

BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF DELAWARE

IN THE MATTER OF:)
)
ALLIED CAPITAL GROUP, INC.,)
FLOYD J. STUMPF,) CASE NO. 89-02-04
)
Respondents.)

SUMMARY ORDER OF SUSPENSION
AND NOTICE OF INTENT TO
REVOKE BROKER-DEALER AND
AGENT REGISTRATIONS

Legal Authority

1. The Division of Securities is a unit within the Department of Justice directed by the Securities Commissioner ("Commissioner") under the auspices of the Attorney General pursuant to the Delaware Securities Act, Chapter 73 of Title 6 of the Delaware Code.
2. The Commissioner is charged under 6 Del. C. §7325 with enforcement of the provisions of the Delaware Securities Act ("Act").
3. Section 7313 of the Act states that it is unlawful for any broker-dealer or agent to transact business in this State unless he is registered under the Act.
4. Section 7314 of the Act provides that registration as a broker-dealer or agent is obtained through an application to the Commissioner.

5. Section 7316 of the Act authorizes the Commissioner to suspend or revoke the registration of a broker-dealer or agent if he determines that such person is subject to one of the disqualifying factors stated in that section and such action is in the public interest.
6. Under §7316(c), the Commissioner may summarily suspend the registration of a broker-dealer or agent pending final determination of any proceeding under that section of the Act.
7. Section 7316(c) provides that a registrant whose registration has been suspended is entitled to a hearing if a written request is received by the Commissioner. It also provides that if no hearing is requested, an order of suspension will remain in effect until it is modified or vacated by the Commissioner.
8. Section 7316(e) provides that the Commissioner may institute a suspension or revocation proceeding up to one year after a broker-dealer or agent has withdrawn his registration.
9. Section 7316(g) authorizes the Commissioner to fine any broker-dealer in an amount not to exceed \$1,000 for each and every violation of the Act.

Notice of Allegations

10. Allied Capital Group, Inc. ("Allied") is a currently registered broker-dealer that was first registered in Delaware on June 21, 1984. Its main address is 4643 South Ulster Street, Suite 1560, Denver, Colorado 80237.

11. Floyd J. Stumpf was registered in Delaware as an agent of Allied during the period of June 1988 to February 1989, when he withdrew his registration. His last known address is When Mr. Stumpf registered in Delaware as an agent of Allied on June 1, 1988, he irrevocably appointed the Securities Commissioner of Delaware as his agent for receipt of process with respect to any legal proceedings in Delaware.
12. In or about September 1988, Floyd Stumpf, acting as an agent of Allied, sold securities by telephone to, a Delaware resident. Stumpf sold shares of stock in a company called "Express Tech, Inc." for approximately \$10,332. During the course of the transaction, Stumpf made material misrepresentations of fact and material omissions in violation of 6 Del. C. §7303. Stumpf also violated 6 Del. C. §7316(a)(7) by recommending an unsuitable investment and by failing to provide with a prospectus despite having been asked to do so. Stumpf's sale also violated 6 Del. C. §7304 because Express Tech, Inc. was neither registered for sale in Delaware nor exempt from registration. In addition to the above-stated violations by its agent, Allied also violated 6 Del. C. §7316(a)(10) by failing to supervise Mr. Stumpf.
13. In or about October 1988, Floyd Stumpf, acting as an agent of Allied, sold securities to, a Delaware resident. Stumpf sold shares of stock in a company

called "Davin Enterprises, Inc.," using the proceeds of the sale of _____ shares of Express Tech Inc. At this time Stumpf also sold _____ shares of stock in a company called "CIP Holdings, Inc." for approximately \$5,055. The sales by Stumpf and Allied were in violation of 6 Del. C. §7304 because the securities were not registered for sale in Delaware or exempt from registration. Stumpf and Allied also violated 6 Del. C. §7303 in connection with these sales by making material misrepresentations of fact and material omissions. Stumpf and Allied also violated the 6 Del. C. §7316(a)(7) by recommending unsuitable investments for _____ Allied also violated 6 Del. C. §7316(a)(10) by failing to supervise Mr. Stumpf.

14. In or about August 1988, Floyd Stumpf, acting as an agent of Allied, sold securities by telephone to _____, a Delaware resident. Stumpf sold _____ shares of stock in a company called "Taste-It-Presents" for approximately \$5,000. The sale by Stumpf and Allied was in violation of 6 Del. C. §7304 because the security was neither registered for sale in Delaware nor exempt from registration. During the transaction, Stumpf made material misrepresentations of fact and material omissions in violation of 6 Del. C. §7303. Stumpf also violated 6 Del. C. §7316(a)(7) by failing to inquire of _____ what his investment objectives were. In addition to the

above-stated violations, Allied violated 6 Del. C §7316(a)(10) by failing to supervise Mr. Stumpf.

15. In or about September 1988, Floyd Stumpf, acting as an agent of Allied, sold securities by telephone to _____ a Delaware resident. Stumpf sold _____ shares of stock in a company called "Taste-It-Presents" for approximately \$1,500. The sale by Stumpf and Allied was in violation of 6 Del. C. §7304 because the security was neither registered for sale in Delaware nor exempt from registration. During the transaction, Stumpf made material misrepresentations of fact and material omissions in violation of 6 Del. C §7303. In addition to the above-stated violations, Allied violated 6 Del. C. §7316(a)(10) by failing to supervise Mr. Stumpf.
16. In or about June 1988, Floyd Stumpf, acting as an agent of Allied, sold securities by telephone to _____, a Delaware resident. Stumpf sold _____ shares of stock in a company called "Data Display Corp." for approximately \$10,028. Stumpf and Allied thereby violated 6 Del. C. §7304 because the security was neither registered for sale in Delaware nor exempt from registration. During the transaction, Stumpf made material misrepresentations of fact and material omissions in violation of 6 Del. C. §7303. Stumpf also violated 6 Del. C. §7316(a)(7) by recommending an unsuitable investment. In addition to the above-stated violations, Allied violated 6 Del. C §7316(a)(10) by failing to supervise Mr. Stumpf.

17. In or about July 1988, Floyd Stumpf, acting as agent of Allied, sold securities by telephone to _____, a Delaware resident. Stumpf sold _____ shares of stock in a company called "OTC America, Inc." for approximately \$15,020. Stumpf and Allied thereby violated 6 Del. C. §7304 because the security was neither registered for sale in Delaware nor exempt from registration. During the transaction, Stumpf made material misrepresentations of fact and material omissions in violation of 6 Del. C. §7303. Stumpf also violated 6 Del. C. §7316 (a)(7) by failing to provide _____ with a prospectus despite having been asked to do so. Stumpf violated §7316(a)(7) by recommending an unsuitable investment. In addition to the above-stated violations, Allied violated 6 Del. C. §7316(a)(10) by failing to supervise Mr. Stumpf.

18. In or about August 1988, Floyd Stumpf, acting as an agent of Allied sold securities by telephone to _____, A Delaware resident. Stumpf sold _____ shares of stock in a company called "Taste-It-Presents" for approximately \$22,340 plus the proceeds from the sale of _____ shares of OTC America, Inc. Stumpf and Allied thereby violated 6 Del. C. §7304 because the security was neither registered for sale in Delaware nor exempt from registration. During the course of the offer, Stumpf violated 6 Del. C. §7303 by making material misrepresentations of fact and material omissions Stumpf violated 6 Del. C. §7316(a)(7) by recommending an unsuitable investment. In addition to the

above-stated violations, Allied violated 6 Del. C. §7316(a)(10) by failing to supervise Mr. Stumpf.

19. In or about October 1988, Floyd Stumpf, acting as an agent of Allied, sold securities to _____, a Delaware resident. Stumpf sold _____ shares of stock in a company called "CIP Holdings, Inc." for approximately \$11,400. Stumpf and Allied thereby violated 6 Del. C. §7304 because the security was neither registered for sale in Delaware nor exempt from registration. During the transaction, Stumpf violated 6 Del. C. §7303 by making material misrepresentations of fact and material omissions. Stumpf violated 6 Del. C. §7316(a)(7) by recommending an unsuitable investment. In addition to the above-stated violations, Allied violated 6 Del. C. §7316(a)(10) by failing to supervise Mr. Stumpf.

20. In or about July 1988, Floyd Stumpf, acting as an agent of Allied, sold securities by telephone to _____, a Delaware resident. Stumpf sold _____ shares of stock in a company called "OTC America, Inc." for approximately \$5,020. Stumpf and Allied thereby violated 6 Del. C. §7304 because the security was neither registered for sale in Delaware nor exempt from registration. During the transaction, Stumpf made, material misrepresentations of fact and material omissions in violation of 6 Del. C. §7303. In addition to the above-stated violations, Allied violated 6 Del. C. §7316(a)(10) by failing to supervise Mr. Stumpf.

21. In or about August 1988, Floyd Stumpf, acting as an agent of Allied, sold securities to _____, a Delaware resident. Stumpf sold _____ shares of stock in a company called "Taste-It-Presents" for approximately \$4,086. Stumpf and Allied thereby violated 6 Del. C. §7304 because the security was neither registered for sale in Delaware nor exempt from registration. During the transaction, Stumpf made material misrepresentations of fact and material omissions in violation of 6 Del. C. §7303. Stumpf also violated 6 Del. C. §7316(a)(7) by failing to provide _____ with a prospectus after having been asked to do so and by recommending an unsuitable investment. In addition to the above-stated violations, Allied violated 6 Del. C. §7316(a)(10) by failing to supervise Mr. Stumpf.
22. In or about August 1988, Floyd Stumpf, acting as an agent of Allied, sold securities by telephone to _____, a Delaware resident. Stumpf sold _____ shares of stock in a company called "Taste-It-Presents" for approximately \$5,370. Stumpf and Allied thereby violated 6 Del. C. §7304 because the security was neither registered for sale in Delaware nor exempt from registration. During the transaction, Stumpf made material misrepresentations of fact and material omissions in violation of 6 Del. C. §7303. In addition to the above-stated violations, Allied violated 6 Del. C. §7316(a)(10) by failing to supervise Mr. Stumpf.

23. In or about August 1988, Floyd Stumpf, acting as an agent of Allied, sold securities by telephone to _____, a Delaware resident. Stumpf sold _____ shares of stock in a company called "Taste-It-Presents" for approximately \$5,370. Stumpf and Allied thereby violated 6 Del. C. §7304 because the security was neither registered for sale in Delaware nor exempt from registration. During the transaction, Stumpf made material misrepresentations of fact and material omissions in violation of 6 Del. C. §7303. Stumpf also violated 6 Del. C. §7316(a)(7) by failing to send _____ a prospectus despite having been asked to do so and by failing to inquire of _____ what his investment objectives were. In addition to the above-stated violations, Allied violated 6 Del. C. §7316(a)(10) by failing to supervise Stumpf.

24. In or about August 1988, Floyd Stumpf, acting as an agent of Allied, sold securities by telephone to _____, a Delaware resident. Stumpf sold _____ shares of stock in a company called "Express Tech, Inc.," for approximately \$7,520. Stumpf and Allied thereby violated 6 Del. C. §7304 because the security was neither registered for sale in Delaware nor exempt from registration. During the transaction, Stumpf made material misrepresentations of fact and material omissions in violation of 6 Del. C. §7303. Stumpf also violated 6 Del. C. §7316(a)(7) by recommending an unsuitable investment. In addition to the

above-stated violations, Allied violated 6 Del. C.
§7316(a)(10) by failing to supervise Stumpf.

25. In or about October 1988, Floyd Stumpf, acting as an agent of Allied, sold securities by telephone to _____, a Delaware resident. Stumpf sold _____ shares of stock in a company called "Davin Enterprises" for approximately \$9,180, which represented the proceeds of _____ sale of Express Tech, Inc. Stumpf and Allied thereby violated 6 Del. C. §7304 because the security was neither registered for sale in Delaware nor exempt from registration. During the transaction Stumpf made material misrepresentations of fact and material omissions in violation of 6 Del. C. §7303. Stumpf also violated 6 Del. C. §7316(a)(7) by recommending an unsuitable investment. In addition to the above-stated violations, Allied violated 6 Del. C. §7316(a)(10) by failing to supervise Stumpf.

26. In or about July 1988, Floyd Stumpf, acting as an agent of Allied, sold securities by telephone to _____, a Delaware resident. Stumpf sold _____ shares of stock in a company called "Taste-It-Presents" for approximately \$5,049. Stumpf and Allied thereby violated 6 Del. C. §7304 because the security was neither registered for sale in Delaware nor exempt from registration. During the transaction, Stumpf made material misrepresentations of fact and material omissions in violation of 6 Del. C. §7303. Stumpf also violated 6 Del. C. §7316(a)(7) by failing to provide _____ with a prospectus despite being

asked to do so and by recommending an unsuitable investment. In addition to the above-stated violations, Allied violated 6 Del. C. §7316(a)(10) by failing to supervise Stumpf.

27. In or about October 1988, Floyd Stumpf, acting as an agent of Allied, sold securities by telephone to a Delaware resident. Stumpf sold shares of stock in a company called "CIP Holdings, Inc." for approximately \$3,060. Stumpf and Allied thereby violated 6 Del. C. §7304 because the security was neither registered for sale in Delaware nor exempt from registration. During the transaction, Stumpf made material misrepresentations of fact and material omissions in violation of 6 Del. C. §7303. Stumpf also violated 6 Del. C. §7316(a)(7) by not inquiring of what his investment objectives were and by writing on account form, without his authorization, that his investment objective was "speculation." In addition to the above-stated violations, Allied violated 6 Del. C. §7316(a)(10) by failing to supervise Stumpf.

28. The above-stated investments by Delaware residents, purchased from Floyd Stumpf and Allied Capital Group, Inc., are presently worthless. Delaware investors have lost more than \$100,000 as a result of the actions of Allied through its agent Floyd Stumpf.

29. Each of the above-stated transactions occurred in the State of Delaware.

30. On February 2, 1989, a temporary restraining order was entered against Allied by the Supreme Court of the State of New York, in the County of New York, Borough of Manhattan, per Justice Sandifer, enjoining Allied from promoting or soliciting the sale of interests in Star Publications, Inc., or engaging in any other fraudulent practice. Allied's failure to report the existence of this injunctive order to the National Association of Securities Dealers, Inc. ("NASD") and to the Delaware Securities Division was a violation of 6 Del. C. §7315(c) and Rule 14(a)(2) of the Rules Pursuant To Delaware Securities Act.

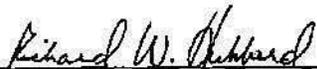
31. It is in the public interest that the registrations of respondents be revoked and that they be jointly and severally fined in the amount of \$1,000 for each violation of the Delaware Securities Act.

BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF DELAWARE

IN THE MATTER OF:)
)
ALLIED CAPITAL GROUP, INC.,)
FLOYD J. STUMPF,) CASE NO. 89-02-04
)
Respondents.)

ORDER OF SUSPENSION

Under the authority of 6 Del. C. §7316(c), I hereby find it in the public interest to suspend summarily the registrations of respondents pending final determination of the above-stated charges. Respondents have the right under 6 Del. C. §7316(c) to request, in writing, a hearing within 15 days. If I do not receive a written request for a hearing within 30 days of the issuance of this order, I will deem that respondents have, by their default, admitted the allegations, and I will then issue an order of revocation.



Richard W. Hubbard
Securities Commissioner

Date: 4/6/89

AFFIDAVIT OF MAILING

STATE OF DELAWARE
NEW CASTLE COUNTY

)
) SS:
)

Cynthia K. Evans, being first duly sworn, deposes and says that:

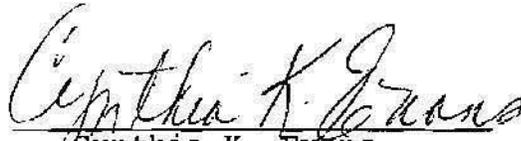
1. She is a secretary with the Department of Justice.

2. That on April 6, 1989 she caused to be hand delivered or placed in the U.S. Mail, First Class, in the State Office Building, Wilmington, Delaware, true and correct copies of the within document to:

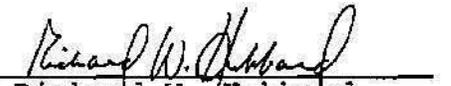
Mr. Peter Mercaldi
President
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4643 South Ulster Street
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Mr. Fred Borries
Compliance Officer
Allied Capital Group, Inc
4643 South Ulster Street
Suite 1560
Denver, Colorado 80237

Mr. Floyd J. Stumpf
6329 Walk Circle
Boca Raton, Florida 33433


Cynthia K. Evans

SWORN TO AND SUBSCRIBED before me on this 6th day of April, 1989.


Richard W. Hubbard
Deputy Attorney General

Pursuant to 29 Del. C. §2508