

STATE OF NORTH DAKOTA

SECURITIES DEPARTMENT

In the Matter of Paul De Bastos,	)	
North Dakota Bakken Connection LLC,	)	
and their Officers, Directors, Agents,	)	
and Employees,	)	
Respondents.	)	<b>CEASE AND DESIST ORDER, NOTICE OF CIVIL PENALTY, AND NOTICE OF RIGHT TO REQUEST A HEARING</b>

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**THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA TO:**

**PAUL DE BASTOS, NORTH DAKOTA BAKKEN CONNECTION LLC, AND THEIR OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, RESPONDENTS.**

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. North Dakota Developments LLC, (“NDD”) is a Delaware limited liability company with its principal office at 5072 Bennett Loop, Suite 300, Williston, North Dakota. NDD’s controlling officers and directors are Robert Lee Gavin, its Chief Executive Officer, (“Gavin”) and Daniel John Hogan, its Chief Operating Officer, (“Hogan”).

2. Commencing in 2012, NDD, both directly and through commissioned sales agents, offered for sale and sold investments to hundreds of investors in various states in the United States and in foreign countries around the world. These investments were in the form of Land Lease and Management Agreements and membership units in six commercial housing developments for workers in the Bakken oil field region of western

North Dakota and eastern Montana. They include the Great American Lodge Watford West, Great American Lodge Watford East (a/k/a McKenzie Crossing), Great American Lodge Montana (Culbertson, MT), Transhudson Hotel (Parshall, ND), Transhudson Apartments Williston Heights, and Bakken Base Camp (Alexander, ND).

3. These investment contracts and membership units offered for sale and sold to the investors by NDD and commissioned sales agents are securities as defined in N.D.C.C. §10-04-02(19).

4. On May 5, 2015, the North Dakota Securities Commissioner issued a Cease and Desist Order against NDD, Gavin and Hogan, alleging sales of unregistered securities, using unregistered broker-dealers and sales agents, and using fraudulent practices.

5. On May 5, 2015, the Securities and Exchange Commission filed a Complaint in the United States District Court for the District of North Dakota against NDD, Gavin and Hogan, alleging fraud in connection with the sales of securities described above and the Court granted the SEC's request for a temporary restraining order and asset freeze.

6. Respondent, North Dakota Bakken Connection LLC, ("NDBC") is a North Dakota limited liability company with its principal office at 322 Main Street, Suite 20, Williston, North Dakota, controlled by Respondent, Paul De Bastos, ("De Bastos") offering for sale and selling the NDD securities described above between 2013 and 2015, earning commissions of over \$1,000,000 on the sales.

7. Window signage at the office of NDBC in Williston, North Dakota, included references to "French Bakken Connection", "North Dakota Bakken Connection", "North Dakota Investments", "Chasseur-Immo-Dakota", "Chasseur-Immo-Montana", "Jacques Carlon", and "Paul De Bastos".

8. Respondent De Bastos is believed to be a dual citizen of the United States and of France with a residence in Plantation, Florida.

9. A review of and internet search of the entities listed in paragraph 7 revealed a French language website, [www.chasseur-immo-dakota.com](http://www.chasseur-immo-dakota.com), with the contact being Paul De Bastos at North Dakota Bakken Connection's Williston address and touting investments in the NDD projects described above. The website also referenced an investment opportunity in "Sky Watch Inn Hotel Williston", not a NDD project, but also not registered as a security with the North Dakota Securities Department.

10. In the course of the investigation, a number of individual investors in the NDD securities have identified Respondent De Bastos as the soliciting agent, providing them information by website, internet videos, email, electronic brochures, and utilizing the bank account of Paul Real Estate Inc. to facilitate the transfer of investor funds to NDD.

11. The NDD securities offered for sale and sold by Respondents NDBC and De Bastos have not been registered with the Securities Department under N.D.C.C. §§ 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; and are not federal covered securities or have not been properly filed as federal covered securities under N.D.C.C. § 10-04-08.4. All offers and sales of the subject investments were made in violation of N.D.C.C. § 10-04-04.

12. The Respondent, NDBC, was not registered as a broker-dealer with the Securities Department and all offers and sales of the subject investments were made in violation of N.D.C.C. § 10-04-10(1).

13. The Respondent, Paul De Bastos, was not registered as an agent with the Securities Department and all offers and sales of the subject investments were made in violation of N.D.C.C. § 10-04-10(2).

14. 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 violation of the Securities Act, and to assess civil penalties in an amount not to exceed \$10,000 for each violation of the Securities Act.

15. 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 Respondents 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 they have registered with the Securities Commissioner as broker-dealers or agents.
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 registered broker-dealers and agents 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 \$20,000 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 \$70,000 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.**

**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). 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 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 Respondents have the right to be represented by legal counsel at the hearing.

**IN TESTIMONY WHEREOF**, witness my hand and seal this 16<sup>th</sup> day of June, 2015.



  
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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 address given above is the actual mailing address for the party intended to be served.

  
\_\_\_\_\_  
Lauren Strinden

Subscribed and sworn to before me this 17<sup>th</sup> day of June, 2015.

  
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Diane Lillis, Notary Public  
Burleigh County, North Dakota  
My commission expires 4/26/2020

