

BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE  
OF THE STATE OF IDAHO

In the Matter of:

Docket No. SB-2025-001

The 401K Source, Inc.

Respondent

**ORDER OF SUMMARY  
SUSPENSION OF INVESTMENT  
ADVISER REGISTRATION**

Effective December 21, 2024, the Respondent's \$25,000 surety bond expired. The surety bond is part of Respondent's Idaho investment adviser registration application. After previous multiple, unsuccessful attempts to contact the Respondent regarding the bond cancellation notice and the subsequent expiration of the existing surety bond, the Securities Bureau staff (the "Securities Bureau") of the Idaho Department of Finance (the "Department") has recommended summary suspension until Respondent either reinstates or obtains a new \$25,000 surety bond.

The Administrator of the Idaho Department of Finance (the "Administrator" or "Director") pursuant to the Act, in particular Idaho Code § 30-14-412, hereby accepts that recommendation and makes the following Findings of Facts and Conclusions of Law and enters the following Order of Suspension, by summary process.

**FINDINGS OF FACTS**

**RESPONDENT**

1. The 401K Source, Inc. ("Respondent") is an Idaho limited liability company that was formed in August 2006 and has its principal place of business located at 1649 W. Shoreline Drive, Suite 102, Boise, Idaho 83702. Respondent, with the CRD # 133135, has been an Idaho-registered investment adviser firm since February 2005.

## **BACKGROUND**

2. Thomas D. Turner (Turner) , CRD # 2328021, is the primary owner and Chief Compliance Officer of Respondent and is also associated with the Respondent as an investment adviser representative.
3. Respondent's latest Form ADV filed May 3, 2021, reported approximately \$91 million in discretionary assets under management.
4. This order of suspension arises from the Respondent's failure to maintain its \$25,000 surety bond that is part of its registration application.
5. On November 20, 2024, the Department received a "Notice of Cancellation of Bond" for the Respondent's \$25,000 surety bond, indicating that the Respondent's bond would expire effective December 21, 2024.
6. On November 20, 2024, the Department emailed Mr. Turner informing him of the bond cancellation notice and the corrective steps needed to ensure the continuation of the bond. The Department did not receive a response to this communication.
7. On December 11, 2024, the Department again emailed Mr. Turner regarding the bond cancellation and the corrective action needed to maintain the Respondent's registration. As of December 18, 2024, the Department has received no response.
8. On December 21, 2024, the Respondent's surety bond expired.
9. As of the date of this order, no response or replacement bond has been received.

## **CONCLUSIONS OF LAW**

10. Idaho Code § 30-14-406(a) provides, in relevant part: "...The application must contain: (1) The information or record required for the filing of a uniform application; and (2) Upon request by the administrator, any other financial or other information or

record that the administrator determines is appropriate.”

11. Rule 89.01.b of the Rules Pursuant to the Uniform Securities Act (2004) provides, in relevant part, that the initial application is required to include: “A bond of a surety company duly authorized to transact business in this state, said bond to be in the sum of twenty-five thousand (\$25,000) and conditioned upon faithful compliance with the provisions of the Act by the investment adviser such that upon failure to so comply by the investment adviser, the surety company shall be liable to any and all persons who may suffer loss by reason thereof.” IDAPA 12.01.08.89.01.b.
12. Idaho Code § 30-14-406(b) provides, in relevant part: “(b) Amendment. If the information or record contained in an application filed under subsection (a) of this section is or becomes inaccurate or incomplete in a material respect, the registrant shall promptly file a correcting amendment.”
13. Idaho Code § 30-14-411(e) provides, in relevant part: “...Subject ...to section 222 of the investment advisers act of 1940 (15 U.S.C. 80b-18a), a rule adopted or an order issued under this chapter may require a ... investment adviser that has custody of or discretionary authority over funds or securities of a customer or client to obtain insurance or post a bond or other satisfactory form of security in an amount not to exceed twenty-five thousand dollars (\$25,000). The administrator may determine the requirements of the insurance, bond or other satisfactory form of security.”
14. Idaho Code § 30-14-412(b) provides, in relevant part: “(b) Disciplinary conditions – Registrants. If the administrator finds that the order is in the public interest and subsection (d) of this section authorizes the action, an order issued under this chapter may revoke, suspend, condition or limit the registration of a registrant...”

15. Idaho Code § 30-14-412(d) and (d)(2) provide, in relevant part: “(d) Grounds for discipline. A person may be disciplined under subsections (a) through (c) of this section if the person: ... Willfully violated or willfully failed to comply with this chapter or the predecessor act or a rule adopted or an order issued under this chapter or the predecessor act within the previous ten (10) years; ”

16. The Securities Bureau recommends, and the Director concludes, that the above violations of Idaho Code §§ 30-14-406(a), IDAPA 12.01.08.89.01.b., 30-14-406(b), and 30-14-411(e), constitute grounds for discipline under Idaho Code § 30-14-412(d) and (d)(2), and further concludes that such grounds authorize the suspension of Respondent’s application for registration as an investment adviser, pursuant Idaho Code § 30-14-412(b), until the Respondent files with the Department a bond reinstatement notice, or a replacement bond associated with Respondent’s registration application.

17. Idaho Code § 30-14-412(f) provides, in relevant part:

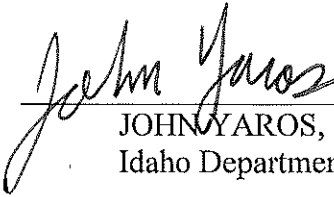
(f) Summary process. The administrator may ... restrict, condition, limit or suspend a registration ... before final determination of an administrative proceeding. Upon the issuance of an order, the administrator shall promptly notify each person subject to the order that the order has been issued, the reasons for the action, and that within fifteen (15) days after the receipt of a request in a record from the person the matter will be scheduled for a hearing. If a hearing is not requested and none is ordered by the administrator within thirty (30) days after the date of service of the order, the order becomes final by operation of law. If a hearing is requested or ordered, the [Director], after notice of and opportunity for hearing to each person subject to the order, may modify or vacate the order or extend the order until final determination.

### **ORDER**

NOW, THEREFORE, pursuant to Idaho Code § 30-14-412, the Respondent’s investment adviser registration is HEREBY SUSPENDED by summary process, effective immediately, until the Department receives a bond reinstatement notice, or a \$25,000 surety bond. The Director finds the immediate and summary suspension of the Respondent’s registration is in the public interest,

further the goals of investor protection, and is consistent with the purpose of the Idaho Uniform Securities Act.

DATED: January 2, 2025

  
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JOHNNYAROS, Securities Bureau Chief  
Idaho Department of Finance

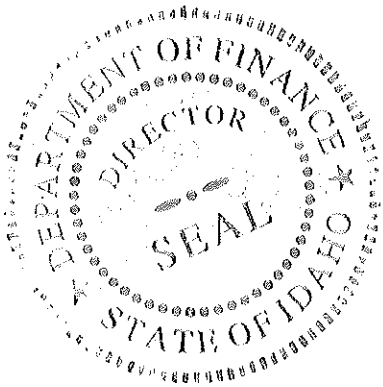
IT IS SO ORDERED

THIS ORDER IS EFFECTIVE UPON ITS ISSUANCE:

DATED this 2<sup>nd</sup> day of January 2025

STATE OF IDAHO  
DEPARTMENT OF FINANCE

  
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PATRICIA R. PERKINS, Director



**NOTICE AND OPPORTUNITY FOR A HEARING**

The Respondent shall take notice that if the Respondent wishes to contest the foregoing ORDER OF SUMMARY SUSPENSION OF INVESTMENT ADVISER REGISTRATION (“Order”), the Respondent shall file a request for hearing pursuant to Idaho Code § 30-14-412(f) within thirty (30) days after the service of this Order. If a request for hearing is made, the matter will be scheduled for hearing within fifteen (15) days of the request. If the Respondent does not timely request a hearing and none is ordered by the Director within that time period, the Order becomes final as to the Respondent by operation of law. If a hearing is timely requested or ordered, the Director, after notice of and opportunity for a hearing, may modify or vacate the Order or extend it until final determination.

A request for a hearing must be made in writing and addressed to:

John Yaros  
Securities Bureau Chief  
Idaho Department of Finance  
P.O. Box 83720  
Boise, Idaho 83720-0031

A copy of such request must also be served upon the Department’s counsel, Erick Shaner, Deputy Attorney General, at the same address or via email to [erick.shaner@ag.idaho.gov](mailto:erick.shaner@ag.idaho.gov)

If a hearing is requested or ordered pursuant to Idaho Code § 30-14-412(f), the Director will refer the matter pursuant to Idaho Code § 67-5280, *et al.*, to the Office of Administrative Hearings, for the appointment of a hearing officer to review the matter, and such contested case hearing will be conducted pursuant to Chapter 52, Title 67, Idaho Code, and the Idaho Rules of Administrative Procedure (IRAP) at IDAPA 62.01.01.

If the Respondent requires any assistance of the kind the Department provides under the Americans with Disabilities Act in order to participate in or understand these proceedings, the Department will supply such reasonable assistance upon advance request.