

STATE OF NORTH DAKOTA

SECURITIES DEPARTMENT

In the Matter of Michael L. Puklich,)
)
 Respondent.)

CONSENT ORDER

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The North Dakota Securities Commissioner has advised the Respondent, Michael L. Puklich, 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, is an agent employed by and associated with H. D. Vest Investment Securities, Inc. (hereinafter "H. D. Vest"), a Texas based broker-dealer. Respondent is, and for all times relevant to this matter, has been registered as an agent with the Securities Department.
2. Prior to September of 2003, Respondent was the principal owner and operator of Buyers and Seller's 1st Choice, Inc. (hereinafter "BS1C"), a North Dakota Corporation which was in the real-estate brokerage business. BS1C owned and operated an Assist-2-Sell franchise in Bismarck, North Dakota.
3. Respondent did not notify Assist-2-Sell that he was effectively selling his ownership interest in the franchise, and the purchaser was not approved by Assist-2-Sell, as required by Assist-2-Sell in connection with the resale of a franchise. It is not clear that Assist-2-Sell would have approved the sale of the franchise to the purchaser. This transaction may have been conducted as a sale of the stock in BS1C in an attempt to avoid this requirement by Assist-2-Sell.
4. Respondent disclosed his affiliation with BS1C, but failed to disclose his ownership interest in BS1C to H. D. Vest, as required by NASD Rule 3030.
5. During September or October of 2003, Respondent sold his stock in BS1C and caused BS1C to issue additional stock to Tana Becker, a North Dakota resident who was then a real estate agent. The stock was sold for \$20,000 cash and an assumption of the debts of BS1C. At the time of the transaction, Respondent was aware that the \$20,000 payment originated from Donald Sabo, a North Dakota resident who was never issued any stock as a result of this payment.
6. The transaction described above was not conducted through H. D. Vest, nor was H. D. Vest aware of the transaction in advance. Pursuant to NASD Rules 3040, if an agent conducts a private securities transaction, that agent must first receive the written approval from the broker-dealer, and the transactions must be

recorded on the books and records of the broker-dealer. This transaction was conducted in violation of this rule.

7. If the transaction had been conducted through H. D. Vest, in accordance with NASD Rule 3040, H. D. Vest would have been required to supervise Respondent with respect to the transaction. Had the Respondent complied with NASD Rule 3040, the transaction may have been prevented, as H. D. Vest supervision staff might have learned that the transaction violated the Securities Act, or they may have questioned why the funds for the transaction were paid by Donald Sabo, who is not a party to the agreements and was never issued securities based on the transaction.
8. The subject securities have not been registered with the Securities Department under N.D.C.C. §§ 10-04-07, 10-04-07.1, 10-04-08 or 10-04-08.1 N.D.C.C.; are not exempt securities under N.D.C.C. § 10-04-05; 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.
9. Pursuant to N.D.C.C. § 10-04-04, no person may sell a security in this state unless the security is registered, exempt from registration, or is a federal covered security. The facts set forth above demonstrate that Respondent violated this section.
10. Pursuant to N.D.C.C. § 10-04-15, no person may engage in a scheme or artifice to defraud any person in connection with the offer and/or sale of any security. The facts set forth in paragraph 3, above, demonstrate that Respondent violated this section.
11. Pursuant to N.D.C.C. § 10-04-16(1), 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. The violations described above are sufficient grounds for the Commissioner to assess civil penalties against the Respondent pursuant to N.D.C.C. § 10-04-16(1).
12. With regard to the facts set forth above, Respondent violated NASD Rules 3030 and 3040. These activities constitute dishonest or unethical practices in the securities industry, pursuant to N.D.A.C. §§ 73-02-09-02(29) and 73-02-09-03(6).
13. Pursuant to N.D.C.C. § 10-04-11, the Securities Commissioner may revoke the registration of an agent if that agent has violated the Securities Act or has engaged in any dishonest or unethical practices in the securities industry. The

facts set forth above are sufficient grounds for the revocation of the agent registration of the Respondent.

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

15. Respondent agrees to resolve this and all matters with the Securities Commissioner by this Consent Order.

16. The following Order is necessary and appropriate in the public interest and for the protection of investors.

NOW, THEREFORE, IT IS ORDERED, THAT:

1. Respondent shall not offer for sale and/or sell any security in North Dakota unless that security is registered or exempt from registration under N.D.C.C. Ch. 10-04.
2. Respondent shall not engage in any fraudulent conduct in North Dakota in violation of Section 10-04-15 N.D.C.C.
3. Respondent shall comply with the requirements of the North Dakota Securities Act in all respects.
4. Respondent shall, within ten days of the entry of this Order, withdraw his registration as an agent in the state of North Dakota.
5. Respondent is hereby assessed a civil penalty of \$2,500 pursuant to N.D.C.C. § 10-04-16(1).
6. This Order shall be effective upon signature of the Commissioner.

Signed and Sealed this 11th day of September, 2006.





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

STATE OF NORTH DAKOTA

SECURITIES DEPARTMENT

In the Matter of Michael L. Puklich,)
)
 Respondent.) CONSENT TO ENTRY
 OF ORDER

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Based on mutual concessions and a willingness to resolve all matters discussed in the foregoing Consent Order, the undersigned Respondent states that:

1. He has read the foregoing Consent Order, and knows and fully understands its contents and effects.
2. The Respondent has been advised of his rights to a hearing with regard to this matter, and has specifically waived his rights to a hearing.
3. The Respondent has been advised that any willful violation of this order is a Class B Felony pursuant to N.D.C.C. § 10-04-18(1) and is punishable by a \$10,000 fine and 10 years' imprisonment, with respect to a natural person, pursuant to N.D.C.C. § 12.1-32-01(3) or by a \$35,000 fine with respect to an organization, pursuant to N.D.C.C. § 12.1-32-01.1(2).
4. The foregoing Consent Order constitutes the entire settlement agreement between the Respondent and the Securities Commissioner, resolves all issues involving Respondent, there being no other promises or agreements, either expressed or implied.
5. The Respondent neither admits nor denies the accuracy of the factual determinations of the Commissioner, as set forth in the foregoing Consent Order, and he is specifically precluded from denying those determinations in any forum, public or otherwise, except that this Order does not interfere with Respondent's right to defend himself in any legal proceedings or obligations to report/answer to applicable licensing entities or employers.
6. The Respondent consents to entry of the foregoing Consent Order by the Securities Commissioner, and does so willingly for the purpose of resolving the issues described in the foregoing Consent Order.

Dated this 8TH day of SEPTEMBER, 2006.

Michael L. Puklich

Michael L. Puklich
1427 Fairway Court
Chaska, MN 55318

Subscribed and Sworn before me this 8th day of September, 2006.

[Signature]

Notary Public
State: Minnesota County: Harver
My Commission Expires: 1-31-2010

(Notary Seal)

