

Notice To Members

National Association of Securities Dealers, Inc.

September 1989

Number 89 - 62

Suggested Routing:*

- Senior Management
- Corporate Finance
- Government Securities
- Institutional

- Internal Audit
- Legal & Compliance
- Municipal
- Mutual Fund

- Operations
- Options
- Registration
- Research

- Syndicate
- Systems
- Trading
- Training

*These are suggested departments only. Others may be appropriate for your firm.

Subject: Columbus Day Trade Date-Settlement Date Schedule

The schedule of trade dates-settlement dates below reflects the observance by the financial community of Columbus Day, Monday, October 9, 1989. On this day, the NASDAQ System and the exchange markets will be open for trading. However, it will not be a settlement date since many of the nation's banking institutions will be closed in observance of Columbus Day.

Trade Date	Settlement Date	Reg. T Date*
September 28	October 5	October 9
29	6	10
October 2	10	11
3	11	12
4	12	13
5	13	16
6	16	17
9	16	18
10	17	19

Note: October 9, 1989, is considered a business day for receiving customers' payments under Regulation T of the Federal Reserve Board.

Transactions made on Monday, October 9, will be combined with transactions made on the previous business day, October 6, for settlement on

October 16. Securities will not be quoted ex-dividend, and settlements, marks to the market, reclamations, and buy-ins and sell-outs, as provided in the Uniform Practice Code, will not be made and/or exercised on October 9.

These settlement dates should be used by brokers, dealers, and municipal securities dealers to clear and settle transactions pursuant to the NASD Uniform Practice Code and Municipal Securities Rulemaking Board Rule G-12 on Uniform Practice.

Questions regarding the application of these settlement dates to a particular situation may be directed to the NASD Uniform Practice Department at (212) 858-4341.

*Pursuant to Sections 220.8(b)(1) and (4) of Regulation T of the Federal Reserve Board, a broker-dealer must promptly cancel or otherwise liquidate a customer purchase transaction in a cash account if full payment is not received within seven business days of the date of purchase or, pursuant to Section 220.8(d)(1), make application to extend the time period specified. The date by which members must take such action is shown in the column entitled "Regulation T Date."

Notice To Members

National Association of Securities Dealers, Inc.

September 1989

Number 89 - 63

Suggested Routing:*

Senior Management

Corporate Finance

Government Securities

Institutional

Internal Audit

Legal & Compliance

Municipal

Mutual Fund

Operations

Options

Registration

Research

Syndicate

Systems

Trading

Training

*These are suggested departments only. Others may be appropriate for your firm.

Subject: NASDAQ National Market Additions, Changes, and Deletions as of August 11, 1989

As of August 11, 1989, the following 28 issues joined the NASDAQ National Market, bringing the total number of issues in the NASDAQ National Market to 2,766:

Symbol	Company	Entry Date	SOES Execution Level
CCAR	CCAIR, Inc.	7/13/89	1000
PFBK	Pioneer Federal Savings Bank	7/13/89	500
CELL	Cell Technology, Inc.	7/18/89	1000
CELLW	Cell Technology, Inc. (Wts)	7/18/89	1000
PWRR	Providence and Worcester Railroad Company	7/18/89	200
CGNX	Cognex Corporation	7/20/89	1000
GIDL	Giddings & Lewis, Inc.	7/20/89	1000
BISH	Bishop Incorporated	7/21/89	500
LECH	Lechters, Inc.	7/21/89	1000
VREOS	Vanguard Real Estate Fund I, A Sales		
	Commission-Free Income Properties Fund	7/24/89	200
GZEA	GZA GeoEnvironmental Technologies, Inc.	7/27/89	1000
PMBS	Prime Bancshares, Inc.	7/27/89	1000
EGLE	Eagle Food Centers, Inc.	7/28/89	1000
MDCO	Marine Drilling Company	7/28/89	1000
NNCXF	Newbridge Networks Corporation	7/28/89	1000
AKLMD	Acclaim Entertainment, Inc.	8/1/89	1000
AKLMZ	Acclaim Entertainment, Inc. (CI B Wts)	8/1/89	1000
BEII	BEI Electronics, Inc.	8/1/89	1000
CRRS	Crown Resources Corporation	8/1/89	1000
GENIP	Genetics Institute, Inc. (Pfd)	8/1/89	200
TTOR	Transtector Systems, Inc.	8/2/89	1000
CGNEP	Calgene, Inc. (Pfd)	8/3/89	500

Symbol	Company	Entry Date	SOES Execution Level
VKSI	Vikonics, Inc.	8/3/89	1000
ASFN	Allstate Financial Corporation	8/8/89	1000
TIBI	Image Bank, Inc. (The)	8/10/89	200
PFSIP	Pioneer Financial Services, Inc. (Pfd)	8/10/89	500
HEBC	Heritage Bankcorp, Inc.	8/11/89	500
SHKRF	SHL Systemhouse, Inc. (Rts)	8/11/89	1000

NASDAQ National Market Pending Additions

The following issues have filed for inclusion in the NASDAQ National Market upon effectiveness of their registration statements with the SEC or other appropriate regulatory authority. Their inclusion may commence prior to the next regularly scheduled phase-in date.

Symbol	Company	Location	SOES Execution Level
BZMT	BizMart, Inc.	Arlington, TX	1000
BVSI	Brite Voice Systems, Inc.	Wichita, KS	1000
NIIS	New Image Industries, Inc.	Canoga Park, CA	200

NASDAQ National Market Symbol and/or Name Changes

The following changes to the list of NASDAQ National Market securities occurred since July 15, 1989.

New/Old Symbol	New/Old Security	Date of Change
MAAR/MAAR	MarCor Resorts, Inc./MarCor Development Company, Inc.	7/17/89
SPKR/SPBD	Spinnaker Software Corporation/Springboard Software, Inc.	7/20/89
FFSW/FFSW	First Federal Financial Services Corp./First Federal Savings & Loan Association of Wooster	7/24/89
VCELA/VCEL	Vanguard Cellular Systems, Inc. (CI A)/Vanguard Cellular Systems, Inc.	7/24/89
DEFI/DEFI	Defiance, Inc./Defiance Precision Products, Inc.	7/28/89
BVFS/BVFS	Bay View Capital Corporation/Bay View Federal Savings & Loan Association	8/1/89
GNBC/ATBC	Glendale Bancorporation/Atlantic Bancorporation	8/1/89
MOTOZ/MOTOZ	Moto Photo, Inc. (11/25/90 Wts)/Moto Photo, Inc. (11/25/89 Wts)	8/1/89
PBNB/PBNB	People's Savings Financial Corporation/People's Savings Bank of New Britain (The)	8/1/89
FCIT/CSBF	First Citizens Financial Corporation/Citizens Savings Bank, F.S.B.	8/3/89
BPILF/BBAHF	Basic Petroleum International Limited/Basic Resources International (Bahamas) Ltd.	8/7/89
LPLI/LPLI	LPL Technologies, Inc. (CI A)/LPL Investment Group, Inc. (CI A)	8/9/89

NASDAQ National Market Deletions

Symbol	Security	Date
EDGC	Edgcomb Corporation	7/12/89

Notice to Members 89-63

Symbol	Security	Date
WAXM	Waxman Industries, Inc.	7/12/89
MHCI	Maione Companies, Inc.	7/17/89
ACTM	Actmedia, Inc.	7/20/89
USEC	Universal Security Instruments, Inc.	7/25/89
BECHY	Beecham Group plc	7/27/89
DOMNQ	Domain Technology, Incorporated	7/27/89
HIGBC	J. Higby's, Inc.	7/27/89
ANDO	Andover Controls Corporation	7/28/89
CHLI	Chili's, Inc.	7/28/89
IMMCW	International Mobile Machines Corporation (8/5/89 Wts)	7/31/89
BTCIE	Brown Transport Company, Inc.	8/1/89
PNCR	Pancretec, Inc.	8/1/89
PRMEE	Prime Capital Corporation	8/1/89
SMNI	Satellite Music Network, Inc.	8/1/89
CSTK	Comstock Group, Inc.	8/3/89
SLTG	Sterner Lighting Systems Incorporated	8/7/89
TOPTW	Tele-Optics, Inc. (Wts)	8/7/89
LMACE	Landmark American Corporation	8/8/89
QMAXE	Qmax Technology Group, Inc.	8/8/89
DIFD	Diversified Foods, Inc.	8/9/89
FRMBF	Forum Re Group (Bermuda) Ltd.	8/9/89
MTEC	Machine Technology, Inc.	8/9/89
RUDY	Rudy's Restaurant Group, Inc.	8/9/89

Questions regarding this notice should be directed to Kit Milholland, Senior Analyst, NASDAQ Operations, at (202) 728-8281. Questions pertaining to trade reporting rules should be directed to Leon Bastien, Assistant Director, NASD Market Surveillance, at (301) 590-6429.

Disciplinary Actions

National Association of Securities Dealers, Inc.

September 1989

Disciplinary Actions Reported for September

The National Association of Securities Dealers, Inc. (NASD), is taking disciplinary actions against the following firms and individuals for violations of the NASD Rules of Fair Practice and/or the rules of the Municipal Securities Rulemaking Board. Unless otherwise indicated, suspensions began with the opening of business on Tuesday, September 5, 1989.

FIRM EXPELLED, INDIVIDUALS SANCTIONED

Delta Financial Investment, (Little Rock, AR), William D. Lainhart (Registered Principal, Sherwood, AR), Gandy L. Baugh (Registered Financial and Operations Principal, Little Rock, AR), Jack S. Lewis, Jr. (Registered Principal, North Little Rock, AR), Robert E. Thomas (Registered Principal, Little Rock, AR), Herbert E. Young (Registered Representative, North Little Rock, AR), and David B. Higginbotham (Registered Principal, Little Rock, AR) submitted an Offer of Settlement pursuant to which the firm was fined \$50,000 and expelled from membership, Lainhart was fined \$7,500 and suspended for four months in any capacity, Baugh was fined \$5,000 and suspended for three months in any capacity, Lewis was suspended for one month in any principal capacity and must requalify by examination prior to acting as principal, Thomas was fined \$3,500 and suspended for two weeks in any principal capacity and must requalify by examination prior to acting as a principal, Young was fined \$15,000 and suspended for three months in any capacity, and Higginbotham was fined \$3,500 and suspended for two weeks in any capacity. Without admitting or denying the allegations, they consented to the described sanctions and findings that on numerous occasions the firm, Lainhart, and Baugh failed to compute accurately the amount required to be on deposit in the special reserve bank account, failed to make required deposits into the account within the appropriate time frames, and failed to file telegraphic notice of failure to make the required deposits. On several occasions, the firm, acting through Lainhart and Baugh, filed inaccurate FOCUS I and FOCUS II reports, failed to maintain accurate books and

records, neglected to make accurate computations of net capital, and engaged in a securities business when it failed to maintain the required minimum net capital. Also, the firm, acting through Lainhart and Baugh, conducted safekeeping activities in contravention of its voluntary restriction agreement. The firm, acting through Young, engaged in a series of repurchase/reverse repurchase transactions of U.S. Treasury bonds to assist an institutional customer in concealing trading losses. These transactions were not recorded on the firm's books and records because they would have required adjustments in the firm's net worth that would have placed the firm under capital. Furthermore, Lewis, Thomas, and Higginbotham assisted Young in these fraudulent activities and in the generation of materially misleading books and records.

FIRMS FINED, INDIVIDUALS SANCTIONED

First Interregional Equity Corp., (Springfield, NJ), Herbert N. Goettlich (Registered Principal, Maplewood, NJ), and Anthony L. Gianninoto (Registered Principal, Malverne, NY) submitted a Letter of Acceptance, Waiver and Consent pursuant to which they were fined \$20,000, jointly and severally. Both Goettlich and Gianninoto were suspended from association with any member of the NASD for 10 business days. Gianninoto's suspension will begin on September 5, 1989, and Goettlich's suspension will begin on September 19, 1989. Without admitting or denying the allegations, they consented to the described sanctions and findings that the firm, acting through Goettlich or Gianninoto failed to reconcile its omnibus account and failed to prepare an accurate reserve computation, which resulted in a deficiency in the firm's reserve bank account.

The firm failed to do weekly reserve computations when its aggregate customer funds exceeded \$1,000,000. Furthermore, the firm failed to maintain its required minimum net capital on two occasions and failed to file telegraphic notices of a deficiency in its reserve account and a net-capital deficiency. Additionally, the firm, acting through Goettlich or Gianninoto, permitted two persons to receive commissions who were not properly registered. Finally, the firm failed to remit a municipal underwriting fee within the required time period.

Government Securities Dealers, Inc., (New York, NY), Joseph Tully Blumstein (Registered Principal, New York, NY), Steven Robert Sheldon (Registered Principal, Englewood, NJ), and Carl Anthony Torelli (Registered Financial and Operations Principal, Medford, NY) submitted an Offer of Settlement pursuant to which they were fined \$20,000, jointly and severally. Blumstein and Sheldon are suspended from association with any member of the NASD as a general securities principal for 60 days. Without admitting or denying the allegations, they consented to the described sanctions and findings that the firm, acting through Sheldon and Blumstein, permitted a statutorily disqualified individual to be associated with the firm and permitted two individuals denied registration to be associated with the firm. The firm, acting through Sheldon, permitted four individuals to be associated with the firm without being registered with the NASD. The firm, acting through Blumstein, failed to amend its Form BD to disclose completely its formal disciplinary history. Also, the firm, acting through Torelli, failed to keep current records on activity in the securities accounts of the firm's partners. Finally, the firm, acting through Blumstein and Torelli, refused to send the required telegraphic notice of its failure to maintain accurate books and records.

Hampton Securities, Inc., (West Palm Beach, FL) and Delores Easthom (Registered Principal, West Palm Beach, FL) were fined \$15,000, jointly and severally, and the firm was required to disgorge \$209,000 and suspended from the solicitation of retail business for five days. Easthom was suspended for 30 days from association with any member in any capacity. The sanctions were imposed by the NASD Board of Governors following an appeal of a decision rendered by the District Business Conduct Committee for District

7. The sanctions were based on findings that the firm, acting through Easthom, effected as principal for its own account 313 sales of corporate securities to public customers at unfair prices that contained excessive markups.

FIRMS AND INDIVIDUALS FINED

Wakefield Financial Corporation, (New York, NY) and Alexander Geils Minella (Registered Principal, White Plains, NY) submitted an Offer of Settlement pursuant to which the firm and Minella were fined \$15,000, jointly and severally. Without admitting or denying the allegations, they consented to the described sanctions and findings that the firm, acting through Minella, effected 49 purchases of corporate securities from public customers at markdowns that were excessive.

FIRM FINED

David Lerner Associates, Inc., (Syosset, NY) submitted an Offer of Settlement pursuant to which the firm was fined \$10,000 and required for one year to file all media advertisements with the NASD Advertising Department within five business days prior to publication. Without admitting or denying the allegations, the firm consented to the described sanctions and findings that some of its advertising of municipal bonds, Ginnie Mae securities, mutual funds, and collateralized mortgage obligations were misleading or otherwise inappropriate. Also, the firm's recruitment advertisements cited earnings figures that were not reasonable.

INDIVIDUALS BARRED OR SUSPENDED

Ernest A. Bartlett, III, (Registered Representative, Little Rock, AR) was fined \$15,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Bartlett, exercising discretionary power over three customer accounts, purchased and sold securities without prior written consent from the customers. Furthermore, Bartlett used high-pressure sales tactics and made exaggerated and misleading statements to customers to solicit their business. Also, Bartlett failed to respond to the NASD's four requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Gwendolyn Blunt (Associated Person,

Roosevelt, NY) was fined \$50,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Blunt caused certain fictitious deposits to be credited to her personal securities account and then withdrew \$6,197.77 of the funds so credited.

Jeffrey Phillip Bohl (Registered Principal, Los Angeles, CA) was fined \$100,000 and barred from association with any member of the NASD in any capacity. The sanctions were imposed by the NASD Board of Governors following an appeal of a decision rendered by the District Business Conduct Committee for District 2. The sanctions were based on the findings that, following his termination by a member, Bohl failed to observe industry practice regarding the transfer of customer securities accounts from one broker-dealer to another. Bohl caused 11 customers to liquidate their accounts and had the proceeds transferred to new accounts at another broker-dealer where he executed purchases that reinstated the customers' pre-liquidation positions. Bohl also opened securities accounts for two customers and effected transactions for those customers without disclosing to them that he was not properly associated with a broker-dealer. Bohl failed to follow a customer's instructions and, instead of purchasing convertible bonds with approximately \$38,000 received from the customer, he deposited the funds into a bank account, engaged in numerous unauthorized trades that were paid for with part of the funds, and retained the balance of approximately \$26,000 in the account. In a separate instance, Bohl received \$45,000 from a customer for the purchase of securities. He placed these funds in a bank account and used \$22,000 to pay for numerous transactions in the customer's account with a member firm. He refunded \$1,635 to the customer but retained the balance of funds in the account.

Keith W. Borgmann (Registered Representative, Union, MO) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$15,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Borgmann consented to the described sanctions and findings that he received a check for approximately \$7,000 from a public customer with instructions to use such funds to pay premiums on a life insurance policy. Borgmann failed to follow the customer's instructions and instead deposited

the funds in a bank account in which he had a beneficial interest and utilized the funds for his own use and benefit.

Jesse Ramirez Cano (Registered Representative, San Antonio, TX) was fined \$17,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Ramirez received cash payments of monthly insurance premiums from at least 11 customers totaling at least \$6,129.99 and, without the knowledge or consent of the customers, converted the funds to his own use and benefit. Ramirez also failed to respond to the NASD's two requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Ronald G. Caponi (Registered Representative, Mt. Clemens, MI) was fined \$5,000 and barred from association with any member of the NASD in any capacity. The sanctions were imposed by the NASD Board of Governors upon review of a decision rendered by the District Business Conduct Committee for District 8. The sanctions were based on findings that Caponi caused a life insurance policy that was purchased by a customer to be surrendered. Further, he obtained a check in the amount of \$1,651.35 for the policy, signed the customer's name to the check, and retained the funds for his personal use and benefit without the customer's knowledge or consent.

Kris John Daugherty (Registered Representative, Oklahoma City, OK) was fined \$15,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Daugherty forged the endorsement on checks totaling \$15,585.69 that were made payable to public customers and converted the proceeds to his own personal use and benefit. Also, he failed to respond to the NASD's two requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Stephen W. Devanney (Registered Principal, Aurora, CO) and **Dennis J. Kirkman (Registered Financial and Operations Principal, Denver, CO)**. Devanney was fined \$1,000, suspended from association in a principal capacity with any member of the NASD for one year, and required to requalify by examination before acting in a principal capacity. Kirkman was fined \$5,000, suspended from association in a principal capacity with any member for one year, and required to requalify by examination before acting as a Financial

and Operations Principal. These sanctions were imposed by the NASD Board of Governors upon review of a decision rendered by the District Business Conduct Committee for District 3. The sanctions were based on findings that a member firm, acting through Devanney and Kirkman conducted a securities business while failing to maintain its required minimum net capital; failed to keep and preserve books and records in conforming with applicable rules by overstating the cash account balance in its general ledger; overstated the balance of its clearing corporation drafts; failed to reconcile its clearing account; and failed to maintain accurate securities position records. The firm, acting through Devanney and Kirkman, also failed to promptly deposit customers' funds in an escrow account in 47 instances in connection with four contingent offerings.

Frank L. Dowdey (Registered Representative, Birmingham, AL) was fined \$15,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Dowdey misappropriated customers' funds and failed to act on customers' instructions when he received a total of \$3,100 from two customers and converted the funds to his own use and benefit. In addition, Dowdey failed to respond to the NASD's three requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Lawrence J. Dumestre, Jr. (Registered Principal, Baton Rouge, LA) and **Lawrence C. Dumestre (Registered Representative, Baton Rouge, LA)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which they were jointly and severally fined \$5,000 and suspended from association with any member of the NASD in any capacity for one week. Without admitting or denying the allegations, they consented to the described sanctions and findings that they participated in the sale of a limited partnership to at least four customers and failed to provide prior written notice to their employer-member in contravention of the Board of Governors' Interpretation on private securities transactions. In addition, both Lawrence J. Dumestre, Jr., and Lawrence C. Dumestre sent to customers letters concerning a limited partnership that contained material misstatements or omissions.

Richard L. Fisher (Registered Representative, Adamstown, PA) was fined \$5,000 and

suspended from association with any member of the NASD in any capacity for 30 days. The sanctions were imposed by the NASD Board of Governors following an appeal of a decision rendered by the District Business Conduct Committee for District 11. The sanctions were based on findings that Fisher arranged the purchase of securities by two customers while failing to give his employer-member prior written notice, which is in contravention of the Board of Governors' Interpretation on private securities transactions.

John R. Geel (Registered Representative, St. Anne, IL) was fined \$7,500 and suspended from association with any member of the NASD in any capacity for six months. The sanctions were imposed by the NASD Board of Governors following an appeal of a decision rendered by the District Business Conduct Committee for District 8. The sanctions were based on findings that Geel, with the participation of a nonregistered insurance salesman, offered and sold variable annuities to two public customers and entered into an agreement with the salesman to pay him a portion of the commissions earned on the sales in contravention of NASD rules prohibiting the payment of commissions to unregistered persons on the sale of securities.

Donald L. Gilberg (Registered Representative, Pittsburgh, PA) submitted an Offer of Settlement pursuant to which he was fined \$1,000 and suspended from association with any member of the NASD in any capacity for five business days. Without admitting or denying the allegations, Gilberg consented to the described sanctions and findings that he refunded \$660 to a customer for sales charges incurred when the customer purchased \$10,000 of a bond trust. Gilberg falsely represented to the NASD that the refund was not connected to the customer's investment.

William G. Glenn (Registered Representative, Mesa, AZ) and **Timothy A. Blackburn (Registered Representative, Tempe, AZ)** were each fined \$5,000 and suspended from association with any member of the NASD in any capacity for a period of six months and required to requalify by examination. The sanctions were imposed by the NASD Board of Governors following an appeal of a decision rendered by the District Business Conduct Committee for District 3. The sanctions were based on findings that Glenn and Blackburn failed to respond to the NASD's repeated requests for in-

formation made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Timothy G. Grazioso (Registered Representative, Englewood, NJ) was fined \$50,000 and suspended from association with any member firm in any capacity for one year. These sanctions were imposed by the NASD Board of Governors following an appeal of a decision by the Market Surveillance Committee. These sanctions were in connection with conduct involving "marking the close" of the market in several NASDAQ National Market securities with fictitious trade reports. The NASD found that, during the period from January through November 1987, Grazioso, a trader who was then employed with a member firm, entered 101 fictitious trade reports, at or near the close of the market, in violation of Article III, Sections 1, 5, and 18 (the NASD's anti-fraud rule) of the NASD's Rules of Fair Practice and the reporting requirements in Section 4 of Part VI, Schedule D to the By-Laws. The Board further found that such fictitious trade reports generally represented either an increase or decrease in price from the previous reported trade, depending on whether the inventory traded by Grazioso was long or short the security at that particular time.

James Robert Helie (Registered Representative, Cambridge, MA) was fined \$10,000 and barred from association with any member of the NASD in any capacity. The sanctions were imposed by the NASD Board of Governors following an appeal of a decision rendered by the District Business Conduct Committee for District 13. The sanctions were based on findings that Helie failed to respond to the NASD's three requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice concerning the circumstances surrounding the termination of his employment.

Gerald A. Hladky (Registered Representative, Tonka Bay, MN) was fined \$15,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that, as a result of a complaint of unauthorized transactions, Hladky entered into a settlement agreement with a customer that prohibited the customer from reporting to or seeking the assistance of any regulatory agency. Hladky also failed to respond to the NASD's three requests that he notify the customer, in writing, that the customer could cooperate in the NASD's investigation, made

pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Richard J. Hlavka (Registered Representative, Lake Oswego, OR) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$2,500, ordered to disgorge \$7,300, and suspended from association with any member of the NASD in any capacity for 15 business days. Without admitting or denying the allegations, Hlavka consented to the described sanctions and findings that he effected 22 transactions in the accounts of eight public customers without their knowledge or consent.

Bradley Merle Hoffman (Registered Representative, Manhattan Beach, CA) was fined \$15,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Hoffman failed to respond to the NASD's four requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice concerning the circumstances surrounding the termination of his employment.

Roy L. Lawson (Registered Principal, Tulsa, OK) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$5,000 and suspended from association with any member of the NASD in any capacity for one business day. Without admitting or denying the allegations, Lawson consented to the described sanctions and findings that he recommended certain securities to a public customer and caused the securities to be purchased without reasonable grounds to believe that such recommendations were suitable for the customer.

David E. Lengfelder (Registered Representative, Rock Falls, IL) was fined \$30,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Lengfelder received approximately \$7,350 from a public customer, failed to purchase securities as instructed by the customer, and retained the funds for his own use and benefit. He also failed to respond to the NASD's three requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Garold Ernest Maxfield (Registered Representative, Meridan, ID) was fined \$50,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that, without the knowledge or

consent of five of his customers, Maxfield caused loans to be taken on their life insurance policies, obtained the checks from these loans totaling \$35,500, and converted these funds to his own use and benefit. Also, Maxwell failed to respond to the NASD's two requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Marilyn Ann McCurdy (Registered Representative, Los Angeles, CA) was fined \$15,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that McCurdy mistakenly caused \$172,186.93 from a customer's pension plan to be invested in the wrong investment fund. When the customer's investment decreased by approximately \$31,434.56 as a result of market conditions, McCurdy then altered her employer-member's records in an attempt to correct her mistake.

Richard D. McGervey (Registered Representative, Fort Washington, MD) was fined \$34,505 and suspended from association with any member of the NASD in any capacity for two years. The sanctions were imposed by the NASD Board of Governors following an appeal of a decision rendered by the District Business Conduct Committee for District 10. The sanctions were based on findings that McGervey sold shares of stock in two corporations he formed without giving prior written notice to his employer in contravention of the Board of Governors' Interpretation on private securities transactions.

Terrence Lavergne Monroe (Registered Principal, Kaneohe, HI) was fined \$25,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Monroe failed to respond to the NASD's two requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice concerning the circumstances surrounding the termination of his employment.

Louis Wellington Moreland, Jr. (Registered Principal, Walnut Creek, CA) was fined \$25,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Moreland failed to respond to three requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice concerning the circumstances surrounding the termination of his employment.

John K. Mulvaney (Registered Representative, Moravia, NY) was fined \$10,000 and barred from association with any member of the NASD in any capacity. The sanctions were imposed by the NASD Board of Governors following an appeal of a decision rendered by the District Business Conduct Committee for District 13. The sanctions were based on findings that, while acting in the capacity of an insurance agent, Mulvaney misappropriated \$2,055.38 from at least 10 insurance customers and converted the funds to his own use and benefit. Also, Mulvaney failed to respond to the NASD's four requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Cesario Munoz (Registered Principal, Fort Collins, CO) was fined \$5,000, jointly and severally with his employer-member, and suspended from association in a principal capacity with any member of the NASD for one year. The sanctions were based on findings that Munoz failed to respond to the NASD's numerous requests for information regarding a routine examination made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

George O. Otten (Registered Representative, East Hampton, CT) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$10,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Otten consented to the described sanctions and findings that without the knowledge or consent of at least 17 insurance policyholders, he forged their signatures on various forms, resulting in the issuance of checks totaling \$7,374.85. Otten then forged the policyholders' signatures on the checks and applied the proceeds toward the payment of premiums on fictitious policies, resulting in his receipt of approximately \$5,338 in commissions.

Charles Alan Parbury (Registered Representative, Danville, CA) was fined \$171,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Parbury misappropriated customer funds totaling \$73,351.77 and converted such funds to his own use and benefit. Parbury also failed to respond to the NASD's three requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Ricky E. Parker (Registered Representative, Birmingham, AL) was fined \$15,000 and barred from association with any member of the

NASD in any capacity. The sanctions were based on findings that Parker caused a public customer to redeem shares of a mutual fund for reinvestment in a fictitious mutual fund and then misappropriated and converted to his own use and benefit the \$21,603.85 that he received from the customer. For more than a year, Parker generated fictitious account statements that falsely showed the customer's funds invested in that fund. In addition, Parker partially redeemed an annuity policy without the customer's knowledge or consent, forged the customer's signature to the policy surrender checks, and converted the \$5,785.24 to his own use and benefit. Also, Parker failed to respond to the NASD's requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Jack Donald Prosen (Registered Principal, Woodland Hills, CA) was fined \$186,214 and barred from association with any member of the NASD in any capacity. The sanctions were imposed by the NASD Board of Governors following an appeal of a decision rendered by the District Business Conduct Committee for District 2. The sanctions were based on findings that, while associated with two different member firms, Prosen engaged in 55 private securities transactions without prior written notice to his employers in contravention of the Board of Governors' Interpretation on private securities transactions.

This decision has been appealed to the Securities and Exchange Commission, and the fine imposed is not effective pending consideration of the appeal.

Ireneo Acidera Ranches (Registered Representative, Honolulu, HI) was fined \$61,591.54 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Ranches received cash and checks totaling approximately \$23,000 from customers, converted these funds to his own use and benefit and, in converting these funds, forged the customers' names to four of the checks. Ranches also failed to respond to the NASD's three requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Peter Chappell Rosen (Registered Representative, New York, NY) submitted an Offer of Settlement pursuant to which he was fined \$20,000 and suspended from association with any member of the NASD in any capacity for 100 busi-

ness days. Without admitting or denying the allegations, Rosen consented to the described sanctions and findings that he effected 21 unauthorized transactions in the accounts of five public customers.

Pamela M. Rybacki (Registered Representative, Orland Park, IL) was fined \$15,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Rybacki effected two unauthorized transactions in the account of a public customer. She also failed to respond to the NASD's three requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Dale Dwight Schwartzenhauer (Registered Representative, Sandy, OR) and **James Eugene Greenfield (Registered Principal, Portland, OR)**. Schwartzenhauer was fined \$50,000, suspended from association with any member of the NASD for 30 days, and required to requalify by examination following the suspension. Greenfield was fined \$10,000 and barred from associating in a principal capacity with any member. These sanctions were imposed by the NASD Board of Governors upon review of a decision rendered by the District Business Conduct Committee for District 1. The sanctions were based on findings that, in his efforts to raise capital for a corporation, Schwartzenhauer engaged in private securities transactions without prior written approval of his employer-member. Also, Schwartzenhauer purchased restricted or control stock from customers, issuers, or officers of issuers and then sold a substantial portion of these shares to public customers. With respect to these transactions, Schwartzenhauer also failed to obtain prior written approval from his employer. In 41 instances, Schwartzenhauer charged excessive markups on sales of corporate securities to public customers. Greenfield failed to adequately supervise Schwartzenhauer and the trading activity in his account.

Schwartzenhauer has appealed this decision to the Securities and Exchange Commission, and the sanctions against him are not effective pending consideration of the appeal.

Freddy Bryan Smith (Registered Principal, Dayton, OH) was fined \$15,000, suspended from association with any member of the NASD in any capacity for two years and one day, and required to requalify by examination following the suspension. The sanctions were based on findings that a member firm, acting through Smith in connection with a

best-efforts offering, provided to prospective customers an offering memorandum that failed to specify a closing date and failed to disclose that all investor funds would be returned if all the contingencies were not met. Also, Smith failed to disclose that the general partners were permitted to purchase units, as well as the maximum number of units that the partners could purchase. The firm, acting through Smith, failed to promptly deposit investors' funds into a bona fide escrow account. The firm, acting through Smith, failed to file the offering memorandum with the NASD prior to the effective date of the offering and misrepresented to investors the number of units remaining to be sold before meeting the contingency. The firm, acting through Smith, sold units to one customer who failed to meet the minimum suitability standards established within the offering memorandum.

Sandra Lynn Striha (Registered Representative, Daly City, CA) was fined \$40,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that, on various occasions, Striha forged the signatures of insurance policyholders to checks totaling \$850.64 and converted the proceeds to her own use and benefit. Striha also failed to respond to the NASD's request for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Anthony J. Uzwiak (Registered Representative, Madison, NJ) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$15,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Uzwiak consented to the described sanctions and findings that he endorsed a check in the amount of \$3,704.18 made payable to a customer and deposited the funds into his personal bank account for his own use and benefit, without the customer's knowledge or consent.

Jay M. Vermonty (Registered Principal, Flushing, NY), William Joseph Mueger (Registered Principal, East Meadow, NY), Theodore Len (Registered Principal and Financial and Operations Principal, Manhasset Hills, NY), and Joseph Francis Messineo (Registered Representative, Bethesda, MD) submitted an Offer of Settlement pursuant to which Vermonty was fined \$40,000, suspended for four months in all capacities, suspended for three years in a prin-

cipal capacity, and must requalify by examination prior to acting as a principal; Mueger was fined \$35,000, suspended for three months in any capacity, suspended for three years in a principal capacity, and must requalify by examination prior to acting as a principal; Len was fined \$20,000, suspended for two years in a Financial and Operations Principal capacity and must requalify by examination prior to acting as a Financial and Operations Principal; and Messineo was fined \$10,000, suspended for three months in any capacity, and must requalify by examination prior to acting in any capacity requiring registration. Without admitting or denying the allegations, they consented to the described sanctions and findings that a former member firm, acting through Vermonty, Mueger, Len, and an unregistered person, effected 36 month-end fictitious transactions in corporate securities that resulted in securities being "parked" for the purpose of reducing the firm's proprietary position to reflect apparent compliance with the net-capital rule. Another former member firm, acting through Messineo, aided the aforementioned firm in the parking scheme by entering into six fictitious transactions with the firm, which resulted in another incident of parking securities. Also, the first firm, acting through Vermonty, Mueger, and Len, conducted a securities business while failing to maintain its required minimum net capital. This same firm, acting through Len, filed inaccurate FOCUS I and FOCUS IIA reports and conducted a securities business while failing to maintain its required minimum net capital. This same firm, acting through Vermonty, Mueger, and an unregistered person, effected 100 sales of common stock to customers at prices that were not fair and that included fraudulent markups. This same firm, acting through Vermonty and Mueger, permitted a person to act as the firm's Financial and Operations Principal when that person was not registered with the firm in any capacity; and it permitted three persons to function as representatives when they were not properly registered. Finally, this same firm, acting through Vermonty and Mueger, sold securities to public customers when no registration statement was in effect for the securities.

James P. Viscontio (Registered Representative, Philadelphia, PA) submitted an Offer of Settlement pursuant to which he was fined \$15,000 and barred from association with any member

of the NASD in any capacity. Without admitting or denying the allegations, Visconto consented to the described sanctions and findings that he forged endorsements on three checks totaling \$3,007.82 that were made payable to two public customers and converted the funds to his own use and benefit. In addition, Visconto failed to respond to the NASD's three requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Steven I. Weinstein (Registered Representative, Shreveport, LA) was fined \$15,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Weinstein executed unauthorized purchases of common stock in the account of two public customers and unauthorized purchases of municipal securities in the accounts of six public customers. Furthermore, he recommended and purchased 1,928 units of a bond trust for a public customer without reasonable grounds for believing that this recommendation was suitable. Finally, Weinstein failed to respond to the NASD's multiple requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Sondra H. White (Registered Representative, Las Vegas, NV) was fined \$500 and suspended from association with any member of the NASD in any capacity for three months and must requalify by examination following her suspension. The sanctions were imposed by the NASD Board of Governors following an appeal of a decision rendered by the District Business Conduct Committee for District 7. The sanctions were based on findings that, while taking the Series 7 qualifications examination, White orally communicated with another candidate, obtained information from the other candidate's answer sheet, and assisted the other candidate in obtaining information from her answer sheet.

Paul Arthur Wilbur (Registered Representative, Carnation, WA) was fined \$15,000 and barred from association with any member of the NASD in any capacity. The sanctions were imposed by the NASD Board of Governors following an appeal of a decision rendered by the District Business Conduct Committee for District 1. The sanctions were based on findings that Wilbur failed to respond to the NASD's two requests for information regarding a customer complaint, made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Bruce A. Williams (Registered Representative, Grand Prairie, TX) was fined \$10,000 and barred from association with any member of the NASD in any capacity. The sanctions were imposed by the NASD Board of Governors following an appeal of a decision rendered by the District Business Conduct Committee for District 6. The sanctions were based on findings that Williams failed to honor an arbitration award in the amount of \$15,191.18.

This decision has been appealed to the Securities and Exchange Commission, and the fine imposed is not effective pending consideration of the appeal.

Bruce Wilson (Registered Representative, Bourbonnais, IL) was fined \$20,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Wilson received \$1,250 in cash from a public customer and failed to promptly purchase shares of a mutual fund pursuant to the customer's instructions. Furthermore, Wilson failed to disclose on the Form U-4 for registration with another member the fact that he had been discharged for cause from his previous employer-member. Also, Wilson failed to respond to the NASD's three requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

FIRMS SUSPENDED

The following firms were suspended from membership in the NASD for failure to comply with formal written requests to submit financial information to the NASD. The actions were based on the provisions of Article IV, Section 5 of the NASD Rules of Fair Practice and Article VII, Section 2 of the NASD By-Laws. The date the suspension commenced is listed after each entry. If the firm has complied with the request for information, the listing also includes the date the suspension concluded.

Ameritrust Equities, Inc., Snowmass, CO (July 19, 1989)

Cartwright & Goodwin, Inc., New York, NY (July 19, 1989)

V.H. Costello Securities, Inc., Spokane, WA (July 19, 1989)

Dunhill, Lord & Company, Fort Lauderdale, FL (July 19, 1989)

Eastern Financial Corp., Dallas, TX (July 19, 1989)

Garfield Securities, Inc., Greenwich, CT
(July 19, 1989)

Garrett Walker Securities, Traverse City,
MI (July 19, 1989)

L'Argent Capital Int'l, San Francisco, CA
(July 19, 1989)

Meritquest Group, Inc., Glendale, CA (July
19, 1989)

Pan Oceanic Investments, Inc., Honolulu,
HI (July 19, 1989 to August 4, 1989)

Tani, Tokunaga & Co., Inc., Honolulu, HI
(July 19, 1989 to August 11, 1989)

**FIRM EXPELLED FOR FAILURE TO PAY
FINES AND COSTS IN CONNECTION
WITH VIOLATION**

Hamilton, Williams & Company, Inc.,
Portland, OR

**INDIVIDUAL WHOSE REGISTRATION WAS
REVOKED FOR FAILURE TO PAY FINES AND
COSTS IN CONNECTION WITH VIOLATIONS**

James L. Williams, Lake Oswego, OR

**NASD CENSURES, BARS, AND
FINES KIRK KNAPP**

The NASD announced a disciplinary action against Kirk A. Knapp in which he was censured, barred from association with any NASD member in any capacity, and fined \$100,000. The NASD's investigation of Knapp was conducted by its Anti-Fraud Department. These findings and sanctions were affirmed on appeal by the NASD Board of Governors June 19, 1989.

The Board found that, from February 1986 to

June 1986, a member firm, aided and abetted by Knapp, failed to convey material adverse information about a public offering of securities to its customers while continuing to solicit customers and recommending the purchase of the securities. The Board also found, among other things, that Knapp and the firm continued to use a November 1985 research report, in soliciting customers to purchase the securities, when the report no longer accurately reflected the financial status of the company. As a result, the NASD Board found that the recommendations made by Knapp and the firm to its public customers were without any reasonable basis, in violation of Knapp's obligations to customers. This misconduct constituted violations of Article III, Section 18 of the NASD's Rules of Fair Practice, which prohibits the use of any manipulative, deceptive, or other fraudulent device in the purchase or sale of any security.

Finally, the Board found that Knapp violated a previous bar imposed by the NASD against his operating as a principal of the firm. The Board found that Knapp ignored this directive by continuing to exercise managerial control over the firm by participating in management decisions concerning the hiring and dismissal of registered persons, conducting weekly sales meetings, otherwise generally directing the conduct of business by persons associated with the firm, and portraying himself prominently as the president of the firm in advertisements.

Pursuant to provisions of the Securities Exchange Act of 1934, Knapp has appealed the NASD's action to the Securities and Exchange Commission.

For Your Information

National Association of Securities Dealers, Inc.

September 1989

District 12 Sponsors September Seminar in New York

NASD District 12 will sponsor its third annual educational seminar September 26 at the Vista International Hotel in New York City. Directed toward management and financial/operational personnel of NASD members, the seminar will feature more than 30 speakers on topics such as supervision, arbitration, state regulatory issues, and advertising.

The luncheon speaker will be Hardwick Simmons, chairman of the Securities Industry Association and vice chairman of Shearson Lehman Hutton Inc. Other notable speakers include Joseph Hardiman, president, NASD; Theodore Focht, president and general counsel,

Securities Investors Protection Corp.; Lawrence Iason, regional administrator, Securities and Exchange Commission; and Mark Hanson, assistant U.S. attorney, Southern District of New York.

Throughout the day, NASD staff will offer demonstrations and answer questions on such services as the NASDAQ Workstation, ACT, ACES, PORTAL, OTC Bulletin Board, and enhanced OCT.

The seminar fee is \$175, which includes the program, reference materials, luncheon, and refreshments. Space is limited, so register early. For more information on the seminar or to register, contact Rosalie Tardi, District 12, at (212) 858-4178.

Texas Reduces Agent and Broker Registration and Renewal Fees

Effective September 1, 1989, the Texas Securities Commission reduced all registration and renewal fees by \$110. The new fees are:

Agent Registration — \$30
Agent Renewal Fee — \$15

Broker-Dealer Registration — \$70
Broker-Dealer Renewal — \$35

If you have any questions regarding this change, please contact NASD Information Services at (301) 590-6500.

Series 7 Site Change in Atlanta for October

The October 21, 1989, Series 7 examination in Atlanta will be held at Ramada Inn Northeast,

I-85 and Shallowford Road, 2960 N.E. Expressway, Atlanta, Georgia.