

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:

Dale James Bjornberg

Respondent.

SDO - 00 – 3

CONSENT ORDER

Case No. 99-10-304

THE STATE OF WASHINGTON TO: Dale James Bjornberg  
129 North 300 East  
Malad, Idaho 83252

The Securities Division, Department of Financial Institutions, State of Washington, and respondent Dale James Bjornberg (“Bjornberg”) do hereby agree to this Consent Order in settlement of the matters alleged herein. The Securities Division has in SDO-99-78 made certain allegations and conclusions, set forth under the headings “Tentative Findings of Fact,” and Conclusions of Law.” Respondent Bjornberg neither admits nor denies the Tentative Findings of Fact and Conclusions of Law.

**TENTATIVE FINDINGS OF FACT**

**RESPONDENT**

1. On or about December 22, 1998, Bjornberg signed a Fee of Success Agreement (“FSA”) with Tim McCormick (“McCormick”), President of Castlerock Investment Group, Ltd., based in Chattanooga, Tennessee. Under the terms of the FSA, Bjornberg agreed to introduce investors to Castlerock in exchange for a one time fee of \$500,000 for each \$100,000,000 invested.

CONSENT ORDER

1

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

2. On or about February 27, 1999, Bjornberg signed a second FSA with Castlerock. Under the terms of this FSA, Bjornberg agreed to introduce investors to Castlerock in exchange for a payment of twenty-five percent (25%) of the paid out amount for each individual investor.

3. On or about August 16, 1999, Bjornberg signed a Lead Broker Referral Agreement ("LBRA") with McCormick and Castlerock. Under the terms of the LBRA, Bjornberg agreed to introduce investors to Castlerock in exchange for 5% of Castlerock's net profits.

4. Bjornberg is not registered with the State of Washington as a securities broker-dealer, securities salesperson, investment adviser or investment adviser representative and has not previously been so registered.

### NATURE OF BJORNBERG'S ALLEGED CONDUCT AND CASTLEROCK

5. On or about December 22, 1999 and continuing through February 18, 1999, Bjornberg introduced six Washington residents to Castlerock for the purpose of making an investment with Castlerock, through McCormick, its President.

6. Bjornberg assisted the Washington residents in obtaining offering material for the Castlerock/IFR, an offshore trust.

7. The Castlerock/IFR Trust offering material represented that investors would receive a \$1,000,000 million dollar return for each \$5,000 invested, over the course of a 55 month period. Investors' funds were to be pooled and then traded by agents of Castlerock. The offering material also stated that the investment was guaranteed by an 8% note, issued by Castlerock.

8. The investment, as described in paragraph 7, was not registered with the State of Washington nor was it exempt from such registration.

9. Neither Castlerock nor McCormick was registered with the State of Washington as a securities broker-dealer, securities salesperson, investment adviser, investment adviser representative or issuer and have not previously been so registered.

1 10. On or about August 23, 1999, the State of Utah issued a Warrant of Arrest for McCormick on counts of  
2 securities fraud, sale of unregistered securities and sale by an unlicensed broker/dealer or agent. Those counts arose from  
3 activities related to the investment described in paragraph 7, above.

4 11. On or about September 17, 1999, the Tennessee Department of Commerce and Insurance entered into an  
5 Agreement of Temporary Injunction against McCormick and Castlerock. The injunction arose from a verified complaint  
6 filed by Tennessee alleging securities fraud in the offer and sale of the investment described in paragraph 7, above.

7 12. The Securities Administrator finds that continued business transactions, in the State of Washington, by  
8 Bjornberg presents a threat to the investing public.

9 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

10 **TENTATIVE CONCLUSIONS OF LAW**

11  
12 The offer and/or sale of the interests in the trust described above constitutes the offer and/or sale of a security as  
13 defined in RCW 21.20.005(10) and (12), to wit: an investment contract.

14 Bjornberg has violated RCW 21.20.040 by offering and/or selling said securities while not registered as a  
15 securities salesperson, broker-dealer, investment adviser or investment adviser representative in the State of Washington.

16 Bjornberg has violated RCW 21.20.140 by offering and/or selling securities that were not registered with the  
17 State of Washington nor exempted from such registration.

18 **ORDER AND CONSENT**

19 The Securities Division and Bjornberg have agreed on a basis for resolution and Bjornberg agrees to entry of this  
20 Consent Order pursuant to the Securities Act of Washington without admitting or denying the Securities Division's  
21 allegations and conclusions.

22 Based on the foregoing,

23 1. It is Agreed and Ordered that the Securities Division shall suspend all proceedings against Bjornberg.

- 1           2.       It is Agreed and Ordered that Bjornberg permanently cease and desist from violations of the Securities  
2                   Act of Washington.
- 3           3.       It is Agreed the respondent Bjornberg waives his right to a hearing in this matter.
- 4           4.       It is Agreed that the Securities Division has jurisdiction to enter this Consent Order.

5  
6 DATED this \_\_\_\_ day of January ,2000.

7  
8 \_\_\_\_\_  
9 DALE JAMES BJORNBERG,  
Respondent

10 Approved as to form:

11  
12 \_\_\_\_\_  
13 NEIL KAPLAN,  
Attorney for Dale James Bjornberg

14 EXECUTED this \_\_\_\_ day of January, 2000.

15  
16 \_\_\_\_\_  
DEBORAH R. BORTNER  
Securities Administrator

17 Presented by:

18  
19 \_\_\_\_\_  
20 Kristina L. Kneip  
Securities Examiner

21 Approved by:

22  
23 \_\_\_\_\_  
24 Michael E. Stevenson  
Chief of Enforcement

25 CONSENT ORDER

26 4

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