

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

STATE OF IDAHO, Department of  
Finance, Securities Bureau,  
Complainant,

vs.

Ronald W. Johnson  
Respondent.

Docket No. 2004-7-04

AGREEMENT AND ORDER

The Director of the Department of Finance has investigated the securities activities of Respondent Ronald W. Johnson. 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 Respondent have agreed to resolve this matter without a public hearing. Therefore, the Director deems it appropriate and in the public interest that this Agreement and Order be entered. Respondent consents to the entry of this Agreement and Order.

RESPONDENT

1. Ronald W. Johnson ("Johnson") resides as 2415 Ellis Avenue, Boise, Idaho.

FINDINGS OF FACT

2. Johnson offered and sold to at least one Idaho investor interests in a proposed limited liability company. Johnson offered the investor a 15% return on an investment of

\$15,000, with monthly interest payments of \$187.50. Johnson represented to the investor that he would be forming a limited liability company and use the investment funds to purchase and rehabilitate residential real estate for resale purposes.

3. Johnson is not asserting any exemptions from the registration requirements of the Idaho Securities Act ("Act").

4. Johnson misrepresented or failed to disclose the following information:

- a. Investment funds would be used for the purchase and remodeling of residential real estate when in fact, Johnson used a portion of the funds for his personal living expenses.
- b. The Idaho investor was not told of the risks of the investment.
- c. The Idaho investor was not advised of Johnson's financial problems.
- d. The Idaho investor was incorrectly told that she could get her money back at any time and that she would receive monthly interest payments.
- e. The Idaho investor was told that a limited liability company would be formed when in fact Johnson failed to form such an entity.

#### FINDINGS OF VIOLATIONS

5. Idaho Code §30-1403(2) provides that it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly, to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading.

7. Respondent violated Idaho Code §30-1403(2) in that he did not adequately disclose the following information to the Idaho investor:

- a. The risks associated with the investment;
- b. Financial information relating to Johnson;
- c. The possibility of not having the investment returned as agreed;
- d. How the investment proceeds would be used.

8. Idaho Code §30-1416 provides that it is unlawful for any person to sell or to offer to sell any security in this state, except securities exempt under §30-1434, Idaho Code, or except securities sold in transactions exempt under §30-1435, Idaho Code, unless such security is registered by notification, coordination or qualification under this chapter or is a federal covered security.

9. A violation of Idaho Code §30-1416 may have occurred in that Johnson has not registered securities and is not asserting any exemptions from the registration requirement of the Act.

RS 05/19/2004  
REMEDIES  
NEITHER ADMITS NOR DENIES

10. Respondent ~~admits~~ the allegations contained in this Agreement and Order.

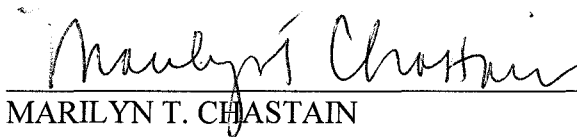
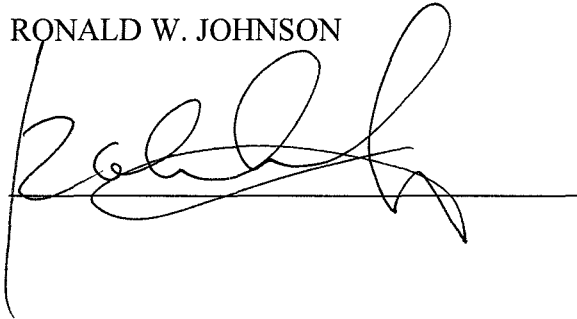
11. Respondent has paid restitution in the amount of \$15,000.00.

10. Respondent agrees to comply with all provisions of the Idaho Securities Act in the future.

DONE AND DATED at Boise, Idaho this 19<sup>th</sup> day of May 2004.

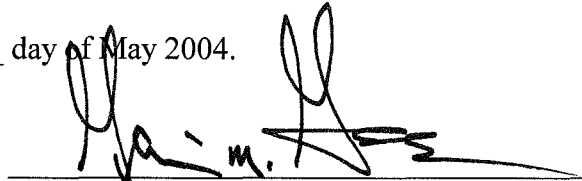
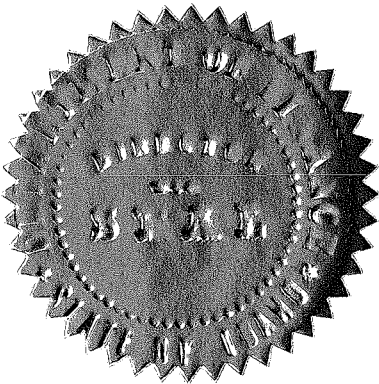
RONALD W. JOHNSON

Name:



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

IT IS SO ORDERED This 24<sup>th</sup> day of May 2004.



GAVIN M. GEE  
Director of Finance