

STATE OF NEBRASKA
Department of Banking & Finance

In the Matter of)	
)	
Bruce Fund, Inc.,)	FINDINGS OF FACT
20 North Wacker Dr., Suite 2414,)	CONCLUSIONS OF LAW
Chicago, Illinois,)	AND
)	CONSENT ORDER
RESPONDENTS.)	

THIS MATTER comes before the Nebraska Department of Banking and Finance (“DEPARTMENT”) pursuant to the Securities Act of Nebraska, Neb. Rev. Stat. §§ 8-1101 to 8-1124 (Reissue 1997, Cum. Supp. 2004) (“Act”). Pursuant to Neb. Rev. Stat. § 8-1115 (Reissue 1997), the DEPARTMENT, by and through its Director (“Director”), has investigated the acts, practices, and transactions engaged in by Bruce Fund, Inc. As a result of the investigation, and being duly advised and informed in the matter, the Director and Bruce Fund, Inc., enter into the following Findings of Fact, Conclusions of Law, and Consent Order (“Order”).

FINDINGS OF FACT

1. Bruce Fund, Inc. (“FUND”), 20 North Wacker Dr., Suite 2414, Chicago, Illinois, is a Maryland business trust. The FUND is registered under the Investment Company Act of 1940 as a diversified, open-end no-load management investment company. Shares of the FUND have been registered under the Securities Act of 1933.
2. Information regarding the FUND is available on the Internet at www.thebrucefund.com.

3. At all times relevant to this Order, the FUND has not been registered in Nebraska as a broker-dealer.

4. On June 28, 2005, the FUND made a notice filing as a federal covered security with the DEPARTMENT for the sale of \$500,000 worth of shares in the FUND. The FUND had not made any previous notice filing with the DEPARTMENT. The FUND did not designate a registered broker-dealer to effect sales of the FUND on its notice filing.

5. The notice filing is still pending because the FUND failed to designate a registered broker-dealer to effect the transactions.

6. Between March 23, 2004, and June 28, 2005, the FUND sold \$307,273.54 worth of shares in 23 transactions with Nebraska residents. Between June 28, 2005 and October 31, 2005, the FUND sold an additional \$174,505.34 worth of shares in 14 transactions with Nebraska residents.

7. The FUND did not claim any available exemption from registration regarding the sale of the shares of the FUND to Nebraska residents or from registration as a broker-dealer in Nebraska for the transactions set forth in Finding of Fact No. 6.

CONCLUSIONS OF LAW

1. The shares of FUND sold in Nebraska during the relevant time frame are securities within the meaning of Neb. Rev. Stat. § 8-1101(15) (Cum. Supp. 2004).

2. Neb. Rev. Stat. § 8-1104 (Reissue 1997) provides it shall be unlawful for any person to offer or sell any securities in this state unless such securities are either registered, exempt from registration or qualified as federal covered securities pursuant to the Act. The sale of the shares of the FUND in Nebraska between March 23, 2004, and

October 31, 2005, without registration, exemption, or a notice filing, constitute a violation of Neb. Rev. Stat. § 8-1104.

3. Neb. Rev. Stat § 8-1101(2) (Cum. Supp. 2004) defines a broker-dealer as any person engaged in the business of effecting transactions in securities for the account of others or for his, her or its own account. The FUND is a broker-dealer within the meaning of Neb. Rev. Stat § 8-1101(2).

4. Neb. Rev. Stat. § 8-1103(1) (Cum. Supp. 2004) provides it shall be unlawful for any person to transact business in this state as a broker-dealer, except in certain transactions exempt under Section 8-1111, unless he, she or it is registered under the Act. The sale of the shares by the FUND to Nebraska residents between March 23, 2004, and October 31, 2005, without registration as a broker-dealer, and without exemption from such registration, was a violation of Neb. Rev. Stat. § 8-1103(1).

5. Neb. Rev. Stat. § 8-1108.01(4) (Cum. Supp. 2004) 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 a 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.

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

CONSENT ORDER

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

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

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

The FUND further represents as follows:

1. The FUND is aware of its right to a hearing on this Order at which it 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. The FUND is 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 the purpose of this Order and for no other purpose.

FURTHER, the FUND agrees 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 the FUND has committed any other violations of the Act, the DEPARTMENT may take any action available to it under the Act.

IT IS HEREBY ORDERED that Bruce & Co., Inc., shall pay a fine in the amount of Seventeen Thousand Five Hundred Dollars (\$17,500.00) for the sale of the shares of the FUND without proper notice filing between March 23, 2004, and October 31, 2005, and for acting as an unregistered broker-broker, pursuant to Neb. Rev. Stat. § 8-1108.01

(Cum. Supp. 2004). Said fine 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.

IT IS FURTHER ORDERED that

1. Bruce Fund, Inc., shall maintain a current registration or notice filing or, in the alternative, claim an appropriate, applicable exemption with the DEPARTMENT at all times that offers and sales of shares of the FUND are made, or are to be made, within Nebraska.

2. Bruce Fund, Inc., shall maintain a current registration as a broker-dealer, claim an applicable exemption from such registration, or shall contract with a broker-dealer registered with the DEPARTMENT to effect all offers and sales of shares of the FUND made within Nebraska.

In the event Bruce Fund, Inc., fails to comply with any of the provisions of this Agreement, 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.

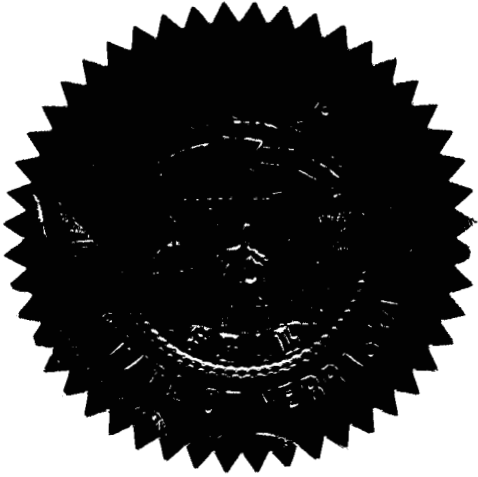
DATED this 11th day of July, 2006.

Bruce Fund, Inc.,

By: R. Jeffrey Bruce
Printed Name: R. Jeffrey Bruce
Title: Secretary

DATED this 15th day of July, 2006.

STATE OF NEBRASKA
DEPARTMENT OF BANKING AND FINANCE



By: John Munn
John Munn, Director

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