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

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

Great Northern Financial Services, Inc.; Timothy
Burke; Douglas Fry; Anthony Horpel; and Great
Northern Financial Securities, Inc.;

Respondents.

S-02-271-03-CO02

CONSENT ORDER AND ORDER VACATING
STATEMENT OF CHARGES AND NOTICE OF
INTENTION TO ENTER ORDER TO CEASE
AND DESIST; NOTICE OF INTENT TO
SUSPEND OR REVOKE SECURITIES
SALESPERSON OR INVESTMENT ADVISER
REPRESENTATIVE REGISTRATION; NOTICE
OF INTENT TO SUSPEND, REVOKE, OR
CONDITION BROKER-DEALER
REGISTRATION; AND NOTICE OF INTENT
TO IMPOSE FINES S-02-271-03-SC01 AS TO
GREAT NORTHERN FINANCIAL SERVICES,
INC.; TIMOTHY BURKE; DOUGLAS FRY;
ANTHONY HORPEL; AND GREAT
NORTHERN FINANCIAL SECURITIES, INC.

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Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the
Department of Financial Institutions (“Securities Division”) and Respondents, Great Northern Financial
Services, Inc.; Timothy Burke; Douglas Fry; Anthony Horpel; and Great Northern Financial Securities,
Inc., do hereby enter into this CONSENT ORDER in settlement, as to those respondents, of the matters
alleged in Statement of Charges and Notice of Intention to Enter Order to Cease and Desist; Notice of
Intent to Suspend or Revoke Securities Salesperson or Investment Adviser Representative Registration;
Notice of Intent to Suspend, Revoke, or Condition Broker-Dealer Registration; and Notice of Intent to
Impose Fines, S-02-271-03SC02, which the Securities Division entered on September 8, 2003. The
Securities Division’s allegations, as set forth in its Tentative Findings of Fact and Conclusions of Law in S-

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CONSENT ORDER

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

02-271-03SC02, are incorporated by reference into this Consent Order as final Findings of Fact and
Conclusions of Law. Respondents neither admit nor deny those allegations.

CONSENT ORDER

Based upon the foregoing:

IT IS AGREED AND ORDERED that Respondents, Great Northern Financial Services, Inc.; Timothy Burke; Douglas Fry; and Anthony Horpel; their agents and employees each shall cease and desist from offering or selling securities in violations of RCW 21.20.140, the securities registration section of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that Respondents, Great Northern Financial Services, Inc.; Timothy Burke; Douglas Fry; and Anthony Horpel; their agents and employees each shall cease and desist from acting as an unregistered securities broker-dealer or salesperson in violation of RCW 21.20.040, the broker-dealer and securities salesperson registration section of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that Respondents, Great Northern Financial Services, Inc.; Timothy Burke; Douglas Fry; and Anthony Horpel; their agents and employees each shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that Respondents will jointly and severally pay the Securities Division at or prior to the entry of the consent order the amount of \$25,000 representing payment of \$12,500 for the Securities Division's examination costs and reimbursement of the Securities Division's costs of \$12,500 in the investigation and prosecution of this matter.

1 IT IS FURTHER AGREED that Respondent Great Northern Financial Securities, Inc. to be subject
2 to examinations by the Division on at least an annual basis, with an initial oversight exam to be conducted
3 no later than fourteen months after the entry date of the consent order.

4 IT IS FURTHER AGREED AND ORDERED that Respondent Anthony Horpel shall be liable for
5 and will pay the Securities Division a fine of \$50,000, of which \$25,000 shall be suspended contingent
6 upon future compliance with the consent order, with \$12,500 to be paid at or before the time of the entry
7 of the consent order, and \$12,500 to be paid no later than June 30, 2004.

8 IT IS FURTHER AGREED AND ORDERED that Respondents Timothy Burke and Douglas Fry
9 would each be liable for and would pay the Division a fine of \$5,000, of which \$2,500 shall be suspended
10 contingent upon future compliance with the consent order, with \$1,250 to be paid at or before the time of
11 the entry of the consent order, and \$1,250 to be paid no later than June 30, 2004.

12 IT IS FURTHER AGREED AND ORDERED that any Respondent shall fail to comply with the
13 terms and provisions of the consent order, including the timely payment of the installment amounts, the
14 suspended portion of the fine as to that respondent would become immediately due and payable.

15 IT IS FURTHER AGREED that Respondents will make a voluntary donation to the Investor
16 Protection Trust at or prior to the entry of the consent order in the amount of \$5,000, a 501(c)(3) non-
17 profit headquartered in Arlington, VA, for projects promoting investor education in the state of
18 Washington. The Investor Protection Trust Payment shall be made payable to the Investor Protection
19 Trust, delivered to the Investor Protection Trust, 1901 North Fort Meyer Drive, Suite 1012-1014,
20 Arlington, VA 22209, and submitted with a cover letter stating that the funds are to be used for
21 promoting investor education in the state of Washington.
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23 IT IS FURTHER AGREED AND ORDERED that Respondents Great Northern Financial Services,
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1 Inc.; Timothy Burke; Douglas Fry; and Anthony Horpel will sell securities to customers only through
2 Great Northern Financial Securities, Inc.

3 IT IS FURTHER AGREED AND ORDERED that when Respondent Great Northern Financial
4 Securities, Inc. advertise securities products in advertisements those advertisements will that indicate that
5 Great Northern Financial Securities, Inc. offers a variety of securities and insurance products even when
6 the advertisement is directed to a specific securities product.

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8 IT IS FURTHER AGREED AND ORDERED that Respondent Great Northern Financial
9 Securities, Inc. shall enter a consent resolution, in the form previously furnished to the Securities Division,
10 providing, among other things, for the engagement of William P. Blessing as chief compliance officer of
11 Respondent Great Northern Financial Securities, Inc. who is to be granted the title “Director of
12 Compliance” and the irrevocable power and authority for three years (i) to monitor, supervise and enforce
13 that corporation’s policies and procedures relating to compliance (“Compliance Procedures”) with federal
14 and state securities laws, and the rules and regulations thereunder, including the rules and regulations of
15 NASD and the supervisory procedures of Respondent Great Northern Financial Securities, Inc. in its
16 supervisory procedures manual, (ii) to take such action as the Director of Compliance may deem necessary
17 or appropriate to revise and upgrade that corporation’s Compliance Procedures to conform to industry
18 standards and to manage and minimize the corporation’s exposure to adverse actions by federal or state
19 securities regulators or the NASD (together, “Regulators”), (iii) in performing these functions, to establish
20 and implement effective procedures for the evaluation of new investment products to be sold privately to
21 customers, whether or not they involve the offer and sale of a “security,” with a view towards insuring their
22 economic and legal viability and their suitability for specific customers, (iv) to coordinate and assist the
23 staff of Regulators in any and all audits, investigations and inquiries of the corporation relating to
24 compliance with federal and state securities laws, and the rules and regulations thereunder, including the

1 rules and regulations of the NASD, and (v) in connection with such coordination with and assistance toward
2 Regulators, and in the conduct of his duties as Director of Compliance in general, to comply with the
3 practices and policies advocated in Exchange Act Release No. 44969 (October 23, 2001) of the Securities
4 and Exchange Commission to manage and minimize the corporation's exposure to adverse actions by
5 Regulators, *except that*, without the prior consent of the Board of Directors, the Director of Compliance
6 shall not waive the attorney-client privilege applicable to any communication from the corporation's legal
7 counsel. The consent resolution shall also provide that that Respondents Great Northern Financial Services,
8 Inc.; Timothy Burke; Douglas Fry; and Anthony Horpel each irrevocably appoint the Director of
9 Compliance as his proxy during the three year period to represent said shareholder, as appropriate, at any
10 and all annual and special meetings of the shareholders of Respondents Great Northern Financial Services,
11 Inc. and Great Northern Financial Securities, Inc. and there to vote all of the shares of capital stock owned
12 by the said shareholder (1) FOR the said Director of Compliance to serve as a director of Respondent Great
13 Northern Financial Securities, Inc. during and throughout said three year period, and (2) in such manner as
14 said Director of Compliance in his sole discretion may determine for or against any matter relating to
15 Securities Compliance matters of Great Northern Financial Securities, Inc. as may come for vote before the
16 Board of Directors or shareholders of Great Northern Financial Securities, Inc., said appointment to be
17 thereby deemed to be coupled with an interest for purposes thereof, *provided, however*, that the appointment
18 would be revoked prior to the expiration of the three year period upon action by the Board of Directors of
19 Great Northern Financial Securities, Inc. if, but only if, such revocation were accompanied by the
20 appointment of a replacement Director of Compliance satisfactory to, and consented to in writing by, the
21 Washington Securities Administrator. The consent resolution shall also provide that the Director of
22 Compliance would be thereby authorized, empowered and directed within the three-year period to report
23 directly to the Division, without any prior notice to or approval by the Board of Directors or any officer of
24 Great Northern Financial Securities, Inc., any circumvention, frustration or thwarting of, or any attempt to

1 circumvent, frustrate or thwart, the performance by the Director of Compliance of his Securities
2 Compliance duties and authority thereunder, including any failure to support and implement the exercise by
3 the Director of Compliance of his Securities Compliance duties thereunder and any reassignment of his
4 location or duties, change in his compensation or the funding of his activities, or any other breach of his
5 three-year employment agreement with Great Northern Financial Securities, Inc. to which the Director of
6 Compliance has not consented.

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8 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Order.

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10 IT IS FURTHER AGREED that no portion of this Consent Order shall be construed to affect or limit
11 in any way, nor shall it be admissible to establish, the rights of any person as set forth in the provision for
12 civil liabilities contained in RCW 21.20.430.

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14 IT IS FURTHER AGREED that in consideration of the foregoing Respondents, Great Northern
15 Financial Services, Inc.; Timothy Burke; Douglas Fry; Anthony Horpel; and Great Northern Financial
16 Securities, Inc., each withdraw his or its request for a hearing and waive his or its right to a hearing on this
17 matter and to judicial review of the cease and desist order under RCW 21.20.440 and Chapter 34.05 RCW.
18 The Securities Division vacates Statement of Charges and Notice of Intention to Enter Order to Cease and
19 Desist; Notice of Intent to Suspend or Revoke Securities Salesperson or Investment Adviser Representative
20 Registration; Notice of Intent to Suspend, Revoke, or Condition Broker-Dealer Registration; and Notice of
21 Intent to Impose Fines S-02-271-03SC02 as to Respondents Great Northern Financial Services, Inc.; Timothy
22 Burke; Douglas Fry; Anthony Horpel; and Great Northern Financial Securities, Inc. except to the extent that
23 the Tentative Findings of Fact and Conclusions of Law have been incorporated herein.

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SIGNED this 22nd day of December, 2003.

Signed by:

Great Northern Financial Services, Inc.

By

/s/ Anthony Horpel

Anthony Horpel
President

Signed by:

/s/ Douglas Fry

Douglas Fry, individually

Signed by:

/s/ Timothy Burke

Timothy Burke, individually

Signed by:

/s/ Anthony Horpel

Anthony Horpel, individually

1 Signed by:

2 Great Northern Financial Securities, Inc.

3 /s/ Douglas Fry

4 By _____

5 Douglas Fry, President

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7 Approved as to form by:

8 /s/ Mike Liles, Jr.

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10 _____
11 Mike Liles, Jr. WSBA #1365

12 Karr, Tuttle, Campbell

13 Attorneys for Great Northern Financial Services, Inc.; Timothy Burke; Douglas Fry; Anthony Horpel;
14 and Great Northern Financial Securities, Inc.

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17 SIGNED and ENTERED this 5th day of January, 2004

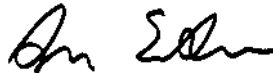
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19 Deborah R. Bortner
20 Securities Administrator

21 Approved by:

22 Presented by:

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25 _____
26 Michael E. Stevenson
27 Chief of Enforcement

Suzanne Sarason
Financial Legal Examiner