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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

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IN THE MATTER OF DETERMINING
whether there has been a violation
of the Securities Act of Washington by:

SDO - 093 - 02
S-01-121-02-SC01

BROCK CONTRACTING; DAVID
CREAGH BROCK, JR.; and KENNETH
JOHN SJORDAL

Statement of Charges and Notice of Intent to Enter an
Order to Cease and Desist and Impose Fines

Case No. 01-11-438/S-01-121

Respondents

THE STATE OF WASHINGTON TO: Brock Contracting
David Creagh Brock, Jr.
Kenneth John Sjordal

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Brock Contracting, David Creagh Brock, Jr. and Kenneth John Sjordal, have each violated the Securities Act of Washington, Chapter 21.20 RCW, by offering and selling unregistered securities, by acting as unregistered securities broker-dealers or salespersons and by omitting material facts about the securities during the course of those offers and sales. The Securities Administrator believes that the violations justify the entry of an order to cease and desist from such violations and to impose fines pursuant to RCW 21.20.395.

The Securities Administrator makes the following Tentative Findings of Fact:

TENTATIVE FINDINGS OF FACT

I. RESPONDENTS

1. David Creagh Brock, Jr. ("Brock") lives in Colville, Washington and has been a Washington resident since at least October 1999.

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an Order to Cease and Desist and Impose Fines 1

Department of Financial Institutions
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8700

1 2. Brock Contracting, a logging company located in Colville, Washington, is a sole proprietorship
2 owned by Brock.

3 3. Kenneth John Sjoldal (“Sjoldal”) is a law enforcement officer who lives in Colville, Washington and
4 has been a Washington resident since at least October 1999.

5 II. OFFER AND SALE OF INVESTMENTS

6 4. Brock was a contract logger who did business under the name Brock Contracting in Colville,
7 Washington. In 1999, Brock met with Sjoldal, who agreed to help raise funds to expand Brock’s logging
8 operations. Brock agreed to pay a 40% return to investors and to pay Sjoldal a “finder’s fee” for
9 introducing new investors.

10 5. From October 1999 through December 2000, Brock offered and sold to at least nine investors, most
11 of whom are Washington residents, more than \$750,000 worth of investments that were to be used to
12 finance the operations of Brock Contracting.

13 6. Sjoldal offered or sold at least \$600,000 worth of the investments to his friends, relatives and co-
14 workers. Sjoldal told several investors that he was receiving commissions for referring investors to Brock.

15 7. The investors’ funds were supposed to be used by Brock Contracting to purchase and sell timber and
16 to conduct logging operations in order to generate profits for the investors. The investor funds were
17 pooled together in a single bank account. The investors had no control over their invested funds and were
18 relying upon Brock to repay their investments.

19 8. Many of the investments were short-term investments that were supposed to pay a 40% return within
20 ninety days or less. As evidence of their investments, the investors received promissory notes and loan
21 agreements in the name of Brock Contracting and signed by Brock. Sjoldal prepared some of the notes.
22 The notes recited the basic terms of the investments, including the amount invested, the date of
23 investment, the investment due date and, if applicable, a payment schedule.
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Approved by:

Presented by:

Michael E. Stevenson
Chief of Enforcement

Janet So
Financial Legal Examiner