

STATE OF NORTH DAKOTA  
COUNTY OF BURLEIGH

BEFORE THE  
SECURITIES COMMISSIONER

In the Matter of )  
Murchison Investment Bankers, Inc.; )  
Burll Dean Murchison; Richard Alan Murchison; )  
James Roland Arnold; Lee Edward Burton; )  
and their Officers, Directors, )  
Agents and Employees, )  
Respondents. )

**CEASE AND DESIST ORDER**

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**THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA TO MURCHISON INVESTMENT BANKERS, INC.; BURLL DEAN MURCHISON; RICHARD ALAN MURCHISON; JAMES ROLAND ARNOLD; LEE EDWARD BURTON; AND THEIR OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES:**

1. The 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;
2. the Respondents have offered for sale, solicited an order or offer to buy, or sold investments, as defined in §10-04-02(13) N.D.C.C., of FNMA 1994-24-H Principal only REMIC Bonds to residents of North Dakota in violation of §10-04-15 N.D.C.C.;
3. the Respondents offered the subject bonds as risk-free investments, guaranteed a monthly return of at least 10% and guaranteed that Murchison Investment Bankers, Inc. would repurchase the bonds in 6 months or less;
4. by these acts the Respondents violated one or more of the provisions against fraudulent and unethical sales practices and manipulative conduct pursuant to North Dakota Administrative Rules § 73-02-09, violated one or more of the National Association of Securities Dealers Rules of Fair Practices, and violated one or more provisions of the North Dakota Securities Act by engaging in fraudulent practices pursuant to North Dakota Century code §10-04-15.

**NOW, THEREFORE, IT IS ORDERED**, pursuant to §10-04-16 N.D.C.C., that the Respondents immediately shall **CEASE AND DESIST**:

- a. From offering for sale or selling in North Dakota the subject investment, or any other investment interest however denominated in violation of provisions of the North Dakota

Securities Act regarding fraudulent practices pursuant to North Dakota Century code §10-04-15; and

- b. From offering for sale or selling in North Dakota the subject investment, or any other investment interest however denominated in violation of one or more of the provisions regarding fraudulent and unethical sales practices and manipulative conduct pursuant to North Dakota Administrative Rules § 73-02-09.

#### NOTICE OF CIVIL PENALTIES

**YOU ARE NOTIFIED** that the above-cited violations are sufficient grounds for the imposition of civil penalties pursuant to §10-04-16(1) N.D.C.C..

#### NOTICE OF RIGHT TO REQUEST HEARING

**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 FOURTEEN (14) 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 28th day of March 1996.



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

**STATE OF NORTH DAKOTA  
COUNTY OF BURLEIGH**

**BEFORE THE  
SECURITIES COMMISSIONER**

In the matter of )  
Murchison Investment Bankers, Inc.; ) **AFFIDAVIT**  
Burril Dean Murchison; Richard Alan Murchison; ) **OF**  
James Roland Arnold; Lee Edward Burton; ) **MAILING**  
and their Officers, Directors, )  
Agents, and Employees, )  
Respondents. )

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I, Diane Lillis, being first duly sworn, state that I am 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.

On, April 4, 1996 I 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**

A copy of the above document was securely enclosed in an envelope with postage duly prepaid, sent via certified mail, return receipt requested, and addressed to:

Murchison Investment Bankers, Inc.  
14550 Torrey Chase Blvd., Suite 455  
Houston, TX 77014

Burril Dean Murchison  
5210 Rothchilde  
Houston, TX 77069

Richard Alan Murchison  
8202 Ash Valley Drive  
Spring, TX 77379

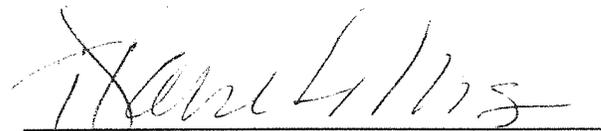
James Roland Arnold  
8016 Renmack Lane  
Houston, TX 77070

Lee Edward Burton  
7906 Huddersfield Ct.  
Spring, TX 77379

Olney G. Wallis  
Wallis & Short, Attorneys at Law  
Attorney for Murchison Investment Bankers, Inc. and Burll Dean Murchison  
4300 Scotland  
Houston, TX 77007

John E. Dees, Jr.  
Attorney for James Roland Arnold  
3131 Turtle Creek Blvd., Suite 222  
Dallas, TX 75219

To the best of my knowledge, information, and belief, the address given above is the actual post office address of the party intended to be served.

  
\_\_\_\_\_  
Diane Lillis

Subscribed and sworn to before me on April 4, 1996.

  
\_\_\_\_\_  
Susan R. Schmidt, Notary Public  
Burleigh County, North Dakota  
My commission expires 9/25/2001