

STATE OF NORTH DAKOTA  
COUNTY OF BURLEIGH

BEFORE THE  
SECURITIES COMMISSIONER

|                          |   |                         |
|--------------------------|---|-------------------------|
| In the matter of         | ) | CEASE AND DESIST ORDER  |
| M.D. Rothchilds, and     | ) | NOTICE OF CIVIL PENALTY |
| its Officers, Directors, | ) | NOTICE OF RESCISSION    |
| Agents and Employees     | ) | ORDER                   |
|                          | ) | AND NOTICE OF           |
|                          | ) | OPPORTUNITY FOR         |
|                          | ) | HEARING                 |
| Respondents,             | ) |                         |

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THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA TO M.D. ROTHCHILDS AND ITS OFFICERS, AGENTS, SERVANTS AND EMPLOYEES:

1. It appears to the Securities Commissioner that M.D. Rothchilds ("Respondents") and its officers, directors, agents, servants or employees 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 further appears to the Securities Commissioner that it is necessary or appropriate in the public interest or for the protection of investors to restrain these acts, practices, or transactions;
2. the Respondents have offered for sale, solicited an order or offer to buy, or sold securities to residents of North Dakota in violation of N.D.C.C. § 10-04-04;
3. the subject securities have not been registered with the Securities Commissioner under N.D.C.C. §§ 10-04-07; 10-04-07.1; 10-04-08; or 10-04-08.1; are not exempt securities under 10-04-05 N.D.C.C.; and have not been offered for sale or sold in exempt transactions under 10-04-06 N.D.C.C.;
4. the Respondents have failed to register as dealers in violation of N.D.C.C. § 10-04-10(1);
5. the Respondents have failed to register any salesman in violation of N.D.C.C. § 10-04-02(2);
6. the Respondents have offered interests in M.D. Rothchilds to residents of North Dakota;
7. interests in M.D. Rothchilds are a security in North Dakota as that term is defined in N.D.C.C. § 10-04-02(13);

8. the Respondents have failed to register the interests in M.D. Rothchilds in violation of N.D.C.C. § 10-04-04;
9. on or around December 7, 1994, Petitioner sent, via Certified Mail, an inquiry letter to Respondent;
10. Respondent failed to respond to the inquiry letter;
11. on or around February 13, 1995, Petitioner sent, a Subpoena Ad Testificandum and Subpoena Duces Tecum;
12. the Respondent failed to respond to the Subpoena Ad Testificandum and Subpoena Duces Tecum and the statements of fact and conclusions of law contained therein are, therefore, deemed admitted by the Respondent.

NOW, THEREFORE, IT IS ORDERED, pursuant to N.D.C.C. § 10-04-16, that Ray Roberts Investments and its officers, directors, agents, servants or employees immediately CEASE AND DESIST:

- A. From offering for sale or selling in North Dakota the subject securities, or any other security however denominated of any issuer, unless and until such securities have been registered with the Securities Commissioner; provided, however, that nothing in this part of the order shall apply to exempt securities under 10-04-05 N.D.C.C., or to exempt transactions under 10-04-06, N.D.C.C.;
- B. From offering for sale or selling in North Dakota subject securities, or any other security however denominated of any issuer, unless and until they have registered as dealers or salesmen with the Securities Commissioner; provided, however, that nothing in this part of the order shall apply to exempt transactions under 10-04-06, N.D.C.C.

YOU ARE NOTIFIED that the above-cited violations, are sufficient grounds for the imposition of a civil penalty and administrative cost, pursuant to 10-04-16 N.D.C.C.

YOU ARE NOTIFIED that pursuant to 10-04-16(1) N.D.C.C., the Commissioner hereby orders payment of a civil penalty of \$10,000.

YOU ARE NOTIFIED that pursuant to 10-04-17 N.D.C.C., the Commissioner hereby orders Respondent to make a rescission offer for any securities sold to any North Dakota residents Respondent has conducted business with in the past, or with whom Respondent is presently conducting business.

YOU ARE NOTIFIED that pursuant to 10-04-12 N.D.C.C., you may request a hearing before the Securities Commissioner if such a request is made in writing WITHIN TEN 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 16th day of March, 1995.

(SEAL)

*Cal Hoovestol*  
\_\_\_\_\_  
CAL HOOVESTOL  
SECURITIES COMMISSIONER

COPY

STATE OF NORTH DAKOTA  
SECURITIES COMMISSIONER

BEFORE THE  
SECURITIES COMMISSIONER

IN THE MATTER OF: )  
M.D. Rothchilds )  
its Officers, Directors, )  
Agents and Employees )  
)  
)  
)  
)  
)  
Respondents, )

AFFIDAVIT  
OF  
MAILING

.....  
Jocelyn Smith-Whitney, being first duly sworn under oath,  
deposes and says:

1. That she is a citizen of the United States over the age  
of twenty-one years and not a party to or interested in the above-  
entitled proceeding.

2. That on the 16th day of March 1995, she deposited in the  
Central Mailing Bureau of the United States Post Office Department  
in the State Capitol in Bismarck, North Dakota, true and correct  
copies of the following document:

CEASE AND DESIST ORDER  
NOTICE OF CIVIL PENALTY  
NOTICE OF RESCISSION ORDER  
AND NOTICE OF OPPORTUNITY  
FOR HEARING

3. That a copy of the above document was securely enclosed  
in an envelope with postage duly prepaid and addressed as follows:

M.D. Rothchilds  
Rue du Rone 14  
1204 Geneva, Switzerland

4. That to the best of her knowledge, information, and  
belief, the address given above is the actual post office address  
of the party intended to be so served.

*Jocelyn Smith-Whitney*  
\_\_\_\_\_  
Jocelyn Smith-Whitney

Subscribed and sworn to before me this 16th day of March 1995.

*Cheryl Fleck*  
\_\_\_\_\_  
CHERYL FLECK Notary Public  
State of North Dakota  
My commission expires June 23, 1999

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CHERYL FLECK  
Notary Public, STATE OF NORTH DAKOTA  
My Commission Expires JUNE 23, 1999