

3. Second, Fresia and NorthWestern senior executives misled investors about the nature of Expanets' and NorthWestern's reported income. While NorthWestern publicly claimed that Expanets had achieved profitability and met earnings targets through its operations and cost savings, Fresia and NorthWestern senior executives concealed from the public that in fact, Expanets' reported income during 2002 was derived, in large part, from non-recurring and undisclosed reserve reductions, and from its receipt of unusual non-compete payments.

4. Fresia's misconduct helped facilitate NorthWestern's completion of more than \$800 million in securities offerings in September and October 2002, including raising approximately \$87.5 million in an equity offering that provided the company with badly needed operating capital to temporarily improve its liquidity position.

5. However, just two months later, in December 2002, NorthWestern disclosed that Expanets would take more than \$50 million of charges for uncollectible accounts receivable and adjustments to customer bills.

6. In April 2003, NorthWestern restated its Forms 10-Q for the first three quarters of 2002 and erased Expanets' previously reported income for those periods. The company also disclosed significant ongoing problems with the EXPERT system, and the impact of unusual non-compete payments on Expanets' 2002 financial results.

7. Also in April 2003, NorthWestern filed its 2002 Form 10-K, in which it wrote off substantially all of its past investment of hundreds of millions of dollars in Expanets. In that filing, NorthWestern announced that, despite past assurances, Expanets would not generate future cash flow in sufficient amounts to help service NorthWestern's elevated debt.

8. Over the next five months, NorthWestern's liquidity situation continued to deteriorate until the company declared bankruptcy in September 2003.

[15 U.S.C. §§ 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B)] and Rules 12b-20, 13a-11 and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-11 and 240.13a-13], and unless restrained and enjoined will violate or aid and abet violations of such provisions.

18. Fresia's violations as alleged below occurred in connection with the following Commission filings: NorthWestern's Form 10-Q for the period ended June 30, 2002, filed on August 14, 2002 ("NorthWestern's Form 10-Q for the second quarter of 2002"), and NorthWestern's Amended Form 10-Q for the period ended June 30, 2002, filed on September 20, 2002; NorthWestern's Form 10-Q for the period ended September 30, 2002, filed on November 14, 2002 ("NorthWestern's Form 10-Q for the third quarter of 2002"); NorthWestern's Forms 8-K with attached press releases filed on August 8, 2002, September 20, 2002, and November 7, 2002; NorthWestern's Form S-4/Amendment #2 filed August 16, 2002; Form S-4/Amendment #3 filed September 9, 2002; and NorthWestern's equity offering prospectus supplements filed with the Commission on September 30, 2002 and October 3, 2002.

19. Fresia caused the misstatement of NorthWestern's financial statements filed with its Forms 10-Q for the second and third quarters of 2002. Fresia also reviewed and assisted in the preparation of NorthWestern's false and misleading disclosures pertaining to Expanets in the company's Forms 10-Q for second and third quarters of 2002.

20. Fresia knew or was reckless in not knowing that NorthWestern's misstated financial results for the second and third quarters were also disseminated to the public in NorthWestern's corresponding press releases attached to NorthWestern's Forms 8-K filed on August 8, 2002, September 20, 2002, and November 7, 2002.

V.

Order pursuant to Section 21(d)(2) of the Exchange Act, as amended by Section 305 of the Sarbanes-Oxley Act [15 U.S.C. § 78u(d)(2)], or pursuant to the equitable authority of the court, that Defendant Fresia be permanently barred from serving as an officer or director of any public company.

VI.

Order such other relief as is necessary and appropriate.

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Respectfully submitted,

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