



Jim Schulz with discretionary trading authority, and H. D. Vest does not permit its agents to exercise discretion in their client accounts.

5. Jim Schulz routinely executed options transactions in client accounts. Many clients did not understand the nature of the transactions or the risks incurred as a result of the transactions.

6. Jim Schulz executed unsuitable transactions for many clients, causing several client accounts to be over-concentrated in certain securities and classes of securities. These actions exposed clients to higher levels of market risk than was consistent with clients' investment objectives and risk temperaments.

7. Pursuant to the facts set forth above above, Respondent has violated the securities laws and engaged in dishonest, fraudulent or unethical practices in the securities industry. As such, there is sufficient grounds for the Commissioner to revoke the registration of the respondent under N.D.C.C. § 10-04-11.

**NOTICE OF PROPOSED ORDER TO REVOKE THE  
AGENT REGISTRATION OF ARNOLD JAMES SCHULZ**

**YOU ARE HEREBY NOTIFIED THAT** the North Dakota Securities Commissioner hereby proposes to issue an Order to Revoke the Agent Registration of Arnold James Schulz. The Order that the Commissioner proposes to issue is attached hereto and is incorporated herein by reference.

**ORDER TO SUMMARILY SUSPEND THE AGENT  
REGISTRATION OF ARNOLD JAMES SCHULZ**

Based on the findings of fact set forth above, the Commissioner hereby Orders that the agent registration of Arnold James Schulz is hereby suspended pending final determination of the matter regarding the Commissioner's Proposed Order to revoke the registration of Arnold James Schulz.

**NOTICE OF CIVIL PENALTY**

**YOU ARE NOTIFIED** that the above-cited violations are sufficient grounds for the imposition of civil penalties against the respondents and/or H. D. Vest Investment Securities, Inc. pursuant to N.D.C.C. §10-04-16(1). The Securities Commissioner does not herein assess a civil penalty, but the Commissioner expressly reserves the authority to assess civil penalties, not to exceed \$10,000 per violation, regarding the violations outlined above, any other violations subsequently discovered, or any future securities violations or violations of this order.

Additionally, you are notified that nothing in this order in any way restricts the Commissioner from conducting a complete investigation into this matter and to bring action against any party based on any violations discovered.

**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.

You have the right to be represented by legal counsel at the hearing.

IN TESTIMONY WHEREOF, witness my hand and seal this 30<sup>th</sup> day of  
January, 2001.



*Syver Virje*

Syver Virje, Securities Commissioner  
Office of the Securities Commissioner  
600 East Boulevard Ave.  
State Capitol – Fifth Floor  
Bismarck, ND 58505-0510  
(701) 328-2910

In the Matter of Arnold )  
James Schulz a/k/a Jim )  
Schulz )  
Respondent )

**ORDER TO REVOKE THE AGENT  
REGISTRATION OF ARNOLD JAMES  
SCHULZ**

.....  
The Securities Commissioner, after Respondent has been afforded the opportunity for a hearing, has determined as follows:

1. H. D. Vest Investment Securities, Inc. (H. D. Vest), CRD # 13686, is a dealer headquartered in Irving, Texas, which has for all times relevant to this matter, been registered as a dealer in North Dakota.
2. Respondent, Arnold James Schulz a/k/a Jim Schulz, CRD #1782635, is an agent for H. D. Vest, who for all times relevant to this matter has been registered in and has maintained a place of business in North Dakota.
3. From at least 1998 to the present, Jim Schulz created and distributed client account statements. Those account statements were in addition to the account statements created and distributed by H. D. Vest. The account statements created by Jim Schulz, in cooperation with Todd Schulz, another registered representative of H. D. Vest, routinely misrepresented the current value of assets and other facts, and misled many of their clients about the value of their investments.
4. Jim Schulz routinely executed transactions in client accounts without seeking or obtaining the prior authorization from the client regarding the specific transaction. Most, if not all, of the clients did not execute any document affording

Jim Schulz with discretionary trading authority, and H. D. Vest does not permit its agents to exercise discretion in their client accounts.

5. Jim Schulz routinely executed options transactions in client accounts. Many clients did not understand the nature of the transactions or the risks incurred as a result of the transactions.

6. Jim Schulz executed unsuitable transactions for many clients, causing several client accounts to be over-concentrated in certain securities and classes of securities. These actions exposed clients to higher levels of market risk than was consistent with clients' investment objectives and risk temperaments.

7. Pursuant to the facts set forth above above, Respondent has violated the securities laws and engaged in dishonest, fraudulent or unethical practices in the securities industry. As such, there is sufficient grounds for the Commissioner to revoke the registration of the respondent under N.D.C.C. § 10-04-11.

**ORDER TO REVOKE THE AGENT  
REGISTRATION OF ARNOLD JAMES SCHULZ**

Based on the findings of fact set forth above, the Commissioner hereby Orders that the agent registration of Arnold James Schulz is hereby revoked.

**IN TESTIMONY WHEREOF**, witness my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, 2001.

(SEAL)

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Syver Vinje, Securities Commissioner  
Office of the Securities Commissioner  
600 East Boulevard Ave.  
State Capitol – Fifth Floor  
Bismarck, ND 58505-0510  
(701) 328-2910

STATE OF NORTH DAKOTA  
COUNTY OF BURLEIGH

BEFORE THE  
SECURITIES COMMISSIONER

In the Matter of Arnold )  
James Schulz a/k/a Jim )  
Schulz, )  
 )  
Respondent )

**AFFIDAVIT OF SERVICE BY MAIL**

.....  
I, Jacqui Ferderer, being first duly sworn, state that I am a citizen of the United States over the age of twenty-one years and not a party to or interested in the above-entitled proceeding.

On, January 30, 2001, I deposited in the Central Mailing Bureau of the United States Post Office Department in the State Capitol in Bismarck, North Dakota, true and correct copies of the following documents:

**FINDINGS OF FACT, ORDER TO SUMMARILY SUSPEND THE  
AGENT REGISTRATION OF ARNOLD JAMES SCHULZ, NOTICE OF  
PROPOSED ORDER TO REVOKE THE AGENT REGISTRATION  
OF ARNOLD JAMES SCHULZ, NOTICE OF CIVIL PENALTY, AND  
NOTICE OF RIGHT TO REQUEST A HEARING**

**ORDER TO REVOKE THE AGENT REGISTRATION  
OF ARNOLD JAMES SCHULZ**

A copy of the above documents was securely enclosed in an envelope with postage prepaid, sent via Certified U. S. mail, return receipt requested, and addressed to each of the following:

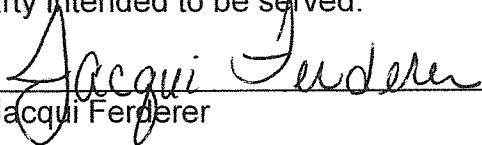
Arnold James Schulz  
1501 N. 12<sup>th</sup> Street  
Bismarck, ND 58501-2713

Arnold James Schulz  
1732 North 5<sup>th</sup> Street  
Bismarck, ND 58501


David O'Neill  
H. D. Vest Investment Securities, Inc.  
6333 North State Highway 161, 4th Floor  
Irving, TX 75038-2200

Gary Kessler  
Kessler & Collins  
5950 Sherry Lane, Suite 222  
Dallas, TX 75225

To the best of my knowledge, information, and belief, the address given above is the last known address of the party intended to be served.

  
\_\_\_\_\_  
Jacquie Ferderer

Subscribed and sworn to before me on this 30<sup>th</sup> day of January, 2001

  
\_\_\_\_\_  
Diane B. G. Kambeitz, Notary Public  
Burleigh County, North Dakota  
My commission expires 4/25/2006