

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO**

STATE OF IDAHO, Department of)	
Finance, Securities Bureau,)	Docket No. 2002-7-12
)	
Complainant,)	
)	
vs.)	AGREEMENT AND ORDER
)	
Anderson-David & Associates, Inc.;)	
Gordon N. Anderson and Judyth E.)	
Anderson.)	
)	
Respondents.)	
_____)	

The Director of the Department of Finance has instituted an investigation into the application of employee payroll deductions controlled by Respondents and intended for investment into securities accounts in the names of such employees. Pursuant to said investigation, it appears to the Director that violations of the Idaho Securities Act, Idaho Code §30-1401 et seq., have occurred. The Director and the Respondents have agreed to resolve this matter without a public hearing or court proceedings. Therefore, the Director deems it appropriate and in the public interest that this Agreement and Order be entered. Respondents consent to the entry of this Agreement and Order.

RESPONDENTS

1. Anderson-David & Associates, Inc. is an Idaho corporation that conducts business from 1401 Shoreline Drive in Boise, Idaho. Anderson-David & Associates, Inc. was the employing organization for multiple employees that participated in a “simple” retirement plan that provided for employee payroll deductions for application to the retirement plan and various securities therein.

2. Gordon N. Anderson was the President and sole officer of Anderson-David & Associates, Inc. at all times pertinent to the activities described herein.

11. The securities offered by Respondents have not been registered with the Idaho Department of Finance as required by Idaho Code §30-1416.

12. Respondents have violated Idaho Code 30-1416.

Anti-Fraud Violations

13. In connection with the offer, sale and operation of the retirement plan, Respondents engaged in acts, practices or courses of business, which operated or would operate as a fraud or deceit. These acts, practices and courses of business include, but are not limited to, the following:

a. failing to advise employees that payroll deductions earmarked for the retirement plan were not forwarded to the retirement plan as previously represented.

b. utilizing employee retirement payroll deductions for the general corporate purposes of Anderson-David & Associates, Inc. and its owners.

14. Respondents have violated Idaho Code §30-1403(3).

REMEDIES

In lieu of other proceedings regarding this matter, Complainant and Respondents hereby agree as follows:

1. Respondents represent that the information provided to Complainant in its investigation of this matter is accurate and complete and in particular that no more than four employees have been affected by Respondent's course of conduct and that no more than twelve thousand dollars (\$12,000.00) is owed to these employees.

2. Respondents admit to the violations enumerated herein including securities registration violations and violations of the anti-fraud provisions of the Idaho Securities Act.

3. Respondents agree to forward payment for those monies owed to affected employee and ex-employees to the securities brokerage firm no later than July 31, 2002.

4. Respondents agree to abide by the Idaho Securities Act in the future. In the event that Respondents commit violations of the Idaho Securities Act within three (3) years of the date of this Order, Respondents acknowledge that Complainant can incorporate the allegations giving rise to this Order in any future proceeding.

3. Judyth E. Anderson was the bookkeeper for Anderson-David & Associates, Inc. at all times pertinent to the activities described herein. Judyth Anderson aided and abetted her husband, Gordon Anderson, in the securities violations described herein.

BACKGROUND

4. Anderson-David & Associates, Inc. is an Idaho corporation that provides land surveying services. Anderson-David & Associates, Inc. is owned and controlled by Gordon N. Anderson.

5. Anderson-David & Associates, Inc. employed multiple individuals on an hourly basis between 2001 and the present date. These employees were offered an opportunity to participate in a small employer retirement plan through Anderson-David & Associates, Inc. The retirement plan called for a “simple” IRA for each employee that could be funded through payroll deductions. Said deductions were withheld by Anderson-David & Associates, Inc. to be later forwarded to a securities firm for credit to each employee’s IRA securities account.

6. Beginning on a date uncertain, but at least since July of 2001, the Respondents failed, on multiple occasions, to forward employee retirement plan payroll deductions to the securities brokerage as promised.

7. On May 22, 2002, Respondent Gordon Anderson acknowledged to representatives of Complainant that approximately twelve thousand dollars (\$12,000.00) in employee retirement withholdings have been converted to the general purposes and needs of the corporation.

FINDINGS OF VIOLATIONS

Securities Registration Violations

8. The investment program offered by Respondents are securities as defined in Idaho Code §30-1402(12).

9. Idaho Code §30-1434(k) provides that any investment contract issued in connection with an employee stock purchase, savings, pension, profit-sharing or similar benefit plan, can be an exempt security provided that a notice be filed with the Director claiming such exemption.

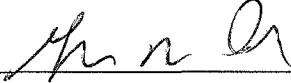
10. No exemption notice was filed with the Director as required under Idaho Code §30-1434(2), thus the retirement plan was not eligible for the identified exemption.

5. Respondents acknowledge and agree to be subject to unannounced inspections by representatives of the Idaho Department of Finance for the purpose of reviewing corporate records to affirm compliance with the appropriate application of employee payroll withholdings.

6. Respondents each agree to pay to Complainant a fine in the amount of five thousand dollars (\$5,000.00). Said fine will be waived upon evidence that the remuneration of the monies owed to the identified retirement plan participants is made prior to July 31, 2002.


DONE AND DATED at Boise, Idaho, this 31 day of May 2002.

ANDERSON-DAVID & ASSOCIATES, INC.



TITLE PRESIDENT

GORDON N. ANDERSON



JUDYTH E. ANDERSON



MARILYN T. CHASTAIN
Bureau Chief, Securities Bureau
Department of Finance
State of Idaho

IT IS SO ORDERED This 31 day of May 2002.



A handwritten signature in black ink, appearing to read 'Gavin M. Gee', written over a horizontal line.

GAVIN M. GEE
Director of Finance