respondent has engaged in, is engaging in, or is 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 Respondent.

1. Respondent, David W. Torson, is a resident of Fargo, North Dakota, and is not now and has never been registered as an agent with the North Dakota Securities Department.
2. On or about April 27, 2010, Respondent, David W. Torson, engaged in the offering and sale of an investment contract in the form of an interest in a purported real estate development for value to an elderly, vulnerable North Dakota resident, in Fargo, North Dakota. Said investment contract was a security as defined in N.D.C.C. § 10-04-02(19).
3. The securities transaction referenced above involved a total investment of \$8,000.

4. The investment contract offered and sold by the Respondent has not been registered with the Securities Department under N.D.C.C. §§ 10-04-07, 10-04-07.1, 10-04-08, or 10-04-08.1; is not an exempt security under N.D.C.C. § 10-04-05; and has not been offered for sale or sold in an exempt transaction under N.D.C.C. § 10-04-06; and is not a federal covered security or has not been properly filed as a federal covered security under N.D.C.C. § 10-04-08.4. The offer and sale of the subject investment was made in violation of N.D.C.C. § 10-04-04 and Respondent engaged in one violation of N.D.C.C. § 10-04-04.
5. The transaction referenced above was conducted at a time when Respondent, David W. Torson, was not registered as an agent with the Securities Department. The Respondent, David W. Torson, engaged in one violation of N.D.C.C. § 10-04-10(2).
6. Respondent, David W. Torson, in the offer and sale of the investment contract described herein, directly and indirectly employed devices, schemes and artifices to defraud the purchaser of the security, and made untrue statements and omissions of material fact in that Respondent was not authorized to offer any interest in real estate projects of Innovation Development, Inc. and Respondent converted the investment proceeds to his own use. Therefore, Respondent Torson engaged in one violation of N.D.C.C. § 10-04-15(2).
7. Pursuant to N.D.C.C. § 10-04-16(1), the Securities Commissioner has the authority to Order that a person Cease and Desist from violations of the Securities Act, to rescind transactions made in violations of the Securities Act, and to assess civil penalties in an amount not to exceed \$10,000 for each violation of the Securities

Act or a total of \$30,000 based on the violations described above. The violations described above are sufficient grounds for the Commissioner to assess civil penalties against the Respondent pursuant to N.D.C.C. § 10-04-16(1).

8. This Order is issued in the public interest, and for the protection of investors.

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

1. From offering for sale or selling in North Dakota the subject securities, or any other securities however denominated, unless and until such securities have been registered with the Securities Department.
2. From offering for sale or selling securities, or effecting transactions in securities, in North Dakota unless and until he has registered with the Securities Department as a broker-dealer or agent.
3. From using material misstatements or omissions, engaging in a scheme or artifice to defraud investors, or from engaging in any fraudulent or deceptive practices, in connection with the offer and/or sale of securities in this state.

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 a registered broker-dealer or agent from offering or selling exempt securities under N.D.C.C. § 10-04-05 or federal covered securities offered pursuant to a notice filing made to the Securities Department pursuant to N.D.C.C. § 10-04-08.4.

YOU ARE NOTIFIED that any willful violation of this order is a Class B Felony pursuant to N.D.C.C. § 10-04-18(1). Pursuant to N.D.C.C. § 12.1-32-01(3), a Class B Felony is punishable by a \$10,000 fine and 10 years' imprisonment, with respect to

a natural person. Pursuant to N.D.C.C. § 12.1-32-01.1(2), a Class B Felony is punishable by a \$35,000 fine with respect to an organization.

YOU ARE FURTHER NOTIFIED that, pursuant to N.D.C.C. § 12.1-09-03, a person is guilty of a criminal offense if that person intentionally “alters, destroys, mutilates, conceals, or removes a record, document, or thing with intent to impair its verity or availability” in an official proceeding. As such, intentional destruction of any documents related to this matter may result in criminal prosecution.

ORDER FOR AND NOTICE OF CIVIL PENALTY

YOU ARE NOTIFIED that the above-cited violations are sufficient grounds for the imposition of civil penalties pursuant to N.D.C.C. § 10-04-16(1). Respondent, David W. Torson, is hereby assessed, and shall pay a civil penalty of \$10,000 to the North Dakota Securities Department based on the violations discussed above. The civil penalty assessed under this paragraph shall be deposited as follows:

1. \$10,000 shall be deposited into the North Dakota Investor Restitution Fund (Fund # 262), for the purpose of reimbursing the complainant for losses incurred as a result of the investment with the Respondent. The complainant’s losses will be calculated pursuant to N.D.C.C. § 10-04-17. Any funds not paid to the complainant within one year of the date those funds are collected shall revert to the General Fund for the State of North Dakota pursuant to statute.

The civil penalty assessed herein is due and payable immediately upon the entry of this Order, except to the extent that a hearing has been timely requested by the

Respondent. If a hearing is requested, the Securities Commissioner expressly reserves the authority to modify this provision and to assess civil penalties, not to exceed \$10,000 per violation, regarding the violations outlined above or any other violations subsequently discovered.

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. The Respondent has the right to be represented by legal counsel at the hearing.

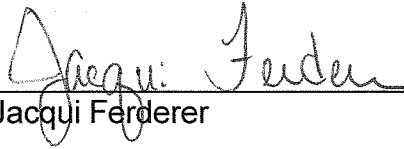
IN TESTIMONY WHEREOF, witness my hand and seal this 14th day of September, 2010.





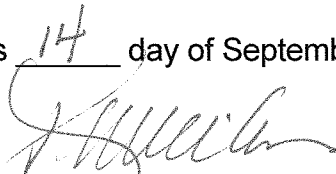
Karen J. Tyler, Securities Commissioner
North Dakota Securities Department
600 East Boulevard Ave.
State Capitol – Fifth Floor
Bismarck, ND 58505-0510
(701) 328-2910

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



Jacqui Ferderer

Subscribed and sworn to before me this 14 day of September, 2010.



Diane Lillis, Notary Public
Burleigh County, North Dakota
My commission expires 4/26/2014

