

STATE OF NORTH DAKOTA

SECURITIES DEPARTMENT

In the Matter of Robert H. Medhus,)	CEASE AND DESIST ORDER AND NOTICE OF RIGHT TO REQUEST A HEARING
RTM, Ltd., Medhus Company, and)	
Associated Financial Services, Inc.,)	
)	
Respondents.)	

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**THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA TO
THE ABOVE-NAMED RESPONDENTS:**

The North Dakota Securities Commissioner has a reasonable basis to believe that the Respondents have engaged in, are engaging in, or are about to engage in, acts, practices or transactions, as more fully described below, which are prohibited under Chapter 10-04 of the North Dakota Century Code (N.D.C.C.). It is necessary and appropriate in the public interest and for the protection of investors to restrain these acts, practices, or transactions of the Respondents.

1. Respondent, RTM, Ltd., is a North Dakota corporation with its principal office in Fargo, North Dakota, and the parent company of Respondent, Associated Financial Services, Inc., CRD #1121, a North Dakota corporation also headquartered in Fargo, North Dakota. Associated Financial Services, Inc. had been registered as a broker-dealer in North Dakota from October 21, 1981 until its registration was summarily suspended by order of the Securities Commissioner on December 6, 2011.
2. Respondent, Medhus Company, is a North Dakota corporation with its principal office in Fargo, North Dakota, engaged in the sale of insurance products, including variable life and annuity policies, which are securities under North Dakota law.

3. The corporate Respondents' controlling officer is, and for all times relevant hereto was, Respondent, Robert H. Medhus, a resident of Fargo, North Dakota. Respondent, Robert H. Medhus, for all times relevant hereto, was a securities agent registered with the North Dakota Securities Department through Associated Financial Services, Inc., until the suspension of its registration as a broker-dealer on December 6, 2011.

4. Respondents, through Robert H. Medhus, were engaged in providing financial advice to North Dakota residents, including business, tax and retirement planning. For a number of years, up to and including 2011, Respondents managed the investments of a Self Employed Retirement Plan for a resident of Page, North Dakota. Respondent Medhus falsely reported to the investor that the bulk of the retirement assets had been rolled over into an IRA account with Entrust Midwest, LLC. As part of the scheme to defraud the North Dakota investor, Respondent Medhus issued a forged Entrust 1099-R, indicating a mandatory distribution to the investor from the IRA of \$17,100 for tax year 2011. Respondent Medhus then attempted to pay the "distribution" with a \$17,100 check drawn on an account of RTM, Ltd. There were insufficient funds in the account to honor the check. Upon request by the North Dakota investor for liquidation of the Retirement Plan assets in April, 2012, Respondent Medhus issued the investor a check drawn on an account of RTM, Ltd. in the amount of \$319,125. There were insufficient funds in the account to honor this check and Respondent Medhus has been unable to account for the investor's Retirement Plan assets.

5. Respondents, in the offer and sale of the securities described herein, directly and indirectly employed devices, schemes and artifices to defraud the North Dakota owner of the Retirement Plan and therefore engaged in violations of N.D.C.C. § 10-04-15(2).

6. On January 12, 2012, the Securities Commissioner issued an Order to Revoke the Broker-Dealer Registration of Associated Financial Services, Inc. Pursuant to N.D.C.C. § 10-04-11(5), the revocation of the registration of Associated Financial Services, Inc. as a broker-dealer also revoked the registration of all of Associated's agents, including Robert H. Medhus. However, Respondent Medhus continued to represent Associated Financial Services, Inc. as a registered broker-dealer and himself as a registered agent after January 12, 2012, in advertising, including letterhead and business cards, and on the internet, in violation of said Order.

7. Pursuant to N.D.C.C. § 10-04-16(1), the Securities Commissioner has the authority to Order that a person Cease and Desist from violations of the Securities Act, to rescind transactions made in violation of the Securities Act, and to assess civil penalties in an amount not to exceed \$10,000 for each violation of the Securities Act.

8. This Order is issued in the public interest and for the protection of investors.

NOW, THEREFORE, IT IS ORDERED, pursuant to N.D.C.C. § 10-04-16, that the Respondents shall immediately **CEASE AND DESIST** from any further violations of the Securities Act or rules in connection with the offer and/or sales of securities in this state.

This Order shall be effective upon signature of the Commissioner.

YOU ARE NOTIFIED that any willful violation of this order is a Class B Felony pursuant to N.D.C.C. § 10-04-18(1). Pursuant to N.D.C.C. § 12.1-32-01(3), a Class B Felony is punishable by a \$10,000 fine and 10 years' imprisonment, with respect to a

natural person. Pursuant to N.D.C.C. § 12.1-32-01.1(2), a Class B Felony is punishable by a \$35,000 fine with respect to an organization.

YOU ARE FURTHER NOTIFIED that, pursuant to N.D.C.C. § 12.1-09-03, a person is guilty of a criminal offense if that person intentionally “alters, destroys, mutilates, conceals, or removes a record, document, or thing with intent to impair its verity or availability” in an official proceeding. As such, intentional destruction of any documents related to this matter may result in criminal prosecution.

NOTICE OF RIGHT TO REQUEST A HEARING

YOU ARE NOTIFIED that pursuant to N.D.C.C. § 10-04-12 you may request a hearing before the Securities Commissioner if such a request is made in writing WITHIN FIFTEEN (15) DAYS AFTER THE RECEIPT OF THIS ORDER. The Respondent has the right to be represented by legal counsel at the hearing.

IN TESTIMONY WHEREOF, witness my hand and seal this 21st day of June, 2012.





Karen J. Tyler, Securities Commissioner
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