

# NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

January 17, 1967 #1

## NOTICE

To Members of the National Association of Securities Dealers, Inc.  
Your attention is directed to the following actions:

Amsbary, Allen & Morton, Inc.  
Pittsburgh, Pennsylvania

On November 18, 1966, the Board of Governors expelled Amsbary, Allen & Morton, Inc., from membership in the Association and revoked the registrations of Hugh M. Casper, Larry A. Hirsh and Louis A. Moore for failure to pay the balance of the fine and costs assessed in connection with findings of violations of Association rules. This action was based on the provisions of Section 2 of Article V of the Rules of Fair Practice.

Balanced Programs, Ltd.  
Astoria, New York

On December 14, 1966, the Securities and Exchange Commission revoked the broker-dealer registration of Balanced Programs, Ltd., and barred Charles S. Sperrazza, its president and controlling stockholder, from association with any broker or dealer for violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933; Sections 10(b) and 15(c)(1) of the Securities Exchange Act of 1934 and Rules 10b-5 and 15c1-2 thereunder. The penalties were based on findings that the firm and Sperrazza violated the registration provisions in the sale of Balanced Programs preferred stock; that prior to the effective date of the firm's registration as a broker-dealer the firm and Sperrazza had violated the anti-fraud provisions of the federal securities laws in that they, in offering and selling Balanced Programs stock, had made highly optimistic and misleading representations to investors regarding the business and prospects of the company and the right of the investors to get their money back. It was also found that subsequent to the effectiveness of the firm's registration and following receipt by the company of financial statements prepared

by its accountants which reflected substantial losses in the company's operations, the respondents made grossly false and misleading statements as to the business of the company, its earnings and its ability to pay dividends and the right of investors to the return of their money upon request.

Charters & Co. of Miami, Inc.  
Miami, Florida

On November 16, 1966, the Securities and Exchange Commission sustained the findings and penalties of the Association and dismissed proceedings for review of disciplinary action (see Securities Exchange Act Release #7991). Therefore, the Board of Governors Decision stands as rendered wherein Charters & Co. of Miami, Inc., is expelled from membership in the Association; the registrations of Michael F. Dermer, Arthur L. Kapplow and Hugh L. Strump are revoked and all respondents are assessed costs, jointly and severally, for violations of Sections 1 and 12 of Article III of the Rules of Fair Practice. The penalties were based on findings that the member violated the SEC Net Capital Rule; failed to honor transactions with other members of the Association; violated Section 4(c)(1)(B) of Regulation T of the Federal Reserve Board; failed to confirm properly dual agency trades or to disclose the amount of commission charged the other party. Kapplow, Strump and Dermer, principal officers and operating heads, were found to be causes of the aforementioned violations.

C. Wayne Elsea, Jr. & Co., Inc.  
Kansas City, Missouri

On December 12, 1966, District Business Conduct Committee for District #4 expelled C. Wayne Elsea, Jr. & Co., Inc., from membership in the Association; revoked the registration of Charles Wayne Elsea, Jr. and they were fined \$4,000, jointly and severally, for violations of Sections 1 and 27 of Article III of the Rules of Fair Practice. The penalties were based on findings that the firm and Elsea violated the SEC Net Capital Rule; permitted certain individuals to sell securities without being properly registered with the Association; submitted to the Board of Governors an application for the registration of an individual which was not properly signed by the applicant; and failed to exercise proper supervision over the acts and practices enumerated above.

Woodford A. Matlock, dba  
Woodford A. Matlock Investments  
Scarsdale, New York

On December 30, 1966, the Securities and Exchange Commission revoked the broker-dealer registration of Woodford A. Matlock, dba Woodford Matlock Investments for violations of Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-5 thereunder. The penalty was based on findings that the firm failed to file a report of its financial condition for the year 1965.

Abruscato, John G.  
Merrick, New York

On December 14, 1966, the Securities and Exchange Commission sustained the findings and affirmed the penalties of the Association (see Securities Exchange Act Release #8006). Therefore, the registration of John G. Abruscato is revoked and he is assessed costs for violations of Section 1 of Article III of the Rules of Fair Practice. The penalties were based on findings that Abruscato, in his capacity as trader for his employer, entered into an arrangement with other broker-dealers whereby he "parked" shares of a security at prices in excess of the market under an arrangement to repurchase at higher prices and did so without recording the repurchase obligations in his employer's books, all without his employer's knowledge or consent; and executed a sale of securities to another dealer knowing that the transaction had not in fact been agreed to.

Bowen, Robert Browning  
Phoenix, Arizona

On December 14, 1966, District Business Conduct Committee for District #3 revoked the registration of Robert Browning Bowen for violations of Sections 1 and 18 of Article III of the Rules of Fair Practice. The penalty was based on findings that Bowen caused unauthorized orders for the purchase of securities to be entered on the books of his employer; and issued a personal check to a customer which was not honored by the bank because of insufficient funds.

Genoval, Genevieve R.  
Floral Park Crest, New York

On January 4, 1967, the Board of Governors suspended the registration of Genevieve R. Genoval for ninety (90) days for violations of Section 1 of Article III of the Rules of Fair Practice. The penalty was based

on findings that Genoval effected an unauthorized transaction in a customer's account. The suspension of ninety (90) days will commence with the opening of business January 16, 1967 and will conclude April 15, 1967.

Parkerson, Edwin W.  
Houston, Texas

On December 31, 1966, the Board of Governors revoked the registration of Edwin W. Parkerson for violations of Sections 1, 18 and 19(a) of Article III of the Rules of Fair Practice. The penalty was based on findings that Parkerson executed unauthorized transactions in a customer's account.

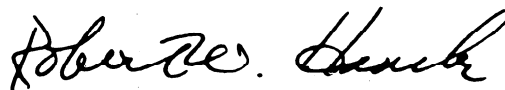
Silver, Leonard  
New York, New York

On December 18, 1966, District Business Conduct Committee for District #12 barred Leonard Silver from further association with any member and fined him \$1,000 for violations of Sections 1 and 18 of Article III of the Rules of Fair Practice. The penalties were based on findings that Silver opened accounts in the names of two customers and effected transactions in the accounts without the knowledge or consent of the customers.

Yuritch, V. Lester  
Merchantville, New Jersey

On November 29, 1966, the Board of Governors revoked the registration of V. Lester Yuritch for failure to pay the costs assessed in connection with findings of violations of certain Association rules. This action was based on the provisions of Section 2 of Article V of the Rules of Fair Practice.

The attention of members is directed to Section 25 of Article III of the Rules of Fair Practice and to an interpretive memorandum beginning on Page G-35 of the Association's Manual relating to the manner in which the Rules of Fair Practice apply to transactions between members and a member who has been suspended or expelled.



Robert W. Haack  
President

NOTE:

This notice is being sent to all registered branch offices of members and as it pertains to C. Wayne Elsea, Jr. & Co., Inc., Robert Browning Bowen, Genevieve R. Genoval, Edwin W. Parkerson and Leonard Silver to newspaper financial editors (in accordance with the resolution appearing on Pages H-9 and 10 of the Association's Manual).

# NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

January 25, 1967 #2

## NOTICE

To Members of the National Association of Securities Dealers, Inc.  
Your attention is directed to the following actions:

Gateway Stock & Bond, Inc.  
Pittsburgh, Pennsylvania

On December 8, 1966, the Securities and Exchange Commission sustained the findings and affirmed the penalties of the Association and dismissed proceedings for review of disciplinary action (see Securities Exchange Act Release #8003). Therefore, Gateway Stock & Bond, Inc., is suspended from membership in the Association for ninety (90) days and fined \$1,000; the registrations of James J. Kirsh and Charles R. Martin, officers and registered representatives, are also suspended for ninety (90) days and they are each fined \$1,000 for violations of Sections 1, 4 and 21 of Article III of the Rules of Fair Practice. The penalties were based on findings that the member, Kirsh and Martin sold securities to customers at prices which were not fair in view of all relevant circumstances; and that they failed to time sales memoranda.

Order has been stayed pending an appeal to the Circuit Court of Appeals.

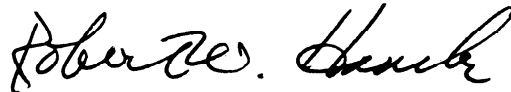
Small-Larmer Co., Inc.  
Wichita, Kansas

On January 12, 1967, the Board of Governors expelled Small-Larmer Co., Inc., from membership in the Association and fined it \$5,000 for violations of Sections 1, 18 and 27 of Article III of the Rules of Fair Practice. The penalties were based on findings that the firm failed to make a bona fide public offering in the distribution of six new issues including the creation of a fraudulent scheme to accomplish such; submitted inaccurate and misleading information to the Association on the "free-riding" questionnaires of two issues; and the firm and one of its officers failed to exercise proper supervision of the member's business to assure compliance with applicable securities regulations.

Lowry, William W.  
Shreveport, Louisiana

On January 12, 1967, the Board of Governors suspended the registration of William W. Lowry for thirty (30) days and he was fined \$300 for violations of Sections 1 and 18 of Article III of the Rules of Fair Practice. The penalties were based on findings that Lowry engaged in "check-kiting" to settle his transactions with his employer; and in order to pay for a purchase in his own account caused the receipt of funds which had been received from his brother to be recorded to his account by crossing out his brother's name and inserting his own. The shares were subsequently sold and the proceeds were caused by Lowry to be paid to him and were deposited to his checking account on which he drew a check reimbursing his brother for the money used to make the original purchase; all without the consent or knowledge of his employer. The suspension of thirty (30) days commenced with the opening of business January 23, 1967 and will conclude with the closing of business February 21, 1967.

The attention of members is directed to Section 25 of Article III of the Rules of Fair Practice and to an interpretive memorandum beginning on Page G-35 of the Association's Manual relating to the manner in which the Rules of Fair Practice apply to transactions between members and a member who has been suspended or expelled.



Robert W. Haack  
President

NOTE: This notice is being sent to all registered branch offices of members and with the exception of Gateway Stock & Bond, Inc., to newspaper financial editors (in accordance with the resolution appearing on Pages H-9 and 10 of the Association's Manual).

# NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

February 1, 1967 #3

## NOTICE

To Members of the National Association of Securities Dealers, Inc.  
Your attention is directed to the following actions:

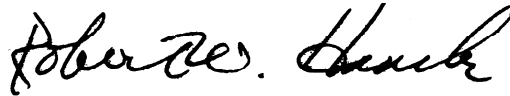
MacDonald & Co.  
New York, New York

On January 19, 1967, the Securities and Exchange Commission revoked the broker-dealer registration of MacDonald & Co., and expelled it from membership in the Association for violations of Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-5 thereunder. The penalty was based on findings that the member failed to file a report of its financial condition for 1965.

Towne, Harris & Co., Inc.  
New York, New York

On December 9, 1966, the Securities and Exchange Commission revoked the broker-dealer registration of Towne, Harris & Co., Inc. and barred Harris Freedman and Martin Clare from being associated with any broker or dealer for violations of Section 17(a) of the Securities Act of 1933; Sections 10(b) and 15(c)(1) of the Securities Exchange Act of 1934 and Rules 10b-5 and 15c1-2 thereunder (see Securities Exchange Act Release #8004). The penalties were based on findings that another member through Clare and Freedman engaged in a high-pressure sales campaign in the course of which false and misleading representations were made concerning, among other things, substantial increases in the price of the stock within a short time, acquisitions and mergers planned by the issuer, the extent and nature of the issuer's holdings and operations, and its future prospects for growth and financial success.

The attention of members is directed to Section 25 of Article III of the Rules of Fair Practice and to an interpretive memorandum beginning on Page G-35 of the Association's Manual relating to the manner in which the Rules of Fair Practice apply to transactions between members and a member who has been suspended or expelled.

A handwritten signature in cursive script, reading "Robert W. Haack".

Robert W. Haack  
President

NOTE: This notice is being sent to all registered branch offices of members. MacDonald & Co. should not be confused with McDonald & Company located in Cleveland, Ohio.



# NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

February 13, 1967

To: NASD Members and Branch Offices

Subject: New NASD Manual

We are very pleased to report to you that the Association has made arrangements with Commerce Clearing House, Inc., specialists in loose-leaf reporting services, to publish early this spring a completely new and consolidated edition of the NASD Manual for single copy distribution free to each member and each registered branch office.

The new NASD Manual edition will be enclosed in a loose-leaf binder similar to the other Manuals and Guides now published by CCH for various exchanges. However, the new Manual format will incorporate into one volume all of the sections on organization, By-Laws, Rules of Fair Practice, Interpretations, important SEC Rules, list of members, etc. in our present Manual, plus a completely new feature consisting of annotations of pertinent SEC decisions in NASD disciplinary cases which are appealed to or reviewed by the Commission. We feel that these descriptions and simple explanations of important business conduct decisions will be a definite aid in helping all members better understand the NASD rules and policies to which they apply. Clarifying interpretations and resolutions will also be incorporated with the rules to which they relate.

To keep the new Manual current, supplements showing all changes in membership, rules and disciplinary actions taken by the Association will be mailed once a month. This new procedure will not only streamline our member communications activities but will also eliminate the necessity for frequent separate mailings to members of disciplinary actions and other procedural changes. In addition, we have determined that significant cost savings will be realized and the usefulness and stature of the NASD Manual will be improved at the same time. A consolidated list of members, heretofore published annually, will be furnished by CCH twice a year.

The Association will supply without charge one copy of the new loose-leaf Manual edition to every NASD members' main office and every branch office. Extra copies of the new Manual will be available, as before, to NASD

NASD Members and Branch Offices

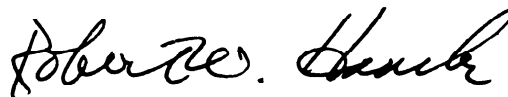
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February 13, 1967

members and their personnel through the Association at the special reduced price of \$10 a copy per year, which includes all monthly up-dating supplements. Non-NASD member subscribers to the Manual will pay a much higher price of \$40 a year. Paper-bound reprints of the Manual without the membership list or other supplementary changes may be obtained through the Association for \$1 a copy.

We hope that the new edition of the NASD Manual will be an improved and useful business tool in your day-to-day activities.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert W. Haack".

Robert W. Haack  
President

# NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

February 15, 1967 #4

## NOTICE

To Members of the National Association of Securities Dealers, Inc.  
Your attention is directed to the following action:

Brown, Thomas, III  
Staten Island, New York

On February 8, 1967, the Securities and Exchange Commission sustained the findings of the Association, but reduced the penalty to suspension of the registration of Thomas Brown, III, for thirty (30) days for violations of Sections 1 and 18 of Article III of the Rules of Fair Practice. The penalty was based on findings that Brown, in his capacity as trader for his employer, interpositioned his employer and another broker-dealer between a customer and the best available market. The suspension of thirty (30) days will commence with the opening of business February 27, 1967 and will conclude at the closing of business March 28, 1967.

The attention of members is directed to Section 25 of Article III of the Rules of Fair Practice and to an interpretive memorandum beginning on Page G-35 of the Association's Manual relating to the manner in which the Rules of Fair Practice apply to transactions between members and a member who has been suspended or expelled.

## SPECIAL NOTE

A \$500,000 U. S. Treasury Bill No. 575004 due January 26, 1967, is missing from Crocker-Citizens National Bank, One Montgomery Street, San Francisco, California. Any NASD member having information pertaining to this matter should telephone Joseph Watson collect at the bank (415) 983-2311, or call the F. B. I. in San Francisco at (415) 552-2155.



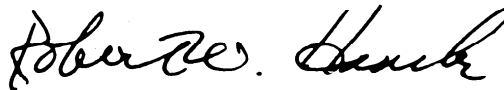
Robert W. Haack  
President

NOTE: This notice is being sent to all registered branch offices of members.

Pacific Investors Service  
Honolulu, Hawaii

On February 15, 1967, the Board of Governors suspended Pacific Investors Service from membership in the Association for failure to submit a statement of its financial condition as of September 30, 1966. This action was based on the provisions of the Resolution of the Board of Governors appearing on Page H-3 of the Association's Manual.

The attention of members is directed to Section 25 of Article III of the Rules of Fair Practice and to an interpretive memorandum beginning on Page G-35 of the Association's Manual relating to the manner in which the Rules of Fair Practice apply to transactions between members and a member who has been suspended or expelled.



Robert W. Haack  
President

NOTE: This notice is being sent to all registered branch offices of members and to newspaper financial editors (in accordance with the resolution appearing on Pages H-9 and 10 of the Association's Manual).

# NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

February 20, 1967 #5

## NOTICE

To Members of the National Association of Securities Dealers, Inc.  
Your attention is directed to the following actions:

S. C. Burns & Co., Inc.  
New York, New York

On February 3, 1967, the Board of Governors expelled S. C. Burns & Co., Inc. from membership in the Association and fined it \$3,000; the registration of Steven C. Burns, president, was revoked and he was fined \$3,000 for violations of Sections 1, 4 and 18 of Article III of the Rules of Fair Practice. The penalties were based on findings that the member and Burns engaged in a course of conduct whereby principal purchase transactions from customers were solicited and contemporaneously therewith principal sales transactions to other customers were solicited and executed at prices arbitrarily determined by the firm and Burns and primarily designed to return to them profits which were not fair in view of all relevant circumstances.

Order stayed by reason of appeal to the Securities and Exchange Commission.

Layton, Mozer Investment Company  
Denver, Colorado

On February 15, 1967, the Board of Governors suspended Layton, Mozer Investment Company from membership in the Association for failure to submit a statement of its financial condition as of September 30, 1966. This action was based on the provisions of the Resolution of the Board of Governors appearing on Page H-3 of the Association's Manual.

# NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

March 2, 1967 #6

## NOTICE

To Members of the National Association of Securities Dealers, Inc.  
Your attention is directed to the following actions:

Cutrer & Associates Investors, Inc.  
Baton Rouge, Louisiana

On February 26, 1967, the Board of Governors suspended Cutrer & Associates Investors, Inc. from membership in the Association for five (5) days and fined it \$500; and suspended the registration of James Derral Cutrer, president, for five (5) days for violations of Sections 1, 21 and 27(a) and (b) of Article III of the Rules of Fair Practice. The penalties were based on findings that the firm and Cutrer violated the SEC Net Capital Rule; failed to notify customers of free-credit balances; failed to establish and maintain written supervisory procedures; and failed to maintain and keep current proper books and records. The suspensions of five (5) days will commence with the opening of business March 6, 1967 and will conclude at the closing of business March 10, 1967.

Russell L. Irish, dba  
Russell L. Irish Investments  
Spokane, Washington

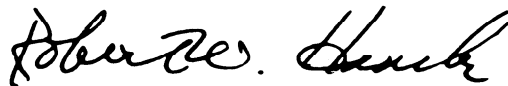
The United States Supreme Court has declined to review the affirmation by the Court of Appeals of the order of the Securities and Exchange Commission dated August 27, 1965. Therefore, the broker-dealer registration of Russell L. Irish, dba Russell L. Irish Investments is revoked and the firm is expelled from membership in the Association; Russell L. Irish, Jr. is found to be a cause of the revocation and expulsion and Russell Lawson Irish is found to be a cause of the order. The penalties were based on findings that the firm willfully violated Section 17(a) of the Securities Act of 1933; Sections 10(b) and 15(c)(1) of the Securities Exchange Act of 1934 and Rules 10b-5 and 15c1-2 thereunder (see Securities Exchange Act Release #7687). The Commission found that the firm induced the purchase

or redemption of mutual fund shares in customers' accounts which were excessive in size and frequency in view of the character of the accounts; effected sales of such shares at prices which, because of failure to reflect reduction in sales load on purchases at or above the break-point amount, exceeded current offering price; and sold such shares to customers in amounts slightly below the break-point amount or effected several sales to a customer or his family which could have been combined to exceed break-point amount, without effectively disclosing savings available to customers.

Mallory Securities, Inc.  
New York, New York

On February 25, 1967, District Business Conduct Committee for District #12 expelled Mallory Securities, Inc. from membership in the Association for violations of Section 1 of Article III of the Rules of Fair Practice. The penalty was based on findings that the firm failed to settle the difference of a buy-in caused by its failure to deliver securities due another member of the Association.

The attention of members is directed to Section 25 of Article III of the Rules of Fair Practice and to an interpretive memorandum beginning on Page G-35 of the Association's Manual relating to the manner in which the Rules of Fair Practice apply to transactions between members and a member who has been suspended or expelled.



Robert W. Haack  
President

NOTE: This notice is being sent to all registered branch offices of members, and as it pertains to Cutrer & Associates Investors, Inc. and Mallory Securities, Inc. to newspaper financial editors (in accordance with the resolution appearing on Pages H-9 and 10 of the Association's Manual).

# NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

March 10, 1967 #7

## NOTICE

To Members of the National Association of Securities Dealers, Inc.  
Your attention is directed to the following actions:

A. L. Gilman Incorporated  
Peekskill, New York

On March 1, 1967, the Board of Governors expelled A. L. Gilman Incorporated from membership in the Association and revoked the registration of Alfred L. Gilman for violations of Sections 1, 18, 19(a) and 21 of Article III of the Rules of Fair Practice. The penalties were based on findings that the firm and Gilman violated the SEC Net Capital Rule; and failed to maintain and keep current proper books and records. Gilman was also found to have opened two accounts with another member of the Association using the name of a fictitious person, and to have effected transactions in those accounts though he did not have the financial means to fulfill the obligations thus incurred and in connection therewith Gilman misused a customer's money to settle the transactions in those disguised accounts.

Hugh C. Watson & Co., Inc.  
La Jolla, California

On February 28, 1967, the Securities and Exchange Commission revoked the broker-dealer registration of Hugh C. Watson & Co., Inc. and expelled it from membership in the Association; barred Charles Arthur Watson and William Marshall from being associated with any broker or dealer; and suspended Robert James Watson and Hugh Charles Watson from being associated with any broker or dealer for periods of 120 days and 60 days respectively for violations of Sections 5(a) and 5(c) of the Securities Act of 1933; Sections 10(b), 15(b)(3), 15(c)(1), 15(c)(3) and 17(a) of the Securities Exchange Act of 1934 and Rules 10b-5, 15b3-1, 15c1-2, 15c3-1 and 17a-3 thereunder (see Securities Exchange Act Release #8041). The

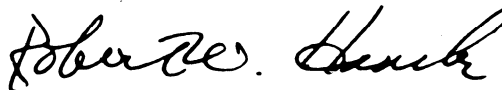


penalties were based on findings that the firm, together with or aided and abetted by Charles and Robert Watson and Marshall offered, sold and delivered stock when no registration statement had been filed or was in effect with respect to the security, converted stock received from customers to their own use; that the firm, aided and abetted by Charles, Hugh and Robert Watson, effected transactions in securities when it was in violation of the SEC Net Capital Rule and failed to promptly amend its application for registration to disclose that Charles Watson had replaced Hugh Watson as president, that two new directors had been appointed and that it had moved its principal office; that the firm, aided and abetted by Charles Watson and Marshall made false and fictitious entries in its books and records and failed to make and keep current certain books and records. Without admitting or denying the allegations in the order for proceedings respondents consented to findings of willful violations as alleged in such order.

Gould, Philip R.  
New York, New York

On March 2, 1967, the Board of Governors revoked the registration of Philip R. Gould for violations of Sections 1, 18 and 19(a) of Article III of the Rules of Fair Practice. The penalty was based on findings that Gould executed unauthorized transactions in customers' accounts; and accepted money from customers as personal loans, issuing receipt forms bearing his employer's name and on which he wrote that the funds were received for deposit to the customers' accounts.

The attention of members is directed to Section 25 of Article III of the Rules of Fair Practice and to an interpretive memorandum beginning on Page G-35 of the Association's Manual relating to the manner in which the Rules of Fair Practice apply to transactions between members and a member who has been suspended or expelled.



Robert W. Haack  
President

NOTE: This notice is being sent to all registered branch offices of members and with the exception of Hugh C. Watson & Co., Inc., to newspaper financial editors (in accordance with the resolution appearing on Pages H-9 and 10 of the Association's Manual).

# NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

## IMPORTANT NOTICE TO NASD FOREIGN SECURITIES DEALERS

Re: Improprieties in Foreign Securities Transactions

The Association's Foreign Committee strongly urges members of the Association to use special caution when transacting business involving foreign securities with banks, brokers or private clients located or residing outside of the United States. To fully protect yourselves, it may sometimes be advisable to attempt to trace the history of the security in question prior to trading and prior to introducing the security into the United States. By doing so, all suspicion of wrongdoing on your part can be relieved if subsequent events reveal wrongdoing by others. It should be remembered that violations can be criminal in nature and if the situation is such that you knew or should have known of improper activity on the part of others, or that a "Certificate of American Ownership" was fraudulently executed, and you continued to participate with the wrongdoer, you possibly could be charged criminally. An example of a situation where you might want to investigate further would be a case in which a United States person seems to have an unlimited amount of many foreign securities.

Members should also be aware that a "signature guarantee" guarantees the signature of the signer only and in no way guarantees the validity of a "Certificate of American Ownership." In this connection, members should be aware of their responsibilities under the Interest Equalization Tax Act and regulations promulgated pursuant thereto. Rule 147.5-1 of the referred to regulations requires members to "maintain records sufficient to identify the United States owner for whom the stock or debt obligations were held and to establish the status of such owner as a United States person eligible to execute a certificate of American ownership for purposes of section 4918(a)." Thus, you are required to have as part of your records proof of the status of a signer of a "certificate" as a United States person.

The Administration has proposed to extend the Interest Equalization Tax Act, due to expire July 31, 1967, to July 31, 1969. It now appears that the maximum rate of tax will be increased from 15% to 22-1/2%, and that the President of the United States will be given discretion to make certain

changes in that rate within specified limitations if he determines such changes will be consistent with the balance of payments objectives of the United States. In view of the expected continuation of the Interest Equalization Tax Act, it is appropriate to again emphasize that members use the prudent businessman's approach in transactions involving foreign securities.

The Foreign Committee wishes, therefore, to take this opportunity to advise you to familiarize yourself fully with the requirements of the above-mentioned Act. Previous notices have drawn members' attention to this measure and its implications and the Committee reiterates them at this time.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Robert W. Haack".

Robert W. Haack  
President

# NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

March 16, 1967 #8

## NOTICE

To Members of the National Association of Securities Dealers, Inc.  
Your attention is directed to the following actions:

B. J. Conlon & Co , Inc.  
New York, New York

On March 6, 1967, the Board of Governors suspended B. J. Conlon & Co., Inc. from membership in the Association for twenty (20) days; suspended the registration of Bernard J. Conlon for twenty (20) days and they were fined \$5,000, jointly and severally, for violations of Sections 1, 18 and 21 of Article III of the Rules of Fair Practice. The penalties were based on findings that the firm and Conlon "parked" securities with other broker-dealers in order to affect their computation of net capital. They were also found in violation of the net capital rule for several months, and finally as a result of the "parking" transactions, the firm's books and records did not accurately reflect the true nature of its financial condition. The suspensions of twenty (20) days will commence with the opening of business March 20, 1967 and will conclude April 8, 1967.

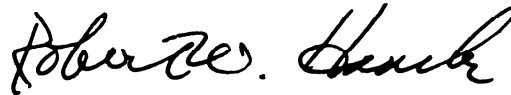
Regina Dlugash, dba  
Douglas Enterprises  
Brooklyn, New York

On February 21, 1967, the United States Court of Appeals for the Second Circuit affirmed the order of the Securities and Exchange Commission revoking the broker-dealer registration of Regina Dlugash, dba Douglas Enterprises and expelling her from membership in the Association for violations of Section 17(a) of the Securities Act of 1933; Sections 10(b) and 15(c)(1) of the Securities Exchange Act of 1934 and Rules 10b-5, 10b-6 and 15c1-2 thereunder (see Securities Exchange Act Release #7972). The penalties were based on findings that Regina Dlugash, Jack Dlugash, and Marvin Abel, registered representatives, made false and misleading statements in the sale of stock; and Douglas Enterprises aided and abetted another firm's violations by placing bids for and purchasing stock while also engaged in its distribution. Jack Dlugash and Abel were found to be causes of the revocation of the firm's broker-dealer registration.

Johnson, Robert Dale  
Crab Orchard, West Virginia

On March 11, 1967, District Business Conduct Committee for District #11 revoked the registration of Robert Dale Johnson for violations of Sections 1 and 19(a) of Article III of the Rules of Fair Practice. The penalty was based on findings that Johnson converted a customer's funds to his own use.

The attention of members is directed to Section 25 of Article III of the Rules of Fair Practice and to an interpretive memorandum beginning on Page G-35 of the Association's Manual relating to the manner in which the Rules of Fair Practice apply to transactions between members and a member who has been suspended or expelled.



Robert W. Haack  
President

NOTE: This notice is being sent to all registered branch offices of members and as it pertains to B. J. Conlon & Co., Inc. and Robert Dale Johnson to newspaper financial editors (in accordance with the resolution appearing on Pages H-9 and 10 of the Association's Manual).

#### SPECIAL NOTE

A \$50,000 U. S. Treasury Bill, No. 749,491, maturing April 27, 1967, is missing from the Wells Fargo Bank in San Francisco, California. NASD members having any information regarding this matter should contact Mr. A. W. Richardson, General Auditor, Wells Fargo Bank, 464 California Street, San Francisco, California.

A certificate, B 56273, for 3,440 shares of Jefferson Standard Life Insurance Company registered in the name of Mr. Willie Lee Lumpkin, Louisburg, North Carolina, is missing from the North Carolina National Bank Greensboro, North Carolina. Although a stop transfer order has been issued against this certificate, any NASD member having information on this matter should contact Mr. J. W. Dawson, Stock Transfer Department, North Carolina National Bank, Greensboro, North Carolina.

# NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

March 23, 1967 #9

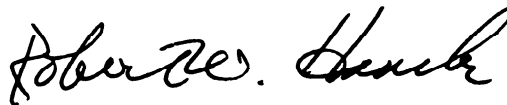
## NOTICE

To Members of the National Association of Securities Dealers, Inc.  
Your attention is directed to the following action:

D. Raymond Kenney, dba  
D. Raymond Kenney & Co.  
New York, New York

On March 6, 1967, the Board of Governors suspended D. Raymond Kenney, dba D. Raymond Kenney & Co., from membership in the Association for ten (10) days and fined the firm \$2,500 for violations of Sections 1, 18 and 21 of Article III of the Rules of Fair Practice. The penalties were based on findings that the firm agreed to an arrangement with another member, whereby the other member was allowed to "park" securities with Kenney in order to affect the former's computation of net capital; violated the SEC Net Capital Rule; failed to maintain books and records reflecting its true financial condition; and prepared and distributed sales literature soliciting customers' purchases of a security which literature failed to disclose that the issuer was the subject of a bankruptcy proceeding. The suspension of ten (10) days will commence with the opening of business on March 27, 1967 and will conclude at the closing of business on April 5, 1967.

The attention of members is directed to Section 25 of Article III of the Rules of Fair Practice and to an interpretive memorandum beginning on Page 2099 of the Association's Manual relating to the manner in which the Rules of Fair Practice apply to transactions between members and a member who has been suspended or expelled.



Robert W. Haack  
President

NOTE: This notice is being sent to all registered branch offices of members and to newspaper financial editors (in accordance with the resolution appearing on Pages 2114 and 2115 of the Association's Manual).

# NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

March 30, 1967 #10

## NOTICE

To Members of the National Association of Securities Dealers, Inc.  
Your attention is directed to the following action:

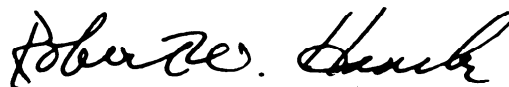
Wessel, Frederick C. H., Jr.  
Baltimore, Maryland

On March 23, 1967, the Board of Governors revoked the registration of Frederick C. H. Wessel, Jr. and fined him \$4,000 for violations of Sections 1, 2, 18 and 19(a) of Article III of the Rules of Fair Practice. The penalties were based on findings that Wessel recommended and sold to a customer shares of a worthless issue through the use of a deceptive and fraudulent device; and misappropriated the customer's securities for his own use.

Edgar Fortson Kemp, dba  
Edgar Fortson Kemp Investment Company  
Shreveport, Louisiana

On March 25, 1967, District Business Conduct Committee for District #5 expelled Edgar Fortson Kemp, dba Edgar Fortson Kemp Investment Company from membership in the Association for violations of Section 1 of Article III of the Rules of Fair Practice. The penalty was based on findings that the member failed to comply with formal written requests by the Association for trial balances and supporting schedules.

The attention of members is directed to Section 25 of Article III of the Rules of Fair Practice and to an interpretive memorandum beginning on Page 2099 of the Association's Manual relating to the manner in which the Rules of Fair Practice apply to transactions between members and a member who has been suspended or expelled.



Robert W. Haack  
President

NOTE: This notice is being sent to all registered branch offices of members and to newspaper financial editors (in accordance with the resolution appearing on Pages 2114 and 2115 of the Association's Manual).

UNIFORM PRACTICE COMMITTEE

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

67 BROAD STREET, NEW YORK, NEW YORK 10004

August 2, 1967

ANNOUNCEMENT: (NUP #358) Advisory

Re: Current Increase in Fails  
to Receive and Deliver

It has come to the attention of the Uniform Practice Committee of the National Association of Securities Dealers, Inc. that many firms currently have large amounts of open "fails", especially in bond transactions.

The Committee urges all members to make every effort to close outstanding contracts. Attention is directed to Section 15 of the Uniform Practice Code which now permits partial deliveries on contracts executed in the over-the-counter market.

Members are reminded that "fails to receive" against securities purchased by the firm, which securities have been resold, are considered aggregate indebtedness in the computation of net capital.

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

NATIONAL UNIFORM PRACTICE COMMITTEE

Lee C. Monett, Secretary



# NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

September 1, 1967 #11

## NOTICE

To members of the National Association of Securities Dealers, Inc.  
Your attention is directed to the following action:

Seymour Hayman & Company  
New York, New York

The Securities and Exchange Commission has suspended the broker/dealer registration of Seymour Hayman & Company and has suspended from association with a broker or dealer representatives Seymour Hayman, Harold H. Hayman and Norman Hayman (see Securities Exchange Act Release #8151). On the basis of an offer of settlement in which hearing was waived, and without admitting or denying the alleged Exchange Act violations, respondents consented to an order of suspension based upon violations of Sections 5(a) and (c) of the Securities Act of 1933 in the offer, sale and delivery of the common stock of a certain issue when no registration statement had been filed or was in effect as to such securities.

The suspension period for all respondents will begin at the opening of business on September 5, 1967, and will end at the close of business on September 16, 1967.



Robert M. Gardiner  
Chairman of the Board of Governors

NOTE: This notice is being sent to all registered branch offices of members and to newspaper financial editors (in accordance with the resolution appearing on pages 2114 and 2115 of the Association's Manual).

# NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

September 27, 1967 #12

## NOTICE

To Members of the National Association of Securities Dealers, Inc.  
Your attention is directed to the following action:

George A. Brown, dba  
Brown & Co.  
Boston, Massachusetts

On September 19, 1967, the Securities and Exchange Commission suspended the broker-dealer registration of George A. Brown, dba Brown & Co. for fifteen (15) days for violations of Section 17a of the Securities Exchange Act of 1934 and Rule 17a-3 thereunder (see Securities Exchange Act Release #8160). The penalty was based on findings that Brown failed to record accurately the times of entry and execution of orders for customers. The suspension of fifteen (15) days will commence with the opening of business October 2, 1967.

The attention of members is directed to Section 25 of Article III of the Rules of Fair Practice and to an interpretive memorandum beginning on Page 2099 of the Association's Manual relating to the manner in which the Rules of Fair Practice apply to transactions between members and a member who has been suspended or expelled.



Robert M. Gardiner  
Chairman of the Board of Governors

NOTE: This notice is being sent to all registered branch offices of members.

# NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

December 26, 1967 #13

## NOTICE

To Members of the National Association of Securities Dealers, Inc.  
Your attention is directed to the following action:

R. J. Henderson & Co., Inc.  
Los Angeles, California

On December 18, 1967, the Securities and Exchange Commission suspended the broker-dealer registration of R. J. Henderson & Co., Inc. for five (5) days; suspended Robert J. Henderson from association with any broker-dealer firm for 120 days; suspended Warren W. Webster and Philip Nasser from association with any broker-dealer for 180 days and 12 months, respectively; and Aaron M. Binder and William H. Hodges, III may not become associated with a firm without obtaining the prior consent of the Commission (see Securities Exchange Act Release #8208). Without admitting or denying the allegations contained in the order for proceedings, respondents consented to findings of securities violations and to the imposition of the sanctions indicated. On the basis of the allegations in the order for proceedings and the settlement offers, the Commission found that the respondents violated Sections 5(a) and 5(c) of the Securities Act of 1933 and Sections 10(b) and 15(c)(1) of the Securities Exchange Act of 1934 and Commission rules thereunder in connection with transactions in a certain security. According to the decision, they induced customers to purchase shares of a security without disclosing that the issuer and registrant were under common control and that registrant had an interest and was participating in a secondary distribution of the security; executed sell orders for themselves and associated persons while recommending the purchase of the stock to customers who were not informed of such selling activities; effected transactions in the security to create actual and apparent trading and artificially raise and maintain the price of such security; represented to customers that transactions in the stock were being effected at "the market price," when in fact no market existed other than the one created, dominated and controlled by registrant; and offered and sold such stock at excessive and unreasonable prices. In addition, respondents made false and misleading statements concerning, among other things, the source of the stock being sold, the earnings and sources of financing of the issuer, the present and prospective value, the split of, and the safety of an investment in the security, the existence and terms

of outstanding options to purchase such shares, and the nature and extent of the issuers current and future investments in other companies and plans for its future operations; and respondents bid for and purchased the security while participating in its distribution; and sold the security in violation of the Securities Act registration requirement. The suspension of R. J. Henderson & Co., Inc. for five (5) days will commence with the opening of business January 2, 1968, and will conclude January 8, 1968. The suspensions of the individuals will also commence with the opening of business January 2, 1968.

The attention of members is directed to Section 25 of Article III of the Rules of Fair Practice and to an interpretive memorandum beginning on Page 2099 of the Association's Manual relating to the manner in which the Rules of Fair Practice apply to transactions between members and a member who has been suspended or expelled.



Robert M. Gardiner  
Chairman of the Board of Governors

NOTE: This notice is being sent to all registered branch offices of members.