

STATE OF NORTH DAKOTA
SECURITIES DEPARTMENT

In the Matter of Inland National)
Securities, Inc.; David Theusch; and)
Keith Theusch;)
)
Respondents.)

CONSENT ORDER

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THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA
TO:

INLAND SECURITIES, INC., DAVID THEUSCH AND KEITH THEUSCH,
RESPONDENTS.

The North Dakota Securities Commissioner has advised the Respondents that the Commissioner is prepared to commence formal action pursuant to Chapter 10-04 of the North Dakota Century Code and has determined as follows:

1. Respondent, Inland National Securities, Inc., CRD #38956, (Inland) is a North Dakota corporation headquartered in Minot, North Dakota, which, for all times relevant to this matter and until December 31, 2007, was registered as a broker-dealer in North Dakota. Inland failed to pay a registration fee for 2008 in North Dakota. On January 22, 2008, Inland filed a Form BDW, Uniform Request Withdrawal From Broker-Dealer Registration, with the Financial Industry Regulatory Authority (FINRA) Central Registration Depository (CRD). Said Form BDW was for Full Withdrawal in all jurisdictions effective December 31, 2007. Inland's CRD Registration Status with the State of North Dakota remains "Termination Requested."
2. Respondent, David Theusch, CRD #2609781, is the President and Chief Executive Officer of Inland and for all times relevant to this matter and until

December 31, 2007 was registered as an agent in North Dakota with Inland. David Theusch operated out of the home office of Inland at 21 South Main, Minot, North Dakota.

3. Respondent, Keith Theusch, CRD #2405223, is the Vice-President and Chief Financial Officer of Inland and for all times relevant to this matter and until December 31, 2007 was registered as an agent in North Dakota with Inland. Keith Theusch operated out of the home office of Inland at 21 South Main, Minot, North Dakota.

4. On January 16, 2006, The North Dakota Securities Department initiated an unannounced home office exam at Inland and several compliance and supervisory violations and concerns were noted including the following:

- a) Supervisory and compliance manuals were not dated;
- b) Prior to 2006, Inland failed to adequately prepare and maintain new account records for certain clients with self-directed IRAs, and with regard to other customer accounts failed to maintain complete and adequate information for these accounts including dating the new account forms or adequately reflecting the customer's prior investment experience, financial status, tax status, risk tolerance and investment objectives. The absence of this written information regarding the customers may have rendered it difficult for a supervisor to determine from the face of the document the suitability of investment recommendations made to these customers.

c) Pursuant to N.D.C.C. § 10-04-10.3, N.D.A.C. § 73-02-07-01, NASD Rule 3110 and SEC Rules 17a-3(a) and 17a-4, every broker-dealer and agent conducting business in this state are required to maintain certain books and records as described therein. Respondents engaged in violations of these provisions. Pursuant to §§73-02-09-02(29) and 73-02-09-03(6) of the North Dakota Administrative Code, it is a violation of the Securities Act for any agent to fail to comply with the rules of the NASD or other self-regulatory organization approved by the SEC. Pursuant to N.D.C.C. § 10-04-11(1)(m), a broker-dealer is required to properly supervise its agents. The investigation demonstrated a failure of this responsibility in maintenance of books and records.

5. Pursuant to N.D.C.C. § 10-04-11(1), the Commissioner may censure, place limitations on the activities of, suspend or revoke the registration of a broker-dealer if the Commissioner finds that the broker-dealer has violated the provisions of the Securities Act or has failed to properly supervise its agents. The activities set forth above constitute sufficient grounds for the Commissioner to revoke the broker-dealer registration of Respondent, Inland National Securities, Inc.

6. Pursuant to N.D.C.C. § 10-04-11(1), the Commissioner may censure, place limitations on the activities of, suspend or revoke the registration of an agent if the Commissioner finds that the agent has violated any provisions of the Securities Act. The activities set forth above constitute sufficient grounds for the Commissioner to

revoke the agent registrations of the Respondents, David Theusch and Keith Theusch.

7. Pursuant to N.D.C.C. § 10-04-16(1), the Securities Commissioner has the authority to assess civil penalties in an amount not to exceed \$10,000 for each violation of the Securities Act. The violations described above are sufficient grounds for the Commissioner to assess civil penalties against the Respondents pursuant to N.D.C.C. § 10-04-16(1).

8. Respondents acknowledge their right to a hearing on this matter and waive this right to a hearing and to present arguments to the Commissioner.

9. Respondents agree to resolve this matter with the Securities Commissioner by this Consent Order. Respondents have consented to the entry of this Order by executing the Consent to Entry of Order, which is attached hereto and incorporated herein by reference.

10. The following Order is necessary and appropriate in the public interest and for the protection of investors.

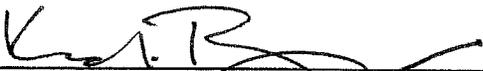
NOW, THEREFORE, IT IS ORDERED, pursuant to N.D.C.C. §§ 10-04-11 and 10-04-16, that:

1. The broker-dealer registration of Respondent, Inland National Securities, Inc., is hereby revoked.
2. The agent registrations of the Respondents, David Theusch and Keith Theusch, are hereby revoked.

3. Respondents are hereby assessed, jointly and severally, a civil penalty of \$10,000, which the Respondents shall pay to the North Dakota Securities Department contemporaneous with the execution of this Consent Order.
4. Respondents shall not engage in any future violations of the North Dakota Securities Act, N.D.C.C. Ch.10-04.
5. This Order shall be effective upon signature of the Commissioner.

IN TESTIMONY WHEREOF, witness my hand and seal this 31st day of July, 2008.





Karen J. Tyler, Securities Commissioner
North Dakota Securities Department
600 East Boulevard Ave.
State Capitol – Fifth Floor
Bismarck, ND 58505-0510
(701) 328-2910

STATE OF NORTH DAKOTA

SECURITIES DEPARTMENT

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**CONSENT TO ENTRY
OF ORDER**

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Based on mutual concessions and a willingness to resolve all matters discussed in the foregoing Consent Order, the above-named Respondents state that:

1. The Respondents have read the foregoing Consent Order and know and fully understand its contents and effects.
2. The Respondents have been advised of their rights to a hearing with regard to this matter, and have specifically waived their rights to a hearing.
3. The Respondents have been advised that any willful violation of the Consent Order is a Class B Felony pursuant to N.D.C.C. § 10-04-18(1) and is punishable by a \$10,000 fine and 10 years imprisonment, with respect to a natural person, pursuant to N.D.C.C. § 12.1-32-01(3) or by a \$35,000 fine with respect to an organization, pursuant to N.D.C.C. § 12.1-32-01.1(2).
4. The foregoing Consent Order, which is attached hereto and incorporated herein by reference, constitutes the entire settlement agreement between the Respondents and the Securities Commissioner, there being no other promises or agreements, either expressed or implied. Nothing in this Consent Settlement shall affect Respondents' right, jointly or severally, to take legal or factual positions in litigation or any other legal proceeding in which the State of North Dakota is not a party. Solely for the purposes of this proceeding, the Respondents admit the jurisdiction of the Securities Department and hereby accept and consent, without admitting or denying the findings, to the factual determinations set forth in

the foregoing Consent Order, and they are specifically precluded from denying those determinations in any forum, public or private.

5. The Respondents consent to entry of the foregoing Consent Order by the Securities Commissioner, and do so willingly and voluntarily for the purpose of resolving the issues described in the foregoing Consent Order.

Dated this 14th day of July, 2008.

INLAND NATIONAL SECURITIES, INC.

By: [Signature]
Its: President

Subscribed and sworn to before me this 14 day of July, 2008.

[Signature]
Notary Public Wood County
My Commission Expires: May 26 2012

Dated this 14th day of July, 2008.

[Signature]
David Theusch

Subscribed and sworn to before me this 14 day of July, 2008.

[Signature]
Notary Public Wood County
My Commission Expires: May 26 2012

Dated this 14th day of July, 2008.

[Signature]
Keith Theusch

Subscribed and sworn to before me this 14 day of July, 2008.

[Signature]
Notary Public Wood County
My Commission Expires: May 26 2012

