

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of Valley Honey Company,)
 LLC; Rodney Kirschmann; Rodney)
 Anderson; and their Officers,)
 Directors, Agents and Employees;)
)
 Respondents.)

CONSENT ORDER

.....
 The North Dakota Securities Commissioner has advised the respondents, Valley Honey Company, LLC, Rodney Kirschmann, and Rodney Anderson, that the Commissioner is prepared to commence formal action pursuant to North Dakota Century Code Chapter 10-04 and has determined as follows:

1. From September of 2000 to January of 2001, Respondents offered for sale and sold 18 notes in Valley Honey Company, LLC to 9 residents of North Dakota. The notes valued, in the aggregate, at \$100,000. The notes appear to have been used to finance the general operations of Valley Honey Company, LLC.
2. The Commissioner alleges that the notes in question are securities under section 10-04-02(15) N.D.C.C. Despite this, the Respondents have argued and continue to maintain that the notes are not securities under the principles set forth in Reves V. Ernst & Young, 494 U.S. 56 (1990).
3. The notes in question were not registered as securities, nor were they exempt securities or offered through exempt transactions under the Securities Act. Additionally, none of the Respondents were registered as a dealer or agent under the Securities Act.
4. Pursuant to section 10-04-04 N.D.C.C., no person may offer or sell any security within or from this state unless the security is registered, is an exempt security under section 10-04-05 N.D.C.C., or is offered through an exempt transaction under section 10-04-06 N.D.C.C.
5. Pursuant to section 10-04-10 N.D.C.C., no person may offer for sale or sell any security within or from this state unless registered as a dealer or an agent in North Dakota, or the securities are offered through an exempt transaction under section 10-04-06 N.D.C.C.
6. Respondent, Rodney Kirschmann, an agent who sold some of the notes discussed above, is the subject of a Cease and Desist Order, Notice of Civil Penalty, and Notice of Right to Request a Hearing, issued by the Securities

Commissioner on November 29, 1999. In that Order, Kirschmann was ordered to Cease and Desist:

- a. "From offering for sale or selling in North Dakota . . . any other investment interest however denominated, unless and until such investment interests have been registered with the Securities Commissioner.
- b. From offering for sale or selling investments in North Dakota unless . . . [he is] registered with the Securities Commissioner as" a dealer or salesman.

7. By engaging in the activities discussed above, it is the Commissioner's position that Respondent, Kirschmann, violated the terms of that Cease and Desist Order.

8. Based on the information set forth above, on July 31, 2001, the North Dakota Securities commissioner issued a Cease and Desist Order, Notice of Civil Penalty, and Notice of Right to Request a Hearing in the above-captioned matter. During the investigation into this matter, and prior to the issuance of the July 31, 2001 Cease and Desist Order, Respondents, on their own initiative, repaid the notes discussed above.

9. 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, in his discretion, 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.

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

11. Respondent acknowledges his right to a hearing on this matter and waives this right to a hearing and to present arguments to the Commissioner.

12. Respondent agrees to resolve this matter with the Securities Commissioner by this Consent Order, and this is evidenced by the signature below.

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

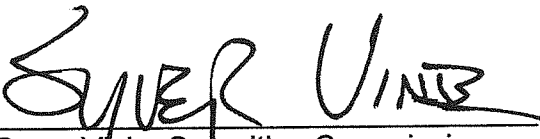
NOW, THEREFORE, IT IS ORDERED, THAT:

1. Respondents shall not offer or sell any security within or from this state unless the security is registered or exempt from registration pursuant to section 10-04-04 N.D.C.C.

2. Respondents shall not offer or sell any security within or from this state unless respondents are registered as required by section 10-04-10 N.D.C.C., unless the transactions are exempt pursuant to section 10-04-06 N.D.C.C.
3. Respondent, Rodney Kirschmann, shall pay a civil penalty of \$3,500 to the Office of the Securities Commissioner pursuant to section 10-04-16 N.D.C.C.
4. The Cease and Desist Order issued by the Securities Commissioner on July 31, 2001 in the above-captioned matter is hereby vacated.
5. This Order shall be effective upon signature of the Commissioner.

Signed and Sealed this 28th day of August, 2001.




Syver Vinje, 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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LLC; Rodney Kirschmann; Rodney)
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Directors, Agents and Employees;)
Respondent)

CONSENT TO ENTRY
OF ORDER

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We, the undersigned, state that we have read the foregoing Consent Order and that we know and fully understand its contents and effects. We further state that we are authorized to enter into this Consent Order on behalf of the respondents. We acknowledge that the respondents have waived their right to a hearing with respect to this matter, and that they consent to entry of the Consent Order by the Securities Commissioner.

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 day of August, 2001.

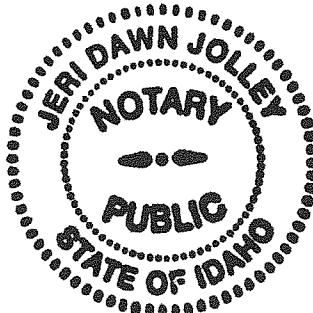
Valley Honey Company, LLC
P. O. Box 832
Aberdeen, ID 83210

By: Rodney Anderson
Rodney Anderson Sec./Treas.
(print name)

Subscribed and Sworn before me this 24th day of August, 2001.

Jeri Dawn Jolley
Notary Public
State: Idaho County: Bingham
My Commission Expires: 12/29/06

(Notary Seal)



Dated this 27 day of August, 2001.

Rodney Kirschmann
Rodney Kirschmann
P. O. Box 832
Aberdeen, ID 83210

Subscribed and Sworn before me this 27th day of August, 2001.

Kathleen E. Kurtz
Notary Public
State: ND County: Burleigh
My Commission Expires: 2-8-03

(Notary Seal)

Dated this 24 day of August, 2001.

Rodney Anderson
Rodney Anderson
P. O. Box 832
Aberdeen, ID 83210

Subscribed and Sworn before me this 24 day of August, 2001.

Jeri Dawn Jolley
Notary Public
State: Idaho County: Benjamin
My Commission Expires: 12/29/06

