

3. On April 3, 2009, the North Dakota Securities Department received a complaint from Vernon and Elinda Bohara concerning their investments with Respondents. The Boharas became customers of the Respondents in the mid-1980s when they were in their thirties. At the recommendation of Theusch, the Boharas invested in IRET, a real estate investment trust with which he was associated, between 1984 and 1999.

4. On March 15, 2000, Respondents organized Dakota Payphone, LLC, a North Dakota limited liability company with Inland as its managing member. Respondents recommended the purchase of Dakota Payphone membership units to its securities customers. Between May 11, 2000, and April 10, 2003, the Boharas purchased approximately \$78,000 of Dakota Payphone units through the Respondents.

5. In October of 2003, at the recommendation of Theusch, the Boharas liquidated their remaining IRET investments for approximately \$675,000 and purchased an additional \$600,000 of Dakota Payphone units. As a result, over two-thirds of their investment assets were in a single security, with no ready secondary market. Theusch also recommended that they place 85% of their IRAs in Dakota Payphone units, further exacerbating the concentration of assets.

6. The Boharas currently have invested a total of \$823,000 in Dakota Payphone in their personal account (\$666,000), an UGMA account for the benefit of their grandson (\$12,000), and their two IRAs (\$145,000). This represents approximately 83% of their total investment assets. Dakota Payphone has stopped paying dividends and is unmarketable.

7. Respondents Inland and Theusch, in recommending, offering and selling to the Boharas the Dakota Payphone units in such a large and exclusive amount have created

concentration issues that have caused them irrevocable harm. At the time of the \$600,000 offer and sale referred to in paragraph 5, the Respondents had no reasonable grounds for believing that this sale was suitable for the Boharas, based on their ages, time horizon, investment experience, risk tolerance, investment objectives, and need for asset diversification and liquidity in retirement.

CONCLUSIONS OF LAW

1. The North Dakota Securities Department has jurisdiction over the subject matter of these proceedings and these named Respondents.
2. Pursuant to NASD Rule 2310, effective in October 2003, no broker-dealer or agent may recommend a securities transaction without a reasonable basis to believe that the transaction is suitable for the investor.
3. Pursuant to N.D.A.C. § 73-02-09-02(3) and § 73-02-09-03(6), it is a dishonest or unethical practice for a broker-dealer or an agent to recommend a securities transaction without a reasonable basis to believe that the transaction is suitable for the investor.
4. Pursuant to N.D.A.C. § 73-02-09-02(29) and § 73-02-09-03(6), it is a dishonest or unethical practice for a broker-dealer or an agent to engage in any act which is a violation of NASD Rules.
5. Pursuant to N.D.C.C. § 10-04-17, a securities transaction is subject to rescission if it was conducted in violation of the Securities Act or rules. The transaction described in paragraph 5 of the Findings of Fact is subject to rescission.
6. 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 violations of the Securities Act, and 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 order the Respondents to rescind the transaction described in paragraph 5 of the Findings of Fact.

7. Respondents have a right to a hearing on this matter, but affirmatively waive any right to a hearing and to present arguments to the Commissioner regarding this matter.

8. Respondents agree to resolve this matter with the Securities Commissioner by this Consent Order, and this is evidenced by Respondents' signatures on the Consent to Entry of Order, attached hereto and incorporated herein by reference.

9. This following Order is necessary and appropriate in the public interest

NOW, THEREFORE, IT IS ORDERED AND AGREED as follows:

1. Respondent, Inland National Securities, Inc., shall disgorge commissions and fees charged to the Boharas on the transaction described in paragraph 5 of the Findings of Fact in the sum of \$24,000, said sum payable to the North Dakota Securities Department Investor Restitution Fund (Fund #262), for the purpose of reimbursing the Boharas.

2. Respondent, David Theusch, shall disgorge commissions and fees charged to the Boharas on the transaction described in paragraph 5 of the Findings of Fact in the sum of \$36,000, said sum payable to the North Dakota Securities Department Investor Restitution Fund (Fund #262), for the purpose of reimbursing the Boharas.

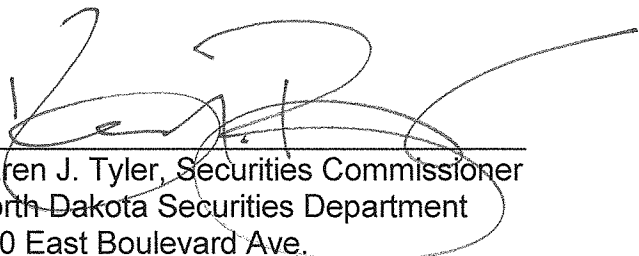
3. To the extent funds become available to Respondent, Inland National Securities, Inc., from the Dakota Payphone litigation involving Hugo Alcaez, et al., Respondent, Inland National Securities, Inc., shall make rescission of the transaction described in paragraph 5 of the Findings of Fact for the full amount paid for the securities, plus

interest at the statutory rate, and less the amount of any income received on the securities by the Boharas, and less any sums paid to the Boharas through the Department's Investor Restitution Fund under paragraphs 1 and 2 of this Order. The complainants, Vernon Bohara and Elinda Bohara, their heirs, successors and assigns, are intended third party beneficiaries of this provision, and may seek to enforce their interests under this paragraph.

4. This Order shall be effective upon signature of the Commissioner.

IN TESTIMONY WHEREOF, witness my hand and seal this 16th day of April, 2013.





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

In the Matter of Inland National
Securities, Inc., and David Theusch,

Respondents.

CONSENT TO ENTRY
OF ORDER

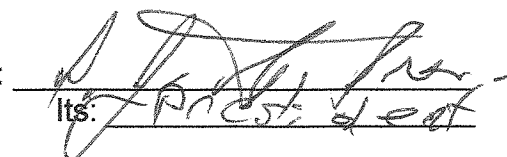
OAH File No. 20130016

.....
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 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.
4. The Respondents admit the jurisdiction of the Securities Department and hereby accept and consent, without admitting or denying the underlying facts and allegations, 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.

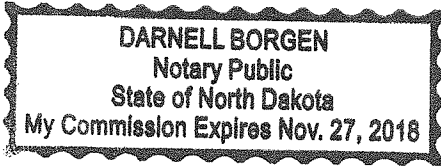
Dated this 17 day of April, 2013.

INLAND NATIONAL SECURITIES, INC.

By: 
Its: President

state of north Dakota
Burleigh county


Subscribed and sworn to before me this 1 day of April, 2013.





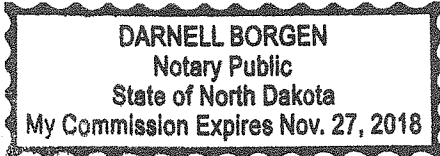
Notary Public
My Commission Expires: Nov, 27, 2018

Dated this 1st day of April, 2013.



David Theusch
State of north Dakota
Burleigh county

Subscribed and sworn to before me this 1 day of April, 2013.





Notary Public
My Commission Expires: Nov, 27, 2018