

STATE OF MAINE
CUMBERLAND, SS.

SUPERIOR COURT
CIVIL ACTION
DOCKET NO.

STATE OF MAINE)
 and)
 ARTHUR M. BURTON, JR.)
 in his official capacity)
 as Superintendent of the)
 Bureau of Banks and Banking)
 for the State of Maine)
 Plaintiffs)
 v.)
 JEFFREY FREDRICK ANDREWS,)
 individually, as an officer,)
 agent or director of each of)
 the corporate defendants and)
 doing business as J.F. Andrews)
 & Company, Northern Investors,)
 International Options, Northeast)
 Express Co., The Safety Plus)
 Fund, The Safety-Plus Fund II)
 and L & G Investments, Inc.)
 and)
 NORTHEASTERN FINANCIAL CORPORATION)
 and)
 J. F. ANDREWS & COMPANY, INC.)
 and)
 NORTHERN SECURITIES CORPORATION)
 Defendants)

COMPLAINT
(Request for a temporary
restraining order,
preliminary and permanent
injunction)

The State of Maine by and through its Attorney General,
Joseph E. Brennan and Plaintiff, Arthur M. Burton, Jr., in his
capacity as Bank Superintendent of the State of Maine, allege:

PARTIES, JURISDICTION & VENUE

1. The Plaintiff, Attorney General Joseph E. Brennan, brings
this action under the authority of Title 5, M.R.S.A. Sections
206-214 as amended, known as the Unfair Trade Practices Act, to
protect the public by preventing and restraining unfair and
deceptive acts or practices in the conduct of any trade or

commerce within the State of Maine and to obtain restoration of money unlawfully acquired by means of said acts or practices.

2. The Plaintiff, Arthur M. Burton, Jr., is the Bank Superintendent of the State of Maine and brings this action in his official capacity, pursuant to Title 32 M.R.S.A. Section 754 to protect the public by enjoining any violation or threatened violation of any of the provisions of The Maine Securities Act.

3. The Defendant, Jeffrey Fredrick Andrews is an individual, an officer or agent of each of the legal entities named as a defendant, and an individual doing business as J. F. Andrews & Company, Northern Investors, International Options, Northeast Express Company, The Safety Plus Fund, The Safety-Plus Fund II and L & G Investments, Inc. Upon information and belief Defendant Andrews is a resident of Cumberland County, Maine.

4. Defendant Northeastern Financial Corporation is a Maine corporation. Upon information and belief the principal place of business of Northeastern Financial Corporation is located in Cumberland County, Maine. Martha Ellen Andrews is the corporate agent and one of the corporate directors. Defendant Jeffrey F. Andrews is also a director of Defendant Northeastern Financial Corporation.

5. Defendant J. F. Andrews & Company, Inc. is a corporation organized and existing under Maine law. Upon information and belief Defendant J. F. Andrews & Company, Inc. has its principal place of business in Cumberland County, Maine. Its registered agent is Jeffrey F. Andrews and two of its initial directors are Jeffrey F. Andrews and Martha E. Andrews.

6. Defendant Northern Securities Corporation is a Maine corporation. Upon information and belief the principal place of

business of Defendant Northern Securities Corporation is located in Cumberland County, Maine. Defendant Jeffrey F. Andrews is one of the directors of Defendant Northern Securities Corporation.

7. Upon information and belief Defendants, either alone or by joint effort, have recently sold, offered for sale or invited offers for or inquiries about securities and otherwise engaged in trade or commerce in the State of Maine. Upon information and belief, the acts or practices alleged in this complaint occurred primarily within the State of Maine and involved Maine residents, some of whom are residents of Cumberland County. Upon information and belief the defendants reside or have a principal place of business in Cumberland County, Maine.

DEFENDANTS' BUSINESS

8. Upon information and belief Defendant Jeffrey F. Andrews by himself and through the Defendant legal entities named herein, either alone or by joint effort, offered for sale and sold securities to numerous Maine residents. To promote the sale of securities Defendants have prepared brochures and informational literature and attended meetings or conventions of medical or other professional associations. Upon information and belief, Defendants, either alone or by joint effort, have sold approximately \$90,000 worth of securities during the past eighteen months. Defendants represented to investors and prospective investors who purchased short term notes or limited partnership interests that the monies would be invested in corporate bonds, securities options, and other unspecified low risk investments. Defendants Andrews, J. F. Andrews & Company, Inc. and Northeastern Financial Corporation admitted selling, offering

for sale or inviting offers for inquiries about securities in a Consent Decree (C.D. 76-617).

VIOLATIONS OF THE UNFAIR TRADE PRACTICES
ACT (5 M.R.S.A. §207) AND THE SECURITIES
ACT (32 M.R.S.A. §751 et. seq.)

9. Defendants, except Northern Securities Corporation, represented to investors and prospective investors that their money would be invested in securities or retained in an escrow account. In fact, upon information and belief, only approximately one-third of the investors' money has been invested in securities and no money is currently in an escrow account; upon information and belief the remaining two-thirds has been spent for purposes other than for investments in securities and some of the money is unaccounted for. Upon information and belief defendants have transferred some of the money from one defendant to another to reimburse dissatisfied investors, to fund various enterprises and for purposes other than those represented to investors. These acts and representations violate Title 5 M.R.S.A. §207 and are acts, practices or courses of business which operate or would operate as a fraud or deceit upon any person.

10. Defendants Andrews, J. F. Andrews & Company, Inc. and Northeastern Financial Corporation represented that investors' money would be held in an escrow account until a minimum of \$50,000 was raised and that if the minimum was not raised by June 3, 1976, all money would be returned to investors. Upon information and belief an escrow account was never established and although approximately \$22,000 was raised, the money was not returned to investors. These representations violate 5 M.R.S.A. §207 and constitute an untrue statement of material fact in violation of 32 M.R.S.A. §755.

11. Defendants Andrews, Northeastern Financial Corporation and J. F. Andrews & Company, Inc. represented that Northeastern Financial Corporation was the "second largest management firm in Northern New England". Upon information and belief Northeastern Financial Corporation has no clients. These representations *are contained in Defendants offering circular a copy of which is attached hereto* violate 5 M.R.S.A. §207 and constitute an untrue statement of material fact in violation of 32 M.R.S.A. §755.

12. Defendants Andrews and J. F. Andrews & Company, Inc. represented that Maine National Bank would provide custodial services for the Safety Plus Fund. Upon information and belief, Maine National Bank has not entered into an agreement to provide custodial services for the defendants named in this paragraph. These representations violate 5 M.R.S.A. §207 and constitute an untrue statement of material fact in violation of 32 M.R.S.A. §755.

13. Defendants Andrews and J. F. Andrews & Company, Inc. report that Mr. Andrews was a founder of Northeastern Financial Corporation, an SEC registered Investment Advisory Management firm which specialized in options account management. Defendants Andrews and J. F. Andrews & Company, Inc. also stated that at the time of Northeastern Financial Corporation's inception there were only twelve firms in the United States authorized by the SEC to manage on a discretionary basis individual option accounts. In fact, upon information and belief the SEC does not authorize individuals to manage discretionary option accounts. The SEC merely requires registration to act generally as an investment advisor, and does not control those who specialize in discretionary option accounts. These representations violate 5 M.R.S.A. §207 and constitute an untrue statement of material fact in violation of 32 M.R.S.A. §755.

FAILURE TO REGISTER AS A DEALER (32 M.R.S.A. §851)

14. Upon information and belief the defendant Northern Securities Corporation, although not registered with the Superintendent of Banks and Banking of the State of Maine, has engaged in the business of selling or offering for sale securities in violation of 32 M.R.S.A. §851.

REQUEST FOR RELIEF

WHEREFORE, Plaintiff requests that the Court:

1) Declare the aforementioned business practices in Paragraphs 10, 11, 12, 13 and 14 constitute unfair or deceptive trade practices in violation of 5 M.R.S.A. §§206-214;

2) Issue a temporary restraining order enjoining the defendant and any officers, agents, servants, or employees and all persons in active concert or participation from:

a) transferring, setting off, changing, selling, pledging, assigning, liquidating, dissipating, concealing or otherwise disposing of any assets owned, controlled or in the possession of any of the defendants herein in which investors retain an interest or which were received by defendants for investment in securities,

b) destroying, mutilating, concealing, altering or disposing of any books, records, documents, correspondence, brochures, manuals, obligations or other property of the defendants herein until further order of this Court,

c) selling securities and short-term notes to investors and members of the public.

3) Pending the outcome of this litigation, enter a preliminary injunction against the defendants under the same terms and conditions as the restraining orders prayed for in Paragraph 2 of this request for relief.

4) Enter a permanent injunction against the defendants restraining defendants from:

a) engaging in any unfair or deceptive act or practice in trade or commerce,

b) employing any device, scheme or artifice to defraud,

c) making any untrue statement of a material fact or omitting 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, and

d) engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

5) Enjoin Defendant Northern Securities Corporation from engaging in any business or activities requiring prior registration with the Bureau of Banking unless Defendant has complied with all said registration requirements.

6) Grant such other and further relief as the Court deems just and equitable including:

a) restitution to purchasers and a judgment for Plaintiff's costs,

b) an order requiring Defendants to preserve and produce for examination and copying by the Superintendent of Banking of the State of Maine any and all books, records, documents, correspondence, brochures, manuals, obligations or other writings concerning the sale of investment opportunities to the public,

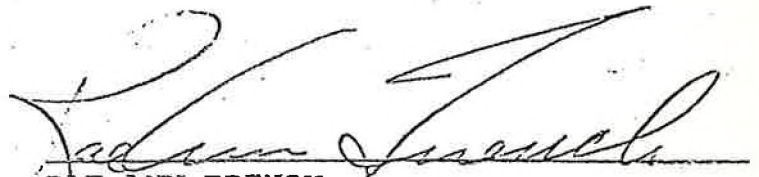
the location and use of the monies acquired through such sale and the names and addresses of any and all investors,

c) an order requiring Defendants to make and submit to plaintiffs an affidavit containing an accounting of the proceeds received by the Defendants in connection with the sale of investment opportunities,

d) an order requiring Defendants to make and submit to plaintiffs an affidavit containing a complete listing of the names and addresses of all banks, depositories, persons, and legal entities where any assets of the defendants are on deposit, are pledged, located, or are otherwise held.

7) If this request for an injunctive order be granted, that no bonds be required because the Plaintiffs are public officials of the State of Maine, and acting in their official capacities to protect the interests of the State, particularly in regard to the area of protection of the people of the State of Maine from unfair business practices.

DATED: 7/20/76


RAE ANN FRENCH
Assistant Attorney General