

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of D & M Capital, LLC)
and Associated Financial Services,)
Inc.,)
Respondents)

CONSENT AGREEMENT

.....
The North Dakota Securities Commissioner has advised each of the respondents, D & M Capital, LLC (D&M) and Associated Financial Services, Inc., (Associated) that the Commissioner is prepared to commence formal action pursuant to North Dakota Century Code Chapter 10-04 and has determined as follows:

1. Respondent, D&M, is a securities issuer that is headquartered in North Dakota. Respondent made a securities filing pursuant to section 10-04-08.4 on October 2, 2003.
2. Respondent, Associated, is a securities dealer headquartered in Fargo, North Dakota. For all times relevant to this matter, Associated has been registered as a dealer in the state of North Dakota.
3. From May thru August of 2003, respondents sold stock in D&M to several residents of North Dakota. Most or all of these sales were made more than 15 days prior to the filing in North Dakota, as referenced in paragraph 1.
4. Pursuant to section 10-04-04 N.D.C.C., no person may offer for sale or sell any securities in this state unless the security is registered, exempt from registration, or is properly filed as a federal covered security.
5. Pursuant to section 10-04-10 N.D.C.C., no person may act as a dealer in the sale of securities in this state unless the dealer is registered, unless the transaction is an exempt transaction.
6. 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 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.
7. The violations described above are sufficient grounds for the Commissioner to assess civil penalties against respondent pursuant to section 10-04-16 N.D.C.C.

8. Respondents acknowledge their rights to a hearing on this matter and waive this right to a hearing and to present arguments to the Commissioner.

9. Respondents agree to resolve this matter with the Securities Commissioner by this Consent Agreement, and it is expressly understood that this agreement constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either expressed or implied.

10. The following Agreement is necessary and appropriate in the public interest.

NOW, THEREFORE, IT IS AGREED, THAT:

1. Respondent, D&M, shall not transact any securities business with any person in North Dakota unless respondent's securities are registered, exempt from registration, or properly filed as a federal covered security as required by North Dakota law.

2. Respondent, Associated, shall not transact any securities business with any person in North Dakota unless the securities related to the transactions are registered, exempt from registration, or properly filed as a federal covered security as required by North Dakota law.

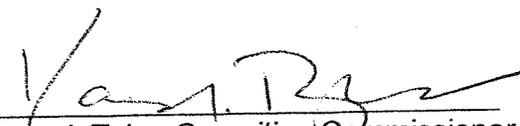
3. Respondent, D&M, shall willingly repurchase any investment, which an investor surrenders to D&M within twelve (12) months from the date of the entry of this Order. Upon the surrender of the investment under the terms of this section, D&M shall repay the investor within 30 days.

4. Respondent, Associated, shall pay a civil penalty of \$5,000.

5. This Agreement shall be effective upon signature of the Commissioner and the Respondents, as set forth below.

Signed and Agreed this 3rd day of March, 2004.



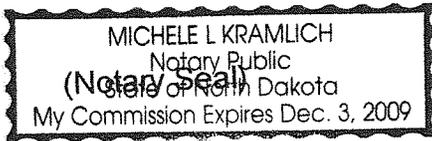

Karen J. Tyler, Securities Commissioner
Office of the Securities Commissioner
State Capitol-5th Floor
600 East Boulevard Ave.
Bismarck, ND 58505-0510
(701) 328-2910

Dated this 16th day of Febr., 2004.

D&M Capital, LLC
3290 20th Street South
Suite B
Fargo, ND 58104-5917

Michael J. Hofer
By: Michael J. Hofer
Its: President

Subscribed and Sworn before me this 16th day of FEBRUARY, 2004.



Michele L. Kramlich
Notary Public
State: ND County: Cass
My Commission Expires: 12.03.09

Dated this 27 day of Feb., 2004.

Associated Financial Services, LLC
118 Broadway, Suite 504
PO Box 2163
Fargo, ND 58107

Robert Medhus
By: Robert Medhus
Its: President

Subscribed and Sworn before me this 27 day of February, 2004.

(Notary Seal)

Kathleen C. LaCoe
Notary Public
State: _____ County: _____
My Commission Expires: _____

