



OFFICE OF ATTORNEY GENERAL
 CONSUMER PROTECTION AND ANTITRUST DIVISION
 GATEWAY PROFESSIONAL CENTER
 1050 E INTERSTATE AVENUE, STE 200
 BISMARCK, NORTH DAKOTA 58503-5574



701-328-5570 (Telephone)
 701-328-5568 (Facsimile)

STATE OF NORTH DAKOTA
 OFFICE OF ATTORNEY GENERAL

STATE OF NORTH DAKOTA EX REL.
 WAYNE STENEHJEM,
 ATTORNEY GENERAL,

Petitioner,

**CEASE AND DESIST ORDER,
 NOTICE OF CIVIL PENALTY
 AND NOTICE OF RIGHT
 TO REQUEST A HEARING**

-vs-

MAGNUM PUBLICATIONS LLC;
 doing business as
MAGNUMNATIONAL.COM; and
LAWSON MCLEOD, Individually;

Respondents.

CPAT 100106.003

To the individual and entity identified below (hereinafter "Respondents"):

Magnum Publications LLC doing business as
 magnumnational.com
 530 Knox Abbott Dr.
 Cayce, SC 29033-4125
 and
 PO Box 3500
 West Columbia, SC 29171-3500
 and
 1219 C Ave
 West Columbia, SC 29169-6329
 803-447-2775
 803-739-6900
 803-739-6901 (fax)
 1-800-951-3977
 1-800-316-9740

Lawson McLeod
530 Knox Abbott Dr.
Cayce, SC 29033-4125
and
PO Box 3500
West Columbia, SC 29171-3500
803-447-2275

(including all of those entities' officers, directors, owners, agents, servants, employees and representatives as well as all other persons in active concert or participation with them, extending to all "doing business as" names, formal corporate names, fictitious names of any kind or any variations of the same)

BACKGROUND

1. The Attorney General of North Dakota has a reasonable basis to believe Respondents have engaged in and are engaging in acts or practices declared unlawful by N.D.C.C. ch. 51-15, commonly referred to as the "Consumer Fraud Law." It is necessary and appropriate in the public interest and for the protection of consumers to restrain the Respondents' unlawful acts or practices.

2. Respondents, individually and by and through their agents, are doing business under some or all of the names identified above and have engaged in violations of North Dakota's Consumer Fraud Law by making false or misleading statements or misrepresentations in telephone solicitations to North Dakota consumers.

3. Magnum Publications, LLC is a South Carolina Limited Liability Company with its principal place of business located at 530 Knox Abbott Dr., Cayce, South Carolina, 29033 and with a mailing address of PO Box 3500, West Columbia, South Carolina, 29171. Lawson McLeod is the President of Magnum Publications, LLC. Respondents are doing business as and operate a website named <http://magnumnational.com>.

4. Respondents are in the business of advertising, soliciting and selling merchandise, including home buyer's and seller's guides, in the State of North Dakota. Respondents solicit consumers to purchase personalized guidebooks for their business. Respondents represent that they will publish the guidebook for the consumer. Respondents request that the consumer provide a list of local businesses to be solicited for advertising space in the consumer's guidebook. Respondents then solicit and accept payment for advertising space from the businesses that the consumer provided.

5. The Attorney General has received complaints from North Dakota consumers regarding Respondents. One complainant paid \$199.00 for a personalized home buyer's and seller's guidebook. The complainant gave Respondents a list of local businesses for Respondents to solicit for advertisements in the guidebook. An unknown number of North Dakota businesses were then solicited by Respondents to place advertisements in the home buyer's and seller's guidebook. One business filed a complaint with the Attorney General after paying \$1,241.00 for advertisements in the guidebook. The complainants have waited for over two years for the guidebook and advertisements to be published. The complainants have contacted Respondents numerous times regarding the guidebook and advertisements.

6. Respondents have made untrue, deceptive and misleading representations, and/or have made or engaged in deceptive acts or practices, fraud, false pretenses, false promises or misrepresentations with the intent that others rely thereon, in violation of N.D.C.C. ch. 51-15, the Consumer Fraud Law, including, but not necessarily limited to, the following: 1) misrepresenting to consumers that they would create and publish a personalized guidebook; 2) misrepresenting to consumers that they would provide advertising services; and 3) misrepresenting to consumers when

Respondents would publish the guidebook. The acts and practices alleged in paragraphs five and six constitute violations of N.D.C.C. § 51-15-02, and pursuant to N.D.C.C. § 51-15-07 the Attorney General may issue a cease and desist order.

7. On October 15, 2010 the Attorney General requested that Respondents provide a list of all outstanding orders for publications and advertising from North Dakota businesses. On December 3, 2010 a representative from the Attorney General's Office called Lawson McLeod to discuss the complaints filed against Respondents. While discussing the complaints on file with the Attorney General, Respondents stated that they were working on another publication in North Dakota. However, Respondents refused to provide any information about the publication or its paid advertisers. Respondents were also unwilling to provide any additional information on the complainants' publication. The Attorney General issued a Civil Investigative Demand on December 6, 2010 requesting information concerning Respondents' outstanding orders in North Dakota. Respondents were requested to provide their responses to the Civil Investigative Demand by December 21, 2010. A representative from the Attorney General's Office called Lawson McLeod on January 5, 2010 and January 7, 2010 to discuss the Civil Investigative Demand. On January 7, 2010 Respondents stated that they would not be responding to the Civil Investigative Demand. Mr. McLeod refused to provide any information regarding Respondents' North Dakota publications, and stated that he had done everything that he was willing to do and did not feel compelled to do anything else. Respondents have not responded to the Civil Investigative Demand. Pursuant to N.D.C.C. § 51-15-07 the Attorney General may issue a cease and desist order for the Respondents' failure or refusal to file a response to the Civil Investigative Demand.

8. Each of the Respondents are engaged in a combination of two or more persons who have agreed to act together to inflict a wrong or an injury upon another, or who have agreed to act together to commit a lawful act using unlawful means to inflict a wrong or injury upon another, namely violation of North Dakota's Consumer Fraud Law. In doing so, Respondents have committed acts in pursuit of the agreement and the agreement has proximately caused damage to North Dakota consumers.

9. Respondents are liable for their own misconduct and/or for directing others to engage in misconduct. See e.g. *Zimprich v. North Dakota Harvestore Sys., Inc.*, 419 N.W.2d 912, 914 (N.D. 1988); *Rickbeil v. Grafton Deaconess Hosp.*, 23 N.W.2d 247, 257 (N.D. 1946)("The general rule with reference to this feature is considered and set out in the great series of volumes of jurisprudence familiar to the courts. In 52 Am. Jur., 440, this rule is stated, 'It is a conceded general rule that all persons or entities are liable for torts committed by them, or by their agents while acting within the scope of their duties.'").

10. Respondents who are natural persons will additionally be subject to personal liability for corporate misconduct. *Hilzendager v. Skwarok*, 335 N.W.2d 768 (N.D. 1983)(quoting *Schriock v. Schriock*, 128 N.W.2d 852, 866 (N.D. 1964)("... but, when the notion of legal entity is used to defeat public convenience, justify wrong, protect fraud, or defend crime, the law will regard the corporation as an association of persons.' Fletcher, Private Corporations Sec. 41 (1963 rev. vol.)"). The crime/fraud exception to the protections of corporate form has long been recognized in North Dakota, "neither law nor equity will ever recognize the right of a corporate entity to become the receptacle or cover for fraud or wrong based on deception for the purpose of defeating the right of innocent parties." *McFadden v. Jenkins*, 169 N.W. 151, 163

(N.D. 1918). See also *Danks v. Holland*, 246 N.W.2d 86 (N.D. 1976); *Family Center Drug v. North Dakota St. Bd. of Pharm.*, 181 N.W.2d 738, 745 (N.D. 1970).

ORDER

Respondents having: 1) engaged in deceptive acts and practices in violation of N.D.C.C. § 51-15-02; and 2) failed or refused to respond to a Civil Investigative Demand required by N.D.C.C. § 51-15-04. **NOW, THEREFORE, IT IS ORDERED** pursuant to N.D.C.C. § 51-15-07 that Respondents, individually, and their agents, servants, employees, contractors, representatives (extending to all "doing business as" names, formal corporate names, aliases, fictitious names of any kind or any variations of the same) as well as all other persons in active concert or participation with them, whether directly or indirectly, immediately **CEASE AND DESIST** from: 1) soliciting or selling to North Dakota consumers guidebooks or advertising space; 2) soliciting or selling to North Dakota consumers services related to guidebooks, publishing, or advertising; 3) soliciting or accepting from consumers advance payments or consumer deposits in connection with any sale of merchandise, as defined by N.D.C.C. § 51-15-01(3); 4) soliciting using untrue, deceptive or misleading representations to consumers or engaging in deceptive acts or practices, fraud, false pretenses, false promises or misrepresentations with the intent that consumers rely thereon, in violation of N.D.C.C. § 51-15-02; and 5) engaging in any business activities in violation of N.D.C.C. ch. 51-15. Respondents also shall immediately **CEASE AND DESIST** from issuing any invoices or bills to North Dakota consumers for the sale of guidebooks, publishing services, or advertising services and **CEASE AND DESIST** from taking any payments from North Dakota consumers including, but not limited to, direct debits or withdrawals from North Dakota consumers' bank accounts, cash, checks, or credit card payments

for the sale of guidebooks, publishing services, advertising services, or other services and/or merchandise as defined in N.D.C.C. § 51-15-01(3).

YOU ARE NOTIFIED that pursuant to N.D.C.C. § 12.1-09-03 a person is guilty of a criminal offense if he or she intentionally "alters, destroys, mutilates, conceals, or removes a record, document, or thing with intent to impair its verity or availability" in an official proceeding. As such, intentional destruction of any documents related to this matter may result in criminal prosecution.

NOTICE OF CIVIL PENALTIES

YOU ARE FURTHER NOTIFIED that pursuant to N.D.C.C. § 51-15-07 any violation of this Cease and Desist Order is subject to civil penalties not to exceed \$1,000 per violation. Any violation of this Order that also is a violation of N.D.C.C. ch. 51-15 may result in additional civil penalties of not more than \$5,000 per violation. Such penalties are separate and in addition to any civil penalties, costs, expenses, investigation fees, and attorney fees pursuant to N.D.C.C. ch. 51-15 or any other applicable statute. Nothing in this Order is intended to limit or waive any rights and remedies available to the State of North Dakota or consumers.

NOTICE OF RIGHT TO REQUEST HEARING

YOU ARE NOTIFIED that pursuant to N.D.C.C. § 51-15-07 you may request a hearing before the Attorney General if such a request is made in writing WITHIN TEN (10) DAYS AFTER THE RECEIPT OF THIS ORDER. Respondents have the right to be represented by legal counsel at the hearing.

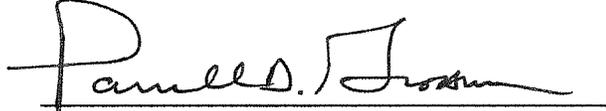
Dated this 11th day of January, 2011.

STATE OF NORTH DAKOTA

Wayne Stenehjem

Attorney General

BY:



Parrell D. Grossman, ID No. 04684

Assistant Attorney General

Director

Consumer Protection and

Antitrust Division

Office of Attorney General

Gateway Professional Center

1050 East Interstate Ave. Suite 200

Bismarck, ND 58503-5574

(701) 328-3404

STATE OF NORTH DAKOTA
OFFICE OF ATTORNEY GENERAL

STATE OF NORTH DAKOTA EX REL.
WAYNE STENEHJEM,
ATTORNEY GENERAL,

Petitioner,

**AFFIDAVIT OF SERVICE
BY MAIL AND CERTIFIED MAIL**

-VS-

MAGNUM PUBLICATIONS LLC;
doing business as
MAGNUMNATIONAL.COM; and
LAWSON MCLEOD, Individually;

Respondents.

CPAT 100106.003

STATE OF NORTH DAKOTA)
) ss
COUNTY OF BURLEIGH)

Alexis Bieber states under oath as follows:

1. I swear and affirm upon penalty of perjury that the statements made in this affidavit are true and correct and made upon personal knowledge.

2. I am of legal age and on the 11th day of January, 2011, I served the CEASE AND DESIST ORDER, NOTICE OF CIVIL PENALTY AND NOTICE OF RIGHT TO REQUEST A HEARING upon the following by placing true and correct copies thereof in an envelope addressed as follows:

FIRST CLASS MAIL

CERTIFIED MAIL RECEIPT # 7009 2820 0002 9227 2710

MAGNUM PUBLICATIONS LLC
530 KNOX ABBOTT DR
CAYCE SC 29033-4125

MAGNUM PUBLICATIONS LLC
530 KNOX ABBOTT DR
CAYCE SC 29033-4125

FIRST CLASS MAIL

MAGNUM PUBLICATIONS LLC
PO BOX 3500
WEST COLUMBIA SC 29171-3500

FIRST CLASS MAIL

MAGNUM PUBLICATIONS LLC
1219 C AVE
WEST COLUMBIA SC 29169-6329

FIRST CLASS MAIL

LAWSON MCLEOD
530 KNOX ABBOTT DR
CAYCE SC 29033-4125

FIRST CLASS MAIL

LAWSON MCLEOD
PO BOX 3500
WEST COLUMBIA SC 29171-3500

CERTIFIED MAIL RECEIPT # 7009 2820 0002 9227 2727

MAGNUM PUBLICATIONS LLC
PO BOX 3500
WEST COLUMBIA SC 29171-3500

CERTIFIED MAIL RECEIPT # 7009 2820 0002 9227 2734

MAGNUM PUBLICATIONS LLC
1219 C AVE
WEST COLUMBIA SC 29169-6329

CERTIFIED MAIL RECEIPT # 7009 2820 0002 9227 2741

LAWSON MCLEOD
530 KNOX ABBOTT DR
CAYCE SC 29033-4125

CERTIFIED MAIL RECEIPT # 7009 2820 0002 9227 2758

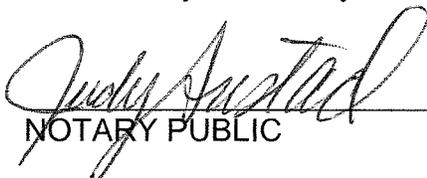
LAWSON MCLEOD
PO BOX 3500
WEST COLUMBIA SC 29171-3500

and depositing the same, with postage prepaid, in the United States mail at Bismarck, North Dakota, as first class mail and as CERTIFIED MAIL, RETURN RECEIPT REQUESTED.



Alexis Bieber

Subscribed and sworn to before me
this 11th day of January, 2011



NOTARY PUBLIC

