

STATE OF NORTH DAKOTA

SECURITIES DEPARTMENT

In the Matter of:)	
)	
Midwest Gold Company, LLC, a North)	CEASE AND DESIST ORDER,
Dakota limited liability company, and)	NOTICE OF CIVIL PENALTY,
Kirk Scott Grace,)	AND NOTICE OF RIGHT TO
)	REQUEST A HEARING
)	
Respondents.)	

THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA TO:

MIDWEST GOLD COMPANY, LLC, a North Dakota limited liability company, and KIRK SCOTT GRACE, 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.

- Respondent, Midwest Gold Company, LLC, is a North Dakota limited liability company, with its registered principal office at 113 1st Street West, Suite 9, Dickinson, North Dakota. Midwest Gold Company, LLC, is not now and has never been registered as an issuer-dealer or broker-dealer in North Dakota.
- Respondent, Kirk Scott Grace, ("Grace") is a North Dakota resident who, for all times relevant to this matter, operated and controlled Midwest Gold Company, LLC, as its President. Respondent Grace is not now and has never been registered as an agent with the North Dakota Securities Department.

3. On or about February 7, 2013, Respondents offered for sale and sold an investment contract in the form of a promissory note issued by Midwest Gold Company, LLC, to at least one resident of Dickinson, North Dakota, for the principal sum of \$5,000.00.
4. The subject securities 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. The offer for sale and sale of the subject securities was made in violation of N.D.C.C. § 10-04-04.
5. The Respondent, Midwest Gold Company, LLC, was not registered as an issuer-dealer or broker-dealer with the Securities Department and the offer for sale and sale of the subject securities was made in violation of N.D.C.C. § 10-04-10(1).
6. The Respondent, Grace, was not registered as an agent with the Securities Department and the offer for sale and sale of the subject securities was made in violation of N.D.C.C. § 10-04-10(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 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 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 Respondents 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 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 issuer-dealers, broker-dealers or agents.

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 \$75,000 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 PENALTIES

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 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 4 day of March, 2014.





Karen J. Tyler, Securities Commissioner
North Dakota Securities Department
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