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NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO.
E102004087-01

TO: Department of Enforcement
NASD

RE: Intervest Securities Corporation, Respondent
ID No. 41799

Pursuant to Rule 9216 of NASD Code of Procedure, Respondent, Intervest Securities Corporation, (hereinafter "Intervest" or "Respondent") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described in Part II below. This AWC is submitted on the condition that, if accepted, NASD will not bring any future actions against Respondent alleging violations based on the same factual findings.

Respondent understands that:

1. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by NASD's Department of Enforcement and National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
3. If accepted:
 - a. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against Respondent;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about Respondent's disciplinary record;
 - c. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-2; and
 - d. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Nothing in this provision affects

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Respondent's testimonial obligations or right to take legal positions in litigation in which NASD is not a party.

Respondent also understands that its experience in the securities industry and disciplinary history may be factors that will be considered in deciding whether to accept this AWC. That experience and history are as follows:

Respondent has been a member of NASD since May 13, 1997. The firm acts primarily as an underwriter or selling group participant. The firm currently employs approximately four registered individuals.

Intervest has no prior disciplinary history with the Securities and Exchange Commission, any self-regulatory organization or any state securities regulator.

I.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against them;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Respondent further specifically and voluntarily waives any right to claim that a person violated the *ex parte* prohibitions of Rule 9143 or the separation of functions prohibitions of Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

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II.

ACCEPTANCE AND CONSENT

A. Respondent hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by NASD:

1. Intervest participated as a dealer in two public offerings of the subordinated debentures issued by Intervest Mortgage Corporation ("IMC"). Both of the offerings constituted distributions of securities of an affiliate of Intervest.

A review of the firm's records relative to the offerings indicate that:

- (a) in connection with the recommendations to, and purchases of the offering by, eight customers, Intervest failed to maintain records (including, financial information, investment objectives, financial situations, and needs) evidencing the basis for its suitability determinations; and
- (b) for recommendations to, and purchases by, an additional seven customers, Intervest did not maintain documentation that it considered these customers' investment objectives in determining suitability.

By reason of the foregoing, Intervest violated NASD Conduct Rules 2720(k) and 2110.

B. Respondent also consents to the imposition, at a maximum, of the following sanctions:

- A censure; and
- A \$20,000 fine.

The sanctions imposed herein shall be effective on a date set by NASD staff.

III.

OTHER MATTERS

- A. Respondent understands that it may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by NASD, nor does it reflect the views of

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NASD or its staff

- B. Respondent agrees to pay any monetary sanctions imposed on it upon notice that this AWC has been accepted and that such payments are due and payable.
- C. Respondent specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

Respondent certifies that it has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce it to submit it.

Date

Interwest Securities Corporation

By: _____

Title: _____

Print Name: _____

Thomas E. Willett
Counsel for Respondent

Accepted by NASD:

August 4, 2006
Date

Signed on behalf of the
Director of ODA, by delegated authority

Christina J. Kang
Regional Attorney
NASD Department of Enforcement
One Liberty Plaza, 48th Floor
New York, NY 10006
(212) 858-4009

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NASD District Director
Hans Reich
Senior Vice President
NASD, District 10
One Liberty Plaza
New York, NY 10006

**LETTER OF ACCEPTANCE, WAIVER AND CONSENT
STATEMENT OF CORRECTIVE ACTION**

This Statement of Corrective Action is submitted by Respondent. It does not constitute factual or legal findings by NASD, nor does it reflect the views of NASD, or its staff.

The findings that gave rise to the Letter of Acceptance, Waiver and Consent ("AWC") involved eight alleged instances in which Intervest Securities Corporation (the "Firm") failed to maintain records evidencing the basis for its suitability determinations. In addition, the AWC alleges that, with respect to purchases by seven additional customers, the Firm did not maintain documentation that it considered the purchaser's investment objectives in determining suitability.

By way of background, the Firm is engaged in a very limited scope of business operations and its activities have been confined to acting as a selected dealer in public offerings of subordinated debentures by Intervest Mortgage Corporation, an affiliated corporation.

In light of the limited nature of the Firm's activities, its assessment of suitability is limited to assuring that its associated persons sell such debentures only to persons who satisfy the suitability standards set forth in the prospectus used in the offer and sale of the debentures. The Firm's Customer Account Statement includes information furnished by the customer certifying that the customer meets the suitability standards associated with the subordinated debentures sold, from time to time, by the Firm. With respect to investment objectives, the inquiry can likewise be limited to assuring that the subordinated debentures are consistent with the investment objectives of its customers.

So as to better assure that the Firm's records are complete, the Firm has implemented procedures that requires that the President of the Firm, or his designee, review and approve each Customer Account Form, and each Order Form, prior to the closing of each offering in which debentures may be sold by the Firm, to assure that such documents are complete in all respects, and include appropriate certifications relating to the purchaser's satisfaction of the suitability standards for the offering, and confirming that the debentures are consistent with the objective objectives of the purchaser as set out in the Company's files.