

STATE OF NEBRASKA
Department of Banking & Finance

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|--|---|--------------------|
| In the Matter of |) | |
| |) | |
| Northern Utilities, LLC |) | FINDINGS OF FACT |
| 2840 South 70th Street, #360, Suite 7 |) | |
| Lincoln, Nebraska, formerly located at |) | CONCLUSIONS OF LAW |
| 7040 North Hampton Road |) | |
| Lincoln, Nebraska; |) | AND |
| David R. Anderson, Managing Member; |) | |
| Trent P. Anderson, Managing Member; |) | CONSENT ORDER |
| |) | |
| RESPONDENTS. |) | |

THIS MATTER comes before the Nebraska Department of Banking and Finance ("DEPARTMENT"), by and through its Director, pursuant to its authority under the Securities Act of Nebraska, Neb. Rev. Stat. §§ 8-1101 to 8-1124 (Reissue 1997, Cum. Supp. 2006) ("Act"). Pursuant to Neb. Rev. Stat. § 8-1115 (Reissue 1997), the DEPARTMENT has investigated the acts of Northern Utilities, LLC, 2840 South 70th Street, #360, Suite 7, Lincoln, Nebraska, formerly located at 7040 North Hampton Road, Lincoln, Nebraska; David R. Anderson, Managing Member; and Trent P. Anderson, Managing Member (collectively 'RESPONDENTS'). As a result of such investigation, and being duly advised and informed in the matter, the Director and RESPONDENTS enter into the following Findings of Fact, Conclusions of Law, and Consent Order ("Consent Order").

FINDINGS OF FACT

1. Northern Utilities, LLC ("NORTHERN") is a limited liability company organized under the laws of the State of Nebraska, with its principal place of business

located at 2840 South 70th Street, #360, Suite 7, Lincoln, Nebraska, and formerly located at 7040 North Hampton Road, Lincoln, Nebraska. According to the Nebraska Secretary of State, NORTHERN filed Articles of Organization on April 20, 2006.

2. David R. Anderson (“DAVID ANDERSON”) and Trent P. Anderson (“TRENT ANDERSON”) were the managing members of NORTHERN at the time of the filings set forth herein. David Anderson resigned as a managing member on March 20, 2007.

3. NORTHERN proposes to develop an ethanol plant in Bradshaw, Nebraska. In order to finance the plant, NORTHERN is offering \$48,000,000 in membership interests.

4. On January 10, 2007, NORTHERN filed a Form D, Notice of Sale of Securities Pursuant to Regulation D, Section 4(6), and/or Uniform Limited Offering Exemption with the DEPARTMENT (“Form D”), claiming status as a federally-covered security pursuant to Neb. Rev. Stat. § 8-1008.02(2) (Reissue 1997). The Form D was signed by DAVID ANDERSON as Managing Member and dated January 8, 2007.

5. According to the Form D, as of January 10, 2007, NORTHERN had made a sale of 25 membership interests in the amount of \$250,000.00 to one Nebraska resident. Membership interests have been sold to residents of other states.

6. On or about January 18, 2007, the DEPARTMENT requested that NORTHERN provide a copy of the Private Placement Memorandum (“PPM”). A second request was made on or about March 30, 2007, as NORTHERN had failed to provide the requested information. DAVID ANDERSON subsequently delivered a copy of the PPM to the DEPARTMENT.

7. On or about May 20, 1993 DAVID ANDERSON was indicted on six counts of bankruptcy fraud and one count of money laundering involving the proceeds of the bankruptcy fraud. All charges were the result of a bankruptcy proceeding initiated as an involuntary bankruptcy in September 1987 by the creditors of DAVID ANDERSON which was subsequently converted to a voluntary bankruptcy pursuant to Chapter 11 of the United States Bankruptcy Code in July 1988. The United States government subsequently discovered that DAVID ANDERSON had owned substantial assets at the time of the bankruptcy proceedings which he failed to disclose on the bankruptcy schedules.

8. On or about March 1, 1994, DAVID ANDERSON pled guilty to one count of bankruptcy fraud and the remaining charges against him were dismissed. He was sentenced to twenty-seven (27) months of imprisonment followed by a term of three (3) years of supervised release. The 8th Circuit Court of Appeals affirmed the sentence in *United States v. Anderson*, 68 F.3d 1050 (8th Circuit 1995).

9. The PPM contained detailed biographical information pertaining to DAVID ANDERSON and his business experience. The PPM did not disclose the bankruptcy, the conviction for bankruptcy fraud or the sentence imposed for the conviction.

10. The PPM represented that TRENT ANDERSON's "idea and concept for a golf club . . . became a reality in designing an upscale golf course." The PPM failed to disclose the fact that the golf course had never been built.

11. On May 22, 2007, the DEPARTMENT issued Findings of Fact, Conclusions of Law and Order to Cease and Desist ("Cease and Desist") to Northern,

David Anderson, Trent Anderson, and all other affiliates, agents, employees, members and successors thereof, ordering RESPONDENTS to immediately cease and desist from the further offer or sale of securities by fraudulent and deceitful methods, including but not limited to, the failure to disclose to prospective purchasers in Nebraska all material facts concerning the offering and the principals in a manner which was not misleading in light of the circumstances in which they were made.

12. RESPONDENTS requested a hearing on the Cease and Desist. A hearing on the Cease and Desist is scheduled for September 19, 2007. The cost of the hearing officer is one thousand six hundred three dollars and 62 cents (\$1,603.62).

13. RESPONDENTS have represented to the DEPARTMENT that entities offering to provide debt financing for the facility will acquire the remaining membership interests.

14. It is in the best interest of RESPONDENTS and it is in the public's best interest for Respondents and the Director to resolve the issues included herein.

CONCLUSIONS OF LAW

1. The Department has jurisdiction in the matter.
2. The interests in the limited liability company are securities, as defined by Neb. Rev. Stat. § 8-1101(15) (Cum. Supp. 2006). The interests qualify as federal covered securities pursuant to Neb. Rev. Stat. § 8-1008.02(2) (Reissue 1997) and registration of the securities is not required by Neb. Rev. Stat. § 8-1104 (Reissue 1997) and 15 U.S.C. § 77r(b)(4)(D).
3. Neb. Rev. Stat. § 8-1102 (b) (Reissue 1997) provides that it shall be 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 light of the circumstances under which they are made, not misleading.

4. The facts described in Findings of Fact #7 through #9 constitute the omission of material facts necessary to make the statements made in the PPM, in light of the circumstances in which they were made, not misleading, in connection with the business experience of DAVID ANDERSON by failing to disclose the bankruptcy, the conviction for bankruptcy fraud, and the service of a prison sentence at a federal correctional facility. This omission is in violation of Neb. Rev. Stat. § 8-1102(b) (Reissue 1997) in connection with the sale of a security.

5. Neb. Rev. Stat. § 8-1108.01(4) (Reissue 1997) authorizes the Director, after giving reasonable notice and an opportunity for a hearing, to impose a fine not exceeding twenty-five thousand dollars (\$25,000.00) per violation upon any person found to have engaged in any act or practice which would constitute a violation of the Act or any rule, regulation, or order issued under the Act.

6. Under the Act's statutory framework, the Director has legal and equitable authority to fashion significant protective remedies.

CONSENT ORDER

NOW THEREFORE, the parties to this Order agree as follows:

Stipulations: In connection with this Order, RESPONDENTS and the Director stipulate to the following:

a. The DEPARTMENT has jurisdiction as to all matters herein.

b. This Order resolves all matters related to the failure to include background information on David and Trent Anderson in the Private Placement Memorandum for interests in Northern Utilities, LLC.

c. An Order should be entered in this matter, which shall be in lieu of other proceedings by the DEPARTMENT, except as specifically referenced in this Order.

NORTHERN, DAVID ANDERSON and TRENT ANDERSON further represent as follows:

1. They are aware of their right to a hearing on this Order at which they may be represented by counsel, present evidence, and cross-examine witnesses. The right to such a hearing and any related appeal on all matters covered by this Order is irrevocably waived.

2. They are acting free from any duress or coercion of any kind or nature.

3. This Order is executed to avoid further proceedings and constitutes an admission of violations of the Act solely for purposes of this Order and for no other purposes.

FURTHER, NORTHERN, DAVID ANDERSON and TRENT ANDERSON agree to take whatever action is necessary to ensure compliance with all provisions of the Act in the future. If, at any time, the DEPARTMENT determines that NORTHERN, DAVID ANDERSON and TRENT ANDERSON, either individually or collectively, have committed any other violations of the Act, the DEPARTMENT may take any action available to it under the Act.

IT IS THEREFORE ORDERED as follows:

1. Northern Utilities, LLC, shall offer each person who purchased interests in the LLC prior to the date of this Order, as follows:

a. Each person shall receive a copy of a revised Private Placement Memorandum, which shall be reviewed by the DEPARTMENT prior to the rescission offer.

b. Each person shall be offered the opportunity to affirm or rescind his/her investment

c. Any person electing to rescind his/her investment shall receive the amount of his/her investment plus six percent per annum return from the date of the investment. Such payment shall be made within fifteen (15) days of the date that NORTHERN receives notice of the election to rescind.

d. NORTHERN shall provide the DEPARTMENT with a copy of the rescission offer and a list of the individuals to whom the rescission offer was made, a copy of each form signed and returned by investors, a signed receipt from each person for the Private Placement Memorandum dated September 11, 2007, and proof of payment to any person electing to rescind his/her investment. Such documentation shall be provided to the DEPARTMENT within forty-five (45) days of the effective date of this Order.

2. NORTHERN shall pay the cost of the hearing officer in this matter, in the amount of eight hundred one dollars and 81 cents (\$801.81). Said costs shall be paid by a check payable to the Nebraska Department of Banking and Finance within thirty (30) days of the date of this Order.

3. In the event that the offer referred to in Finding of Fact #13 above is not completed, RESPONDENTS will notify the DEPARTMENT and will provide the DEPARTMENT with copies of each subscription agreement for all sales to individuals, which subscription agreement shall contain an acknowledgment of receipt of the Private Placement Memorandum and an acknowledgement that the individual meets the requirements of an accredited investor pursuant to 17 CRF § 230.501, Definitions and terms used in Regulation D.

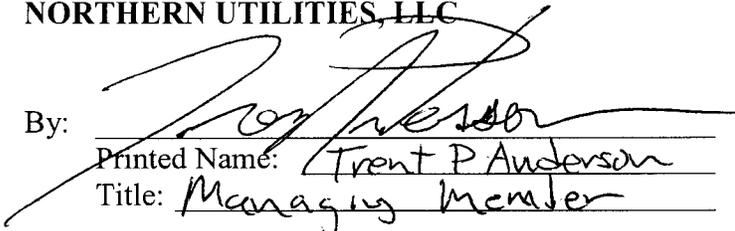
4. The Findings of Fact, Conclusions of Law and Order to Cease and Desist dated May 22, 2007, is hereby vacated.

In the event that NORTHERN, DAVID ANDERSON and TRENT ANDERSON, either individually or collectively, fail to comply with the provisions of this Order, the DEPARTMENT may commence such action as it deems necessary and appropriate in the public interest.

The effective date of this Order will be the date of the Director's signature.

DATED this 18 day of September, 2007.

NORTHERN UTILITIES, LLC

By: 

Printed Name: Trent P Anderson

Title: Managing Member

2840 South 70th Street, #360

Suite 7

Lincoln, NE 68506

(402) 742-4400

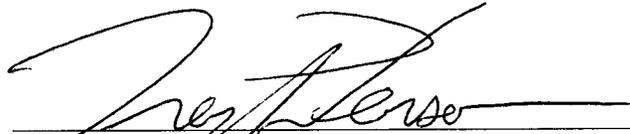
DATED this 18 day of September, 2007.



David R. Anderson

2840 South 70th Street, #360
Suite 7
Lincoln, NE 68506
(402) 742-4400

DATED this 18 day of September, 2007.



Trent P. Anderson

2840 South 70th Street, #360
Suite 7
Lincoln, NE 68506
(402) 742-4400

DATED this 18th day of September, 2007.

**STATE OF NEBRASKA
DEPARTMENT OF BANKING AND FINANCE**



By: 

John Munn, Director

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