

BEFORE THE STATE AUDITOR
AND COMMISSIONER OF SECURITIES
HELENA, MONTANA

IN THE MATTER OF:)	CASE NO. C-08-16-04-049
)	
L.H.ROSS & COMPANY, INC.,)	MOTION FOR AND
2255 Glades Road, Suite 425 W)	ORDER OF DEFAULT
Boca Raton, FL, 33431;)	
A Broker-Dealer firm registered in Montana;)	
SEAN RYAN, in his capacity as a Montana)	
registered sales person for L.H. Ross;)	
JOHN DABAL, in his capacity as a Montana)	
registered sales person for L.H. Ross;)	
DAMIEN MAGGIO, in his capacity as a)	
Montana registered sales person for)	
L.H. Ross; PETER MIRENDA, in his)	
capacity as a Montana registered sales person)	
for L.H. Ross; and KRISTIAN SIERP, in the)	
capacity as a Montana registered sales person)	
for L.H. Ross.)	
Respondents.)	

Roberta Cross Guns, Staff Attorney for Montana's Securities Department (Department), moves the State Auditor for Default against Respondents L.H. Ross & Company, Inc., Sean Ryan, John Dabal, and Kristian Sierp for failure to respond within 15 days, default is in order, pursuant to 6.2.120, ARM and the Attorney General's Model Rule 10, 1.3.214. The action against Respondents Damien Maggio and Peter Mirenda has been dismissed with prejudice pursuant to a Commissioner's Order duly issued on or about May 10, 2005. On or about April 6, 2005 true and accurate copies of the above captioned Notice of Proposed Agency Disciplinary

Action and Opportunity for Hearing were mailed by first class, certified, return receipt requested mail to the last known addressed of each named Respondent. Respondents are required by law to ensure their addresses are current with the National Association of Securities Dealers' national registration repository. The Department relies upon those addresses as the file for mailing purposes. Service was effective to the Respondents pursuant to §30-10-107 (8), MCA.

The Notice of Proposed Agency Disciplinary Action and Opportunity for Hearing advised Respondents that they had 15 days from which to request a hearing, and that if they failed to request a hearing, default could be taken. Respondents did not request a hearing.

In addition, the Department asserts that the default is appropriate on the following grounds:

ALLEGATIONS

1. L.H. Ross is a broker-dealer firm with its principle offices located at 2255 Glades Road, Suite 425W, Boca Raton, Florida. L.H. Ross is registered as a broker-dealer firm as defined in § 30-10-103 (1), MCA, in Montana and has been so registered pursuant to the provisions of § 30-10-201, MCA, since August of 1996.

2. Ryan was employed as a salesperson as defined in § 30-10-103 (20) MCA by L.H. Ross and appropriately registered in Montana pursuant to the provisions of § 30-10-201, MCA, from March 2002 until March of 2003.

3. Dabal was employed by L.H. Ross from January of 2003 until March of 2004, but was never registered in Montana pursuant to the provisions of § 30-10-201, MCA, as a salesperson as defined in § 30-10-103 (20) MCA.

5. Sierp was employed as a salesperson as defined in § 30-10-103 (20) MCA, by L.H. Ross and appropriately registered in Montana pursuant to § 30-10-201, MCA, from December of 2002 until February of 2003.

6. In April of 2002, Ryan contacted Montana citizen M.A. to make a private placement offering (PPO) from L.H. Ross. Ryan's contact was made without notice to M.A. prior to the call. Ryan claimed M.A. would receive a 6% return on the investment and a \$100,000 dividend.

7. Ryan claimed the offering would go public within three (3) months. Additionally, Ryan claimed M.A. could have the entire investment returned in three (3) months if the offering failed to go public within that period.

8. M.A. invested \$60,000 in L.H. Ross' PPO on or about May 8, 2002. M.A. invested an additional \$42,000 in the same PPO on or about July 9, 2002.

9. Additionally, M.A. invested approximately \$627 to purchase 61 shares in Consolidated Mercantile, Inc. stock in July of 2002 through Ryan. Ryan purchased these shares for M.A. while acting as the account's sales representative with L.H. Ross.

10. The PPO did not become public within the time period claimed by Ryan. To date, the PPO has not become public.

11. On or about January 3, 2003, M.A. wrote to L.H. Ross requesting his investments be returned because they did not perform as promised. No return was made.

12. On or about February 19, 2003, M.A., through his legal counsel, again requested a return of his investments. No return was made.

13. Sierp contacted Montana citizen, B.R. inviting B.R. and G.R. to invest in L.H. Ross' PPO. Sierp's contact was made without prior notice. Neither B.R. nor G.R. are accredited investors as

defined by statute. Sierp indicated the PPO would provide a return on B.R.'s investment of 6% and that B.R. could liquidate the investment at any time.

14 Sierp indicated to B.R. that the PPO would go public in four (4) to six (6) months from the date of B.R.'s investment. To date the PPO has not become public.

15. On or about March 6, 2003, B.R. invested \$7,000 in L.H. Ross' PPO. On or about April 29, 2003, B.R. and G.R. invested an additional \$16, 576 in L.H. Ross' PPO.

16. B.R. and G.R. have never received any disclosure information other than the subscription package.

17. Dabal contacted R.P. sometime early 2003. At that time R.P. had an account with L.H. Ross managed by Meranda. Meranda and Maggio apparently referred R.P. to Dabal to involve R.P. in the PPO. Meranda and Maggio indicated to R.P. they were not sure they could get R.P. involved with the PPO, but if it happened it would be "a gift".

18. Dabal indicated that R.P. should invest in the PPO L.H. Ross was offering, that the PPO would go public in four (4) to six (6) months and that the paperwork was already filed for such a public offering. Dabal indicated that R.P. could realize a gain of up to ten percent (10%) of R.P.'s investment.

19. On or about July 17, 2003 R.P. transferred \$50,000 by wire to L.H. Ross for the purpose of participating in the PPO. On or about July 18, 2003 R.P. transferred another \$50,000 by personal check to L.H. Ross for the purpose of participating in the PPO.

20. To date the PPO has not become public. To the best of the Department's knowledge, R.P. has never received any of his investment back from L.H. Ross.

21 The PPO from L.H. Ross was never properly registered in Montana, by any of the various means of registration for securities allowed under Montana law.

22. The NASD suspended Respondent L.H. Ross' registration as a broker dealer firm.

CONCLUSIONS OF LAW

1. The Montana State Auditor is the Securities Commissioner. MCA § 30-10-107.
2. The administration of the Securities Act of Montana, MCA § 30-10-101 et seq., is under the supervision and control of the Securities Commissioner. MCA § 30-10-107.
3. The Securities Act of Montana shall be construed to protect investors, persons engaged in securities transactions, and the public interest. MCA § 30-10-102.
4. Respondents violated §30-10-202, MCA, by offering and selling an unregistered security to Montana investors.
5. Respondents violated §30-10-301 (1) (b), MCA, by omitting the material fact that the PPO was not properly registered in Montana in order for Montana investors to not be misled.
6. Respondents violated §30-10-301 (1) (c), MCA, by engaging in an act, practice and course of business that operated as a fraud on Montana investors when they told at least four Montana investors that the PPO was going public within a specific period of time, when, in fact, the PPO was never going public.
7. Respondents violated §30-10-301 (1) (c), MCA, by engaging in an act, practice and course of business that operated as a fraud on Montana investors when they indicated the investors would be able to get their investment returned at any time, when in fact the investors' money has never been returned despite numerous requests to have it returned.
8. Respondent Dabal, violated §30-10-201, MCA, by offering or selling securities in Montana while not properly registered or licensed to do so.
9. Respondent L.H. Ross violated §30-10-201 (13) (k), MCA, by failing to reasonably supervise Ryan, Sierp, and Dabal.

10. Respondents Ryan, and Sierp, violated §30-10-201 (13) (g), MCA, and ARM §6.10.126 (2), by engaging in dishonest or unethical practices in the securities business when they failed to provide adequate disclosure to Montana investors relevant to the unregistered PPO.

11. Respondents Ryan, and Sierp, violated §30-10-201 (13) (g), MCA, and ARM §6.10.126 (2), by engaging in dishonest or unethical practices in the securities business when they effected or induced the purchase of an unregistered PPO by deceptive means.

12. Respondents Ryan, and Sierp, violated §30-10-201 (13) (g), MCA, and ARM §6.10.126 (2), by engaging in dishonest or unethical practices in the securities business when used sales presentations in a deceptive or misleading fashion.

DATED this 3rd day of July 2005.


ROBERTA CROSS GUNS
Special Assistant Attorney General

ORDER

I find the Allegations to be Findings of Fact, and hold the Conclusions to be Conclusions of Law. Based on the Motion for Default, the Commissioner ORDERS that the licenses for Respondents L.H. Ross & Company, Inc., Sean Ryan, John Dabal, and Kristian Sierp be permanently revoked.

Any person aggrieved by an final order of the Commissioner may obtain a review of the order in any court of competent jurisdiction by filing in court, within 60 days after the entry of

the order, a written petition praying that the order in any court of competent jurisdiction by filing in court, within 60 days after the entry of the order, a written petition praying that the order be modified or set aside in whole or in part pursuant to §30-10-308, MCA.

Dated this 13th day of July 2005.

John Morrison
State Auditor and
Commissioner of Securities

By:



Karen Powell

Deputy Securities Commissioner

CERTIFICATE OF SERVICE


I hereby certify that I mailed a true and correct copy of the foregoing Motion and Order of Default to the following persons by depositing the same in the U.S. Mail, on this 13th day of July 2005.

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Boca Raton, FL 33431

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Smithtown, NY 11787

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Boca Raton, FL 33432

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State Auditor's Office