

# Notice To Members

National Association of Securities Dealers, Inc.

December 1989

## Number 89 - 76

### 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.

## IMPORTANT

**Subject: Mandatory Participation by Self-Clearing Firms in the Automated Confirmation Transaction (ACT) Service Set for First Quarter 1990**

### EXECUTIVE SUMMARY

Participation in the Securities and Exchange Commission-approved Automated Confirmation Transaction (ACT) service will become **mandatory** for all self-clearing firms during the first quarter of 1990. The service is designed to shorten the comparison cycle for telephone-negotiated trades in NASDAQ securities that are eligible for comparison processing through registered clearing corporations. Self-clearing members are urged to begin participating immediately in the ACT pilot program, which is currently in operation. A training disk is available from the NASD. The disk is a self-tutorial and allows a member to proceed at its own pace.

To participate in ACT, members **must** have NASDAQ-compatible equipment — a Harris terminal, Unisys PW<sup>2</sup>, Tandem 8NDQ, IBM-AT, IBM PS/2 models, or an NASD-approved foreign terminal interface. **Any firm that does not now have NASDAQ-compatible equipment will need to take steps to get such equipment in order to comply with the mandatory participation requirements of ACT.**

### BACKGROUND AND EXPLANATION

The NASD has developed an on-line trade reporting and comparison system called the Automated Confirmation Transaction (ACT) service to shorten the comparison cycle for trades in NASDAQ securities. ACT locks in the post-execution steps for telephone-negotiated, street-side trades.

These steps include transaction reporting, when applicable; comparison; and sending locked-in trades to registered clearing corporations. The clearing corporations will report ACT trades to their members on their Contract Sheets the day after the trades have been compared.

ACT has been in a pilot phase since August 30, 1989, when five members with NASDAQ-compatible terminals began using the system with test securities. On November 17, 1989, NASDAQ securities that have symbols starting with the letter "A" were made eligible for the pilot.

Within a few weeks, NASDAQ securities with symbols beginning with "B" or "C" will be added to the list of securities eligible for ACT processing. Shortly thereafter, all other NASDAQ securities will be ACT eligible.

The transactions entered into ACT will, when compared, be forwarded to the National

Securities Clearing Corporation (NSCC) for trade comparison and processing. Also, for NASDAQ National Market securities, entry to ACT will satisfy NASDAQ National Market trade-reporting requirements with no other entry needed.

All self-clearing members that clear through the facilities of a registered clearing corporation must participate in ACT. Self-clearing members should complete the ACT training program as soon as possible and enter the ACT pilot phase.

To be an ACT participant, *members must have NASDAQ-compatible equipment — a Harris terminal, Unisys PW<sup>2</sup>, Tandem 8NDQ, IBM-AT, IBM PS/2 models 50Z, 60, 70, and 80 (for Workstation™ service terminals only), or an NASD-approved foreign terminal interface.* Information on fees for communications charges as well as cost of terminals may be obtained from Anne Pittman Durand at (301) 590-6526.

### TRAINING DISK

The NASD will provide members using any of the NASDAQ compatible devices with a self-tutorial training program on a floppy disk.

The disk encompasses the entire user functionality of the ACT service and is displayed in a NASDAQ Workstation™ format that allows the member to proceed at its own pace. Questions regarding the training disk should be directed to Raymond Nolting, ACT Supervisor, at (212) 858-4342 or Debby Chu, ACT Coordinator, at (212) 858-4344.

### HOW ACT HELPS NASD MEMBERS

ACT provides for both one-sided input of trades with confirmation by the other side and two-sided input and matching. These features provide members with several benefits, many of which duplicate the post-execution features of the NASD's automated Small Order Execution System (SOES). They are:

- Same-day comparison and locked-in clearing for all NASDAQ trades;
- Less exposure to price movements for open items;
- On-line access to the status of each trade report;
- Faster, more efficient trade reconciliation and confirmation;
- Increased efficiency of back-office operations.

### HOW ACT WORKS

Under ACT rules market makers will be required to report ACT-eligible trades into the system within 90 seconds of execution for NASDAQ National Market securities, and within 15 minutes of execution for all other securities. The contra side on any transaction, including trades in NASDAQ National Market issues, will be allowed 20 minutes from the time of execution to accept or decline the ACT report. The information submitted by the market maker must indicate whether it acted as a buyer or seller, the quantity, security symbol, price, and the identity of the contra party.

The order-entry firm, or contra party, has the option of either submitting its side of the trade, thereby generating an on-line match of the information submitted or waiting for the market maker's submission, and either accepting or rejecting it through what is called the "browse capability."

Whether the order-entry firm uses on-line match or the browse feature, the order-entry firm must accept or reject the market maker's trade entry or enter its own version of the trade within 20 minutes of execution. ACT input will not only create the clearing entry, it will also satisfy the trade-reporting requirements for transactions in NASDAQ National Market securities involving at least one round lot. At a later date, when the system is capturing trade-reporting information for all NASDAQ securities, separate end-of-day reporting for regular NASDAQ securities will no longer be required.

When a trade is compared in ACT, it will be submitted to the NSCC after the system's close, and it will appear as an ACT locked-in trade on the Contract Sheets, as SOES and Computer Assisted Execution System transactions appear today. ACT will provide trade-by-trade comparison (M-1) and, after the system's close, will attempt to match transactions that differ only as to quantity (M-2). When a trade is rejected by a participant, that trade will be dropped from ACT.

### T+1 DATE PROCESSING

At the end of the trade date, transactions entered into ACT that are not rejected and which are uncompleted or not responded to (one-sided) will be carried over for additional ACT processing on trade date + 1 (T+1). T+1 date processing will allow parties to transactions to compare or cancel open items and also will accept as-of submissions

for T-date trades. There also will be an M-2 processing capability after the close of T+1 activity. Trades that are uncomparred — open or un-answered from trade date — will be locked in by the system after completion of the M-2 matching process on T+1. All locked-in transactions on T+1, compared through either member or system action, will appear as locked-in trades on the clearing NSCC's Supplemental Contract Sheets (T+2).

### **CORRESPONDENT FIRMS**

At the present time, the NASD is working with those firms that clear for others to resolve a few remaining issues. Additional information will be forthcoming on the timing for bringing those firms into the ACT service.

Questions concerning this *Notice to Members* may be directed to Donald Catapano at the NASD's New York office at (212) 858-4350.

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 Senior Management Corporate Finance Government Securities Institutional Internal Audit Legal & Compliance Municipal Mutual Fund Operations Options Registration Research Syndicate Systems Trading Training

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## REQUEST FOR COMMENTS

**Subject: Proposed Amendments to Article III, Section 12 of the NASD Rules of Fair Practice  
Re: Disclosure on Confirmations When Investment Companies Impose a Deferred Sales Charge on Redemption; Last Date for Comment: January 2, 1990**

### EXECUTIVE SUMMARY

The NASD requests comments on a proposal to amend the NASD confirmation rule, Article III, Section 12 of the NASD Rules of Fair Practice. The amendment would add a new subsection requiring disclosure on confirmations when an investment company imposes a deferred sales charge on redeemed shares.

### BACKGROUND

In April 1989, the NASD Board of Governors authorized a notice (*Notice to Members 89-35*) to be sent to members advising them that it would be a violation of the NASD Rules of Fair Practice for a registered representative to state or imply to a prospective investor that an investment company with a contingent deferred sales charge is a "no load fund."

The notice resulted from a number of complaints from investors who claimed they were unaware of the existence of a sales charge on redemption and that they had been advised that the companies were "no load" or "no initial load" funds.

In that notice, the NASD indicated that contingent deferred sales loads are sales loads that are charged on redemption on a declining-percentage basis annually and are usually reduced to zero percent by the sixth or seventh year of share ownership. The NASD concluded that to assert that a mutual fund with a contingent deferred sales load is a "no load" fund is an unacceptable misrepresentation and that to state that there is "no initial load" without explanation of the nature of the contingent deferred sales load is an omission of material information. In the Board's view, it is the responsibility of all members and their registered representatives to ensure that prospective investors understand the nature of the various charges made by mutual funds to defray sales and sales promotion expenses, regardless of whether they are deducted from an initial investor's purchase payment, charged on redemption, or levied against the net assets of the fund.

### PROPOSED AMENDMENTS

The Board of Governors believes that many investors do not study the prospectus thoroughly before making a purchase of investment company shares and often rely only on the oral representa-

tions of a registered representative. Thus, through inadvertence or design, they may not be aware of the possibility of a sales charge on redemption.

The Board, on the recommendation of the Investment Companies Committee, believes that disclosure on confirmations of the possibility of a deferred sales charge on redemption would help to alert prospective investors to the existence of such charges before they have paid for the shares.

The proposed amendment to Section 12 would add a new paragraph (b) containing a short, simple disclosure statement that would be required to be included on all confirmations for investment company shares that impose a deferred sales charge on redemption.

The NASD encourages all members and interested persons to comment on the proposed amendment. Comments should be directed to:

Mr. Lynn Nellius, Secretary  
National Association of  
Securities Dealers, Inc.  
1735 K Street, NW  
Washington, DC 20006-1506.

Questions concerning this notice should be directed to A. John Taylor, Vice President, Investment Companies/Variable Contracts, at (202) 728-8328.

Comments must be received no later than January 2, 1990. Changes to NASD Rules of Fair Practice must be approved by a vote of the NASD membership and filed with, and approved by, the Securities and Exchange Commission before becoming effective.

## PROPOSED AMENDMENT TO ARTICLE III, SECTION 12 OF THE NASD RULES OF FAIR PRACTICE.

(Note: New text is underlined.)

### Disclosure on Confirmations

Sec. 12 (a) A member at or before the completion of each transaction with a customer shall give or send to such customer written notification disclosing (1) whether such member is acting as a broker for such customer, as a dealer for his own account, as a broker for some other person, or as a broker for both such customer and some other person; and (2) in any case in which such member is acting as a broker for such customer or for both such customer and some other person, either the name of the person from whom the security was purchased or to whom it was sold for such customer and the date and time when such transaction took place or the fact that such information will be furnished upon the request of such customer, and the source and amount of any commission or other remuneration received or to be received by such member in connection with the transaction.

(b) In addition to the requirements in subsection (a) of this section 12, if the transaction involves the purchase of shares of an investment company that imposes a deferred sales charge on redemption, such written notification shall also include the following, in at least 8-point type, "On selling your shares, you may pay a sales charge. For this charge and other fees, see the prospectus."

# Notice To Members

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|--|--|--|--|
| <input type="checkbox"/> Senior Management     | <input type="checkbox"/> Internal Audit                | <input checked="" type="checkbox"/> Operations   | <input type="checkbox"/> Syndicate           |
| <input type="checkbox"/> Corporate Finance     | <input checked="" type="checkbox"/> Legal & Compliance | <input checked="" type="checkbox"/> Options      | <input type="checkbox"/> Systems             |
| <input type="checkbox"/> Government Securities | <input type="checkbox"/> Municipal                     | <input checked="" type="checkbox"/> Registration | <input type="checkbox"/> Trading             |
| <input type="checkbox"/> Institutional         | <input type="checkbox"/> Mutual Fund                   | <input type="checkbox"/> Research                | <input checked="" type="checkbox"/> Training |

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## Subject: Availability of Two New NASD Categories of Registration and Qualification Examinations

### EXECUTIVE SUMMARY

The Securities and Exchange Commission recently approved two additions to the NASD's qualification and registration programs. The two new tests, which will be available for member use beginning January 2, 1990, are:

- Assistant Representative-Order Processing (Series 11)
- Limited Principal-Introducing Broker-Dealer Financial and Operations (Series 28)

Each of these tests correlates to a new registration category in Schedule C to the NASD By-Laws.

### ASSISTANT REPRESENTATIVE-ORDER PROCESSING (Series 11)

In June 1989, the Securities and Exchange Commission approved a new level of registration for Assistant Representative-Order Processing that is contained in Part IV of Schedule C to the NASD By-Laws and is reprinted at the end of this notice. An Assistant Representative-Order Processing may accept unsolicited customer securities orders for direct submission for execution by the member. An Assistant Representative-Order Processing may *not*

solicit transactions or new accounts, render investment advice, make recommendations, or act as a trader. Activity in municipal securities and direct participation programs is excluded from the purview of this category of registration. Further restrictions on compensation and supervision are delineated in paragraph (2) of Part IV. (*Note: Sales assistants who relay last-sale price information to satisfy customer inquiries or who, during very high volume periods or brief absences of registered personnel, write memoranda of unsolicited customer instructions may continue to do so without the need of registering in any capacity.*)

Because this registration category is new to the industry and not presently shared by other regulators, members are urged to determine the appropriateness of their firm's utilization of this program in light of the regulations of the state securities commissions and stock exchanges under which they operate.

The Series 11 Assistant Representative-Order Processing examination contains 50 questions on securities products and markets, customer account forms, providing price information, order processing, and general regulations affecting the conduct of a customer business. Candidates have 60 minutes to complete the test. A total of 35 questions correct (70 percent) is required to receive a passing score. To apply for this registration, submit

Form U-4 (on page 1, under "Type of Examination/Registration Requested," type "Series 11-AR" in the space labeled "Other").

Study outlines are \$4 each (add 20 percent if the outlines are to be shipped first class) and may be ordered from:

NASD  
Book Order Department  
P.O. Box 9403  
Gaithersburg, MD 20898-9403

Questions regarding this program may be directed to David Uthe, Senior Qualifications Analyst, at (301) 590-6695.

### LIMITED PRINCIPAL-INTRODUCING BROKER-DEALER FINANCIAL AND OPERATIONS (Series 28)

The NASD Board of Governors, in November 1988, approved a new category of financial and operations principal registration for introducing member firms. The test developed for this new category of registration should soon be approved by the SEC and should be available for member use beginning January 2, 1990.

The Series 28 is a derivative of the NASD's Financial and Operations Principal Examination (Series 27). It will test candidates registering with introducing broker-dealers or with \$5,000-category general securities firms that neither carry customer accounts nor hold customer funds or securities pursuant to SEC Rule 15c3-1(a)(2)(i) or (vi) and SEC Rule 15c3-3(k)(2)(ii). The Series 28 will feature 75 multiple-choice questions plus a 25-point net capital computation appropriate to the financial and operational responsibilities of such firms. Candidates have up to three hours to complete the test, and an overall score of 70 percent or better is required for a passing grade.

The amendment to Section (2)(c) in Part II of Schedule C to the By-Laws, creating this new category of registration, is reprinted at the end of this notice. Study outlines may be ordered for \$10 each from the Book Order Department at the aforementioned address (add 20 percent for first class postage).

Questions regarding the Series 28 program may be directed to Carole Hartzog, Senior Qualifications Analyst, at (301) 590-6696.

### SCHEDULE C TO THE NASD BY-LAWS

(Note: New text is underlined; deleted text is in brackets.)

(1) Registration Requirements

(e) Requirement of Two Registered Principals for New Applications for Membership

(i) An applicant for membership in the Corporation, except a sole proprietorship, shall have at least two officers or partners who are qualified to become registered as principals with respect to each aspect of the applicant's investment banking and securities business pursuant to the provisions of Part II, Section 2(a), [2(c)] 2(d) and [2(d)] 2e, whichever are applicable, before it shall be admitted to membership.

(iii) In addition to the provisions of Part II Section (1)(e)(i) hereof, an applicant for membership, if the nature of its business so requires shall have at least one person qualified for registration pursuant to Part II, Section 2(b), 2(c), and 2(e) 2(f) hereof.

(2) Categories of Principal Registration

(a) General Securities Principal

(b) Limited Principal-Financial and Operations

(c) Limited Principal-Introducing Broker-Dealer Financial and Operations

(i) Every member of the Corporation, which is operating pursuant to the provisions of SEC Rule 15c3-1 (a)(2)(i) or (vi) and to the provisions of SEC Rule 15c3-3(k)(2)(ii), shall designate as Limited Principal-Introducing Broker-Dealer Financial and Operations those persons associated with it, at least one of whom shall be its chief financial officer, who perform the duties described in Part II, Section (2)(c)(ii) hereof. Each person associated with a member who performs such duties shall be required to register as a Limited Principal-Introducing Broker-Dealer Financial and Operations with the Corporation and shall pass an appropriate Qualification Examination before such registration may become effective.

(ii) The term "Limited Principal-Introducing Broker-Dealer Financial and Operations" shall mean a person associated with a member whose duties include:

(a) final approval and responsibilities for the accuracy of financial reports submitted to any duly



established securities industry regulatory body;

(b) final preparation of such reports;

(c) supervision of individuals who assist in the preparation of such reports;

(d) supervision of and responsibility for individuals who are involved in the actual maintenance of the member's books and records from which such reports are derived;

(e) supervision and/or performance of the member's responsibilities under all financial responsibility rules promulgated pursuant to the provisions of the Securities Exchange Act of 1934;

(f) overall supervision of and responsibility for the individuals who are involved in the administration and maintenance of the member's back office operations; or

(g) any other matter involving the financial and operational management of the member.

(iii) Except as provided in Part II, Section (1)(c) hereof, a person designated pursuant to the provisions of Part II, Section (2)(c) hereof shall not be required to take the Limited Principal-Introducing Broker-Dealer Financial and Operations examination and shall be qualified for registration as a Limited Principal-Introducing Broker-Dealer Financial and Operations if such a person is qualified to be registered or is registered as a Limited Principal-Financial and Operations as defined in Part II, Section (2)(b)(ii) hereof.

(iv) A person registered solely as a Limited Principal-Introducing Broker-Dealer Financial and Operations shall not be qualified to function in a principal capacity with responsibility over any area of business activity not prescribed in Part II, Section (2)(c)(ii) hereof. Such person shall not be qualified to function in a principal capacity at a member unless such member operates under Part II, Section (2)(c)(i).

Subsequent sections to be renumbered accordingly.

### Schedule C IV

#### Registration of Assistant Representatives- Order Processing

(1) Registration of Assistant Representatives-  
Order Processing

(1) Registration Requirements

(a) *All Assistant Representatives-Order Processing Must Be Registered* — All persons associated with a member who are to function as Assistant Representatives-Order Processing shall be registered with the Corporation. Before their registrations can become effective, they shall pass a Qualification Examination for Assistant Representatives-Order Processing as specified by the Board of Governors.

(b) *Definition of Assistant Representative-Order Processing* — Persons associated with a member who accept unsolicited customer orders for submission for execution by the member are designated as Assistant Representatives-Order Processing.

(c) *Requirement for Examination on Lapse of Registration* — Any person whose most recent registration as an Assistant Representative-Order Processing has been terminated for a period of two (2) or more years immediately preceding the date of receipt by the Corporation of a new application shall be required to pass a Qualification Examination for Assistant Representative-Order Processing.

(2) Restrictions

(a) *Prohibited Activities* — An Assistant Representative-Order Processing may not solicit transactions or new accounts on behalf of the member, render investment advice, make recommendations to customers regarding the appropriateness of securities transactions, or effect transactions in securities markets on behalf of the member. Persons registered in this category may not be registered concurrently in any other capacity.

(b) *Compensation* — Members may only compensate Assistant Representatives-Order Processing on an hourly wage or salaried basis and may not in any way, directly or indirectly, relate their compensation to the number or size of transactions effected for customers. This provision shall not prohibit persons registered in this capacity from receiving bonuses or other compensation based on a member's profit sharing plan or similar arrangement.

(c) *Supervision* — The activities of Assistant Representatives-Order Processing may only be conducted at a business location of the member that is under the direct supervision of an appropriately registered principal.

[Part IV added effective June 12, 1989.]



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**Subject: NASD 1990 Holiday Schedule**

The NASD will observe the following holiday schedule in 1990:

January 1	New Year's Day	July 4	Independence Day
February 19	Presidents' Day	September 3	Labor Day
April 13	Good Friday	November 22	Thanksgiving Day
May 28	Memorial Day (Observed)	December 25	Christmas Day

# For Your Information

National Association of Securities Dealers, Inc.

December 1989

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### Subject: Christmas Day and New Year's Day: Trade Date-Settlement Date Schedule

Securities markets and the NASDAQ System will be closed Monday, December 25, 1989, Christmas Day, and Monday, January 1, 1990, New Year's Day. "Regular way" transactions made on the business days noted below will be subject to the following schedule:

Trade Date	Settlement Date	Reg. T Date*
Dec. 15, 1989	22	27
18	26	28
19	27	29
20	28	Jan. 2, 1990
21	29	3
22	Jan. 2, 1990	4
25	Markets Closed	—
26	3	5
27	4	8
28	5	9
29	8	10
Jan. 1, 1990	Markets Closed	—
2	9	11

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 (7) 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 "Reg. T Date."

# Notice To Members

National Association of Securities Dealers, Inc.

December 1989

## Number 89 - 81

### Suggested Routing:\*

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|--|--|--|---|
| <input type="checkbox"/> Senior Management     | <input checked="" type="checkbox"/> Internal Audit | <input checked="" type="checkbox"/> Operations | <input type="checkbox"/> Syndicate          |
| <input type="checkbox"/> Corporate Finance     | <input type="checkbox"/> Legal & Compliance        | <input type="checkbox"/> Options               | <input checked="" type="checkbox"/> Systems |
| <input type="checkbox"/> Government Securities | <input type="checkbox"/> Municipal                 | <input type="checkbox"/> Registration          | <input checked="" type="checkbox"/> Trading |
| <input type="checkbox"/> Institutional         | <input type="checkbox"/> Mutual Fund               | <input type="checkbox"/> Research              | <input type="checkbox"/> Training           |

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### Subject: NASDAQ National Market Additions, Changes, and Deletions As of November 13, 1989

As of November 13, 1989, the following 19 issues joined the NASDAQ National Market, bringing the total number of issues to 2,712:

Symbol	Company	Entry Date	SOES Execution Level
EBPI	Employee Benefit Plans, Inc.	10/13/89	1000
RLLY	Rally's, Inc.	10/13/89	1000
RDGCA	Reading Company (CI A)	10/17/89	1000
SFSL	Security Federal Savings and Loan Association of Cleveland	10/17/89	200
VWBN	Valley West Bancorp	10/17/89	200
WOFG	Wolf Financial Group, Inc.	10/17/89	1000
EXBT	Exabyte Corporation	10/19/89	1000
STSN	Sierra Tucson Companies, Inc.	10/20/89	1000
ALII	Allied Capital Corporation II	10/26/89	1000
CRAY	Cray Computer Corporation	11/2/89	1000
HLTH	Healthsource, Inc.	11/2/89	1000
NUCOW	Nucorp, Inc. (6/30/91 Wts)	11/2/89	500
FTFC	First Federal Capital Corp.	11/3/89	1000
CELS	Cellular, Inc.	11/7/89	1000
HBCI	Harmonia Bancorp, Inc.	11/7/89	1000
NPHIF	Nalcap Holdings, Inc.	11/7/89	200
PNFI	Pinnacle Financial Services, Inc.	11/7/89	200
AMTC	Amtech Corporation	11/9/89	1000
LSCC	Lattice Semiconductor Corporation	11/9/89	1000

### NASDAQ National Market Pending Additions

The following issues have filed for inclusion in the NASDAQ National Market on 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
ACRCA	American Capital and Research Corporation (CI A)	Fairfax, VA	1000
CALLA	Cellular Information Systems, Inc. (CI A)	New York, NY	1000
CYTOP	Cytogen Corporation (Pfd)	Princeton, NJ	1000
GEHL	Gehl Company	West Bend, WI	1000
HNSI	Home Nutritional Services, Inc.	Parsippany, NJ	1000
IMGN	ImmunoGen, Inc.	Cambridge, MA	500
LSCP	Laserscope	San Jose, CA	1000
PMTC	Parametric Technology Corporation	Waltham, MA	1000
PRCY	ProCye Corporation	Redmond, WA	1000
RENL	REN Corporation - USA	Nashville, TN	1000
SLTN	Solectron Corporation	San Jose, CA	1000
SSPW	Sun Sportswear, Inc.	Kent, WA	1000
CARS	URCARCO, INC.	Fort Worth, TX	1000
YSCO	Yes Clothing Co.	Los Angeles, CA	1000

### NASDAQ National Market Symbol and/or Name Changes

The following changes to the list of NASDAQ National Market securities occurred since October 12, 1989.

New/Old Symbol	New/Old Security	Date of Change
BKUNA/UNSWA	BankUnited, A Savings Bank (CI A)/United Savings Association (CI A)	10/13/89
LUND/LUND	Lund International Holdings, Inc./Lund Enterprises, Inc.	10/20/89
MLOG/ODSI	Microlog Corporation/Old Dominion Systems, Inc.	10/20/89
NVCR/INSP	NovaCare/InSpeech, Inc.	10/20/89
RGCY/RGCY	RELM Communications, Inc./Regency Electronics, Inc.	10/26/89
NATC/INDR	NaTec Resources, Inc./Industrial Resources, Inc.	10/31/89
ENST/KNDR	Enstar Group, Inc. (The)/Kinder-Care, Inc.	11/6/89
ASIAS/AEZNS	Asiamerica Equities, Ltd./Asiamerica Equities, Ltd.	11/10/89
RELY/RELY	Ingres Corporation/Relational Technology, Inc.	11/13/89

### NASDAQ National Market Deletions

Symbol	Security	Date
AIMT	AIM Telephones, Inc.	10/13/89
LDDSW	LDDS Communications, Inc. (Wts)	10/16/89
RDGC	Reading Company	10/16/89
PLNSP	Plain Resources, Inc. (Pfd)	10/18/89
MALTZ	Management Assistance Inc. Liquidating Trust	10/20/89
NUMR	Numerex Corporation	10/20/89
ABQC	ABQ Corporation	10/23/89
PCST	Precision Castparts Corp.	10/23/89
HIBCA	Hibernia Corporation (CI A)	10/26/89
AHSC	American Home Shield Corporation	10/30/89
CRAW	Crawford & Company	10/30/89
LMED	LyphoMed, Inc.	10/30/89
AAHS	Alco Health Services Corporation	11/1/89
CAVN	CVN Companies, Inc.	11/1/89
CFSF	Coast Federal Savings and Loan Association	11/1/89
MFGC	Midwest Financial Group, Inc.	11/1/89
POAIQ	Properties of America, Inc.	11/1/89

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<b>Symbol</b>	<b>Security</b>	<b>Date</b>
MYFRA	Mayfair Super Markets, Inc. (Cl A)	11/2/89
PANQE	Pantera's Corporation	11/2/89
RCBI	Robert C. Brown & Co., Inc.	11/2/89
CNVLZ	City Investing Company Liquidating Trust	11/6/89
HMSS	H.M.S.S., Inc.	11/6/89
RIHL	Richton International Corporation	11/9/89
DYTR	Dyatron Corporation	11/10/89
GPEC	Gruber-Peters Entertainment Company (The)	11/10/89
RHPOY	Rhone-Poulenc S.A.	11/10/89

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.

December 1989

## Disciplinary Actions Reported for December

The 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 Monday, December 4, 1989. The information relating to matters contained in this notice is current as of the 20th of the month preceding the date of the notice. Information received subsequent to the 20th is not reflected in this publication.

### FIRMS EXPELLED, INDIVIDUALS SANCTIONED

**Ashford Securities Corporation (Dallas, Texas), Henry Allan Clasen (Registered Principal, San Antonio, Texas), Jon Edward Lawrence O'Regan (Registered Principal, San Antonio, Texas), and Michael Stuart Snyder (Registered Representative, San Antonio, Texas).** The firm was expelled from membership in the NASD. Clasen was fined \$50,000 and barred from association with any member of the NASD in any capacity. O'Regan was fined \$25,000, suspended from association with any member of the NASD in any capacity for one year, suspended in a principal capacity for one additional year, and required to requalify by examination as a principal. Snyder was fined \$10,000. The sanctions were imposed by the NASD's 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 Clasen sold to investors shares of common stock when such securities were not registered with the Securities and Exchange Commission and were not eligible for any exemption from registration. Clasen executed a demand note payable to a customer as a guarantee against loss for the customer's investment in common stock. In connection with the sale of the aforementioned unregistered securities and demand note, Ashford Securities and O'Regan failed to properly supervise Clasen. Clasen recommended the purchase of securities to a customer without having reasonable grounds for believing that the recommendation was suitable. Also, he failed to follow customers' instructions by purchasing more than the requested amount of stock, without the customers' knowledge or consent. The

firm, acting through O'Regan, recommended the purchase of common stock to a customer without having reasonable grounds for believing that the recommendation was suitable. The firm, acting through Snyder, charged customers unfair commissions and, acting through O'Regan, failed to properly supervise the activities of Snyder in connection with these unfair commissions. Ashford Securities effected transactions in securities while failing to maintain the required minimum net capital. The firm, acting through O'Regan, failed to have its annual audited report prepared by an independent auditor.

This action has been appealed to the Securities and Exchange Commission as to O'Regan, and the sanctions imposed are not effective pending consideration of the appeal.

### FIRMS SUSPENDED, INDIVIDUALS SANCTIONED

**First Capital Equities, Ltd. (Great Neck, New York), David H. Schwartz (Registered Principal, Bay Terrace, New York), and Gilbert T. Perlman (Registered Representative, Great Neck, New York)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which they were fined \$15,000, jointly and severally. The firm was suspended from membership in the NASD for 30 days. Schwartz and Perlman were suspended from association with any member of the NASD in any capacity for 30 days. Without admitting or denying the allegations, they consented to the described sanctions and findings that, in connection with two contingent offerings of limited partnership units, Schwartz and Perlman failed to properly establish escrow agreements that specifically addressed the total number of units, the price

per unit, and the total dollar amount of each offering. Also, the generic escrow agreement covering the two offerings used by the firm contradicted the all-or-none disclosure made in the offering memoranda. Schwartz had signature authority over the partnership's bank accounts and disbursed funds from the accounts before the all-or-none contingency was met through bona fide transactions. The firm, acting through Schwartz and Perlman, failed to disclose in the aforementioned offering memoranda the specific time when the all-or-none contingency had to be met, entered into an arrangement whereby the affiliated general partner of the limited partnerships effected loans to the partnerships relating to units that remained unsold as of the closing date, and failed to assure that bona fide purchasers of the securities paid for their transactions prior to the offering close date. The firm, acting through Schwartz and Perlman, conducted a securities business on several occasions while failing to maintain its required minimum net capital.

**Majestic Securities, Inc. (Palos Verdes, California) and Mark Cameron Majestic (Registered Principal, Palos Verdes, California)** submitted an Offer of Settlement pursuant to which they were fined \$10,000, jointly and severally. Majestic Securities was suspended from membership for 30 days, and Mark Majestic was suspended from association with any member of the NASD in any capacity for 30 days and required to requalify by examination before acting as a general securities principal. Without admitting or denying the allegations, Majestic Securities and Mark Majestic consented to the described sanctions and findings that the firm, acting through Majestic, offered and sold shares of common stock listed on a foreign stock exchange to at least 27 public customers while the stock was subject to a cease-trade order and had been delisted from trading by the relevant foreign stock exchange. In connection with the offer and sale of these securities, the firm, acting through Majestic, failed to inform investors of certain material facts; failed to transmit certificates representing ownership of the shares to these public customers in a timely manner; failed to promptly transmit customer funds received in connection with its sales of these securities; and failed to preserve all check books, cancelled checks, and cash reconciliations relating to its conduct of a securities business

during a period from October 1986 through December 1987.

#### **FIRMS FINED, INDIVIDUALS SANCTIONED**

**Advest, Inc. (Columbus, Ohio) and Steven Thomas Darson (Registered Representative, Worthington, Ohio).** Advest, Inc., was fined \$15,000 and required to amend its supervisory procedures, and Darson was fined \$27,500 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Darson solicited and sold to customers, in at least 17 transactions, investment company shares below the breakpoints for the purpose of generating higher commissions. He also failed to make adequate disclosure to customers regarding available savings on sales loads by purchasing shares above the breakpoints. The firm failed to enforce written supervisory procedures concerning the aforementioned transactions. Also, Darson withheld and misappropriated to his own use \$12,228.66, representing customer funds, all without the knowledge or consent of the customers.

**Bottom Line Securities, Inc. (Springfield, Massachusetts), Robert M. Marsano (Registered Representative, West Springfield, Massachusetts), and Gerald W. Nannen (Registered Representative, East Long Meadow, Massachusetts)** submitted an Offer of Settlement pursuant to which Bottom Line Securities and Nannen were fined \$25,000, jointly and severally. Nannen is required to requalify by examination as a financial and operations principal, and Marsano was fined \$25,000 and required to requalify by examination as a financial and operations principal. Without admitting or denying the allegations, they consented to the described sanctions and findings that, in connection with the sale of limited partnership units, Marsano and Nannen closed the offering and disbursed funds from escrow when units remained unsold, contrary to the contingency established in the offering memorandum. Certain investor checks received in payment for subscriptions were not made payable to the escrow agent. Also, the firm, acting through Marsano and Nannen, engaged in a securities business while it failed to maintain the required minimum net capital.

**Jesup & Lamont Securities Co., Inc. (New York, New York) and William Welsh (Registered Representative, New York, New York)** submitted



an Offer of Settlement pursuant to which the firm was fined \$50,000 and ordered to comply with certain supervisory, compliance, and training procedures. Welsh was fined \$12,000 and required to qualify by examination as a general securities principal. Without admitting or denying the allegations, the firm and Welsh consented to the described sanctions and findings that the firm, acting through Welsh, failed to comply with the rules of the Small Order Execution System (SOES) by: (1) executing 68 transactions through SOES that were originally part of larger orders and were divided to circumvent the maximum-size limitations of SOES; (2) executing one order for Welsh's account when Welsh had access to a SOES terminal and was therefore prohibited from using SOES for execution of orders for his own use; (3) executing 37 transactions through SOES for firm proprietary accounts; (4) and dividing certain of these 37 transactions into smaller parts for purposes of meeting the SOES size limits. Also, the firm failed to establish, maintain, and enforce written procedures that would have enabled it to properly supervise the activities of associated persons to assure compliance with SOES rules. As part of the offer, the firm agreed to certain undertakings designed to improve the firm's supervision in the SOES area, including the retention of a full-time compliance officer, and the designation of a registered general securities principal to supervise the firm's SOES participation.

**Life Planning, Inc. (Garden City, New York), David E. Altschuler (Registered Principal, Carle Place, New York), and Howard Bash (Registered Representative, Brooklyn, New York)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm and David Altschuler were fined \$15,000, jointly and severally. Howard Bash was fined \$5,000 and suspended from association with any member of the NASD in any capacity for five business days. Without admitting or denying the allegations, they consented to the described sanctions and findings that, with regard to the distribution of securities, the firm, acting through Bash, sold shares that traded at a premium in the immediate aftermarket to a customer who was registered with another NASD member in contravention of the Interpretation of the Board of Governors with respect to "Free-Riding and Withholding." The firm, acting through Altschuler, failed to report the above sale on the

NASD's Free-Riding and Withholding Questionnaire. The firm, acting through Bash, sold shares of stock to a customer in states where the new issue had not been registered pursuant to state securities laws and knowingly allowed the customers to create new addresses because their residences were in a restricted state. The firm, acting through Altschuler, provided additional compensation to registered representatives who sold or distributed shares of particular investment companies in the form of an expense-paid educational seminar in Jamaica sponsored by the particular investment companies. Also, the firm, acting through Altschuler, failed to establish and maintain adequate written supervisory procedures.

**M.D. Advisors, Inc. (Oakland, California) and Matthew Alexander DeStaffany (Registered Principal, Pleasant Hill, California)** were fined \$18,000, jointly and severally. The sanctions were based on findings that the firm, acting through DeStaffany, failed to file its annual audited financial statements for three years in a timely manner; in connection with these filings, failed to include an audited net capital computation, a reconciliation of an audited net capital computation with an unaudited net capital computation on FOCUS Part IIA; a report describing any material inadequacies; and failed to have its audit performed and its financial statements certified by an independent public accountant. Also, the firm, acting through DeStaffany, received investors' funds related to the sale of six limited partnerships and failed to deposit them into an escrow account, as required by its voluntary restrictive agreement with the NASD and SEC Rule 15c2-4.

**Turcan Financial Group, Inc. (Rye, New York) and Jerry Turcan (Registered Principal, Rye, New York)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which they were fined \$10,000, jointly and severally. Turcan was suspended from association with any member of the NASD as a registered representative for two months. Also, he was suspended as a general securities principal and financial and operations principal for two years and required to requalify by examination as such. Without admitting or denying the allegations, they consented to the described sanctions and findings that the firm, acting through Turcan, conducted a securities business on four separate occasions while it failed to maintain the required minimum net capital. Also, the firm, ac-

ting through Turcan, filed inaccurate FOCUS Part I and IIA reports.

### FIRMS FINED

**J.T. Moran & Co., Inc. (New York, New York)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm was fined \$15,000 and agreed to certain supervisory and training procedures. Without admitting or denying the allegations, the firm consented to the described sanctions and findings that during the periods July through September 1988, and November 1988 through May 1989, the firm failed to comply with the Small Order Execution System (SOES) rules. Moran executed 55 transactions through SOES in NASDAQ securities in which the firm was a registered market maker but not a registered SOES market maker, and entered two orders through SOES that were not agency orders given that the two orders were executed for the firm's error account. Also, the firm failed to properly maintain and enforce supervisory procedures to assure compliance with the SOES rules.

**Spear, Leeds & Kellogg (New York, New York)** submitted an Offer of Settlement pursuant to which the firm was fined \$25,000. Without admitting or denying the allegations, the firm consented to the described sanctions and findings that it failed to comply with the Small Order Execution System (SOES) rules, which require that only agency orders received from public customers may be executed through the SOES system. Through SOES, the firm executed 140 transactions for the accounts of broker-dealers and one transaction for the firm's error account. The firm also failed to establish, maintain, and enforce written procedures to enable it to properly supervise to ensure compliance with the SOES rules.

### INDIVIDUALS BARRED OR SUSPENDED

**Nathaniel M. Berry (Registered Representative, Philadelphia, Pennsylvania)** was fined \$15,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Berry failed to respond to the NASD's requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

**Richard M. Brucki (Financial and Operations Principal, Little Rock, Arkansas)** submitted an Offer of Settlement pursuant to which he was

fined \$2,500 and suspended from association with any member of the NASD as a financial and operations principal for three weeks. Without admitting or denying the allegations, Brucki consented to the described sanctions and findings that, while acting on behalf of his member firm, he failed to make the required deposit to its special reserve bank account for the exclusive benefit of customers.

**Gary A. Camarano (Registered Representative, Park Ridge, Illinois)** submitted an Offer of Settlement pursuant to which he was fined \$7,500 and suspended from association with any member of the NASD in any capacity for 30 days. Without admitting or denying the allegations, Camarano consented to the described sanctions and findings that he effected transactions in a customer's account and failed properly to identify the account as that of his spouse. In this account, Camarano also purchased 75 shares of a new issue that traded at a premium in the immediate aftermarket, in contravention of the Interpretation of the Board of Governors with respect to Free-Riding and Withholding.

**Dominick DiStasi (Registered Representative, Iselin, New Jersey)** was fined \$4,000 and suspended from association with any member of the NASD in any capacity for five business days. The sanctions were based on findings that DiStasi executed the purchase and sale of securities in a public customer's account without the knowledge or consent of the customer.

**Gerald M. Fitzgerald (Registered Principal, Denver, Colorado)** was fined \$5,000, jointly and severally with his member firm, and suspended from association with any member of the NASD in any capacity for 60 business days, pursuant to a decision of the District Business Conduct Committee for District 3, dated July 12, 1989. The sanctions were based on findings that a member firm, acting through Fitzgerald, caused 39 customer account records to reflect inaccurate addresses in order to circumvent state securities laws in connection with the distribution of securities.

**Peter F. Gaffney (Registered Representative, Jersey City, New Jersey)** 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 105 calendar days. Without admitting or denying the al-

legations, Gaffney consented to the described sanctions and findings that he entered 61 fictitious trade reports into the NASDAQ System, at or near the close of the trading day, in six securities during a period from October 1, 1988, through November 16, 1988.

**Joseph Gennaco (Registered Representative, Winthrop, Massachusetts)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$5,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Gennaco consented to the described sanctions and findings that he made improper use of \$14,949.22 of customer funds by depositing the funds into an account that he controlled.

**Frank Roy Grillo (Registered Representative, Flushing, New York)** submitted an Offer of Settlement 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, Grillo consented to the described sanctions and findings that, on several occasions, he misused customer funds. At the direction of customers, he purchased shares of stock for three customer accounts and received \$7,000 in payment for the transactions. When the trades were subsequently cancelled, checks representing the free credit balances in the accounts were issued to the customers. Grillo then deposited these checks into his member firm's bank account. In 17 instances, customers purchased securities and paid for them with checks or money orders that Grillo deposited into the general operating account of his member firm instead of transmitting the funds to his member firm's clearing broker. The funds remained in his member firm's account for periods ranging from 2 to 20 days. In payment for securities purchased for a customer's account, Grillo deposited a \$2,000 check from the customer into an account of a firm that had a financial relationship with his member firm.

**Richard Wallace Humphries (Registered Principal, San Francisco, California)** was fined \$374,300 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Humphries received \$5,000 from a public customer for the purchase of a certificate of deposit, deposited the funds into his member firm's account, and then misappropriated the funds to his own use and

benefit. Humphries forged the signature of a customer on eight cash-surrender requests against life insurance policies owned by the customer. After submitting the requests to the issuer of the policies, he received checks totalling \$100,490.47 that were deposited into his member firm's bank account and then converted the proceeds to his own use and benefit. In order to receive higher sales charges, Humphries sold shares of a mutual fund to a customer in an amount just below the point at which the sales charge would have been reduced, in contravention of the Interpretation of the Board of Governors with respect to Breakpoint Sales. In two instances, Humphries sold shares of mutual funds to a customer and failed to provide a letter of intent to the respective fund reflecting that the customer either intended to purchase more of the fund or had previously purchased shares in the fund. Also, in connection with the above activities, he received \$56,675 in excess commissions and refused to return the funds. In addition, Humphries engaged in a securities business prior to the effectiveness of his member firm's membership in the NASD.

**Peter Pietro Iadanza (Registered Representative, Jamaica, New York)** was fined \$22,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Iadanza submitted a change of address form for a customer that listed a false address without the customer's knowledge or consent; bought and sold securities in this same customer's account without the customer's knowledge or consent; and sent to the customer a false confirmation reflecting the cancellation of a sale and a false statement that inaccurately reflected the account's securities position and money balance.

**Stanley James, Jr. (Registered Representative, DeSoto, Texas)** was fined \$10,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that James obtained checks from a customer totalling \$2,728.68 for the purchase of securities and, without the customer's knowledge or consent, converted the funds to his own use and benefit.

**Arthur A. Mai (Registered Representative, Minneapolis, Minnesota)** submitted an Offer of Settlement pursuant to which he was fined \$10,000, suspended from association with any member of the NASD in any capacity for one year,

and required to requalify by examination. Without admitting or denying the allegations, Mai consented to the described sanctions and findings that he sold shares of common stock to investors without giving his member firm prior written notice of his intention to participate in private securities transactions.

**Thomas Edward Malone (Registered Representative, San Antonio, Texas)** was fined \$50,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Malone received a \$24,281.47 check payable to a public customer, representing the proceeds from the sale of securities. Without the customer's endorsement on the check, Malone deposited the check in his personal checking account and converted the funds to his own use and benefit. Malone also failed to respond to the NASD's requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

**Calvin Mayfield (Associated Representative, Arlington, Texas)** was fined \$10,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Mayfield obtained checks totalling \$650 representing proceeds of loans against insurance policies held by public customers and, without the knowledge or consent of the customers, converted the funds to his own use and benefit.

**Fred P. Mazzeo (Registered Principal, Old Westbury, New York)** submitted an Offer of Settlement pursuant to which he was fined \$5,000 and suspended from association with any member of the NASD in any capacity for five business days. Without admitting or denying the allegations, Mazzeo consented to the described sanctions and findings that, acting on behalf of his member firm, he permitted a person to become associated with the firm when that person was subject to a statutory disqualification and barred from association with any broker-dealer.

**Keith B. McDaniel (Registered Representative, McKeesport, Pennsylvania)** was fined \$15,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that McDaniel failed to respond to the NASD's requests for information, made pursuant to Article IV, Section 5 of the Rules of Fair Practice, concerning his termination from a

member firm.

**Alan J. Meyers (Registered Representative, Riverside, Connecticut)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$7,500 and suspended from association with any member of the NASD in any capacity for five days. Without admitting or denying the allegations, Meyers consented to the described sanctions and findings that, on three separate occasions, he placed purchase orders for common stock for the accounts of public customers without their knowledge or consent.

**Charles R. Miller, Jr. (Registered Representative, Sterling Heights, Michigan)** was fined \$15,000 and barred from association with any member of the NASD in any capacity. The sanctions were imposed by the NASD's 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 Miller demanded \$40,000 as a condition of employment as Miller's sales assistant from a person seeking employment with Miller's member firm. Miller received the \$40,000 from an account at his member firm maintained by the parents of the prospective employee.

**Linda M. Nesheim (Registered Representative, Little Rock, Arkansas)** and **Stephen C. Love (Registered Representative, Waynesburg, Pennsylvania)** submitted an Offer of Settlement pursuant to which Nesheim was fined \$5,000 and suspended from association with any member of the NASD in any capacity for three weeks. Love was fined \$10,000 and suspended from association with any member of the NASD in any capacity for two years. Without admitting or denying the allegations, they consented to the described sanctions and findings that Nesheim and Love failed to disclose to their member firm that they agreed to share in losses incurred in a customer's account, and failed to disclose that they had transmitted cash and a personal check to a customer to partially cover losses incurred from securities transactions. By concealing this arrangement and their financial contributions to the account, they caused the falsification of their member firm's books and records. Love opened an account for another customer but failed to disclose to his member firm that he agreed to contribute his own funds to the account. He also failed to disclose to his member firm that he transmitted cash to the account, and

failed to record the arrangement he had with the customer on his member firm's books and records. Love failed to disclose to a public customer that certain purchase and sale transactions in U.S. government securities were at prices not reasonably related to the current market and that the transactions represented a practice known as adjusted trading. Love failed to reflect on the firm's books and records that the adjusted purchase price was conditioned upon a subsequent sale at a further adjusted price. Love imposed an excessive markup on the sale of \$9,901,718 par value U.S. government securities to a public customer. Also, Love failed to respond to the NASD's written requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

**Carl Puma (Registered Representative, Staten Island, New York)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$10,000 and suspended from association with any member of the NASD in any capacity for one year. Without admitting or denying the allegations, Puma consented to the described sanctions and findings that he deposited eight customer checks, totalling \$4,909.52, into his personal checking account and thereafter did not apply the funds for the purpose for which they were intended.

**Joel R. Renert (Registered Representative, Cold Spring Harbor, New York)** and **Arthur W. Weisberg (Registered Representative, Mt. Kisco, New York)**. Renert was fined \$15,000 and suspended from association with any member of the NASD in any capacity for five days. Weisberg was fined \$10,000 and suspended from association with any member of the NASD in any capacity for five days. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision rendered by the District Business Conduct Committee for District 12. The sanctions were based on findings that Renert and Weisberg engaged in a practice through which they traded municipal bonds between their member firms, and in personal accounts maintained at their member firms, at prices that were unfair and detrimental to their member firms in relation to the prevailing market conditions.

**Winston F. Shade (Registered Representative, New Bern, North Carolina)** was fined \$5,000 and barred from association with any member of the NASD in any capacity. The sanctions

were based on findings that Shade caused a \$1,500 check to be issued against the securities account of a customer and sent the check to that customer in partial payment for money that he had borrowed from the customer.

**Robert Gerhard Smith (Registered Representative, Carson City, Nevada)** submitted an Offer of Settlement pursuant to which he was suspended from association with any member of the NASD in any capacity for two years. Without admitting or denying the allegations, Smith consented to the described sanctions and findings that he forged the signatures of public customers to letters authorizing the transfer of a total of \$3,335.63 out of customers' accounts and converted the funds to his own use and benefit.

**Gerard A. Spelman (Registered Representative, Pompano Beach, Florida)** was fined \$3,000, suspended from association with any member of the NASD in any capacity for 10 business days, and must requalify by examination upon his re-entry to the securities industry. The sanctions were based on findings that Spelman executed or caused to be executed six municipal-securities sales transactions but failed to transmit order tickets for these transactions to the operations department of his member firm.

**Timothy Stockton (Registered Representative, San Diego, California)** submitted an Offer of Settlement pursuant to which he was fined \$90,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Stockton consented to the described sanctions and findings that he received approximately \$94,400 from two public customers for investment purposes, and converted \$60,700 of the funds to his own use and benefit. Stockton also received \$9,982 from another public customer for investment purposes, failed to invest or return such funds, and instead converted the funds to his own use and benefit.

**Thomas J. Sullivan (Registered Representative, Greenwich, Connecticut)** submitted an Offer of Settlement pursuant to which he was barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Sullivan consented to the described sanctions and findings that he failed to respond to the NASD's requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

**Paul D. Venarchick (Registered Representative, Danville, Pennsylvania)** was fined \$25,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Venarchick received \$2,500 from a public customer for the purchase of a life insurance policy and converted the sum to his own use and benefit. Venarchick forged endorsements on several checks totalling \$8,424.13 drawn to public customers and converted the checks to his own use and benefit.

**William Joseph Watts (Registered Representative, Revere, Massachusetts)** submitted an Offer of Settlement pursuant to which he was fined \$10,000. Without admitting or denying the allegations, Watts consented to the described sanctions and findings that he permitted certain securities transactions to be effected between his account and the trading account of his member firm at prices which were unfair and detrimental to his member firm in relation to the prevailing market conditions.

**David Andrew Wheeler (Registered Representative, McQueeney, Texas)** 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 30 days. Without admitting or denying the allegations, Wheeler consented to the described sanctions and findings that he executed transactions in the accounts of two customers without their knowledge or consent.

**FIRMS EXPELLED FOR FAILURE TO PAY FINES AND COSTS IN CONNECTION WITH VIOLATIONS**

**CDA Securities, Inc., Spokane, Washington  
Randolph Brown Securities Corporation,**

**New York, New York  
Traiger Energy Investments, Encino, California  
V.H. Costello Securities, Inc., Spokane, Washington**

**INDIVIDUALS WHOSE REGISTRATIONS WERE REVOKED FOR FAILURE TO PAY FINES AND COSTS IN CONNECTION WITH VIOLATIONS**

**Richard C. Anderson, Greenville, South Carolina  
Gregory A. Blaine, Golden, Colorado  
Randolph Brown III, Atlanta, Georgia  
Norman L. Chapa, Houston, Texas  
Andre J. Charitat, New Orleans, Louisiana  
John Coghlan, Spokane, Washington  
Vicki Costello, Spokane, Washington  
Andrew R. Cox, Fairfax, Virginia  
Joseph C. Dawson, Pawtucket, Rhode Island  
Linda L. Demeter, Vernon Hills, Illinois  
Michael T. Fearnow, Houston, Texas  
Richard C. Ferris, Phoenixville, Pennsylvania  
Scott M. Fridlund, Fargo, North Dakota  
Daniel M. Gath, Chicago, Illinois  
Richard Grado, Staten Island, New York  
Walter Heyman, Salt Lake City, Utah  
Glenn E. Jackel, Southport, Connecticut  
Bernard J. Murray, Mt. Clemens, Michigan  
Nicholas A. Petrarca, Baldwin, New York  
Arthur J. Porcari, Houston, Texas  
Stephen J. Rozinski, Denver, Colorado  
Russell I. Teel, Benton, Kansas  
Joe D. Thompson, Waukesha, Wisconsin  
Michael A. Traiger, Encino, California  
Maurice L. Wernert, Gretna, Louisiana**

# Notice To Members

National Association of Securities Dealers, Inc.

December 1989

## Mississippi Proposes Overhaul of Securities Administrative Rules

Mississippi has proposed a complete revision of its administrative rules governing securities. The target effective date of the changes is mid-January 1990.

To obtain a copy of the proposed rules or com-

ment on them, contact Tammy Harthcock, Staff Attorney, Mississippi Securities Division, Office of the Secretary of State, 401 Mississippi Street, Jackson, Mississippi 39201, or call her at (601) 359-1350.

## Idaho Increases Registration Fees Effective January 1

Effective January 1, 1990, the Idaho Securities Commission will increase registration fees. The new agent fees for initial registration and transfer will be \$20. The broker-dealer registration fee will rise to \$100.

Since year-end renewal calculations on the Central Registration Depository preclude new registration approvals, any Forms BD and/or

Forms U-4 that are not processed on or before December 22, 1989, will reflect a registration date of January 1, 1990, or later. Because of a policy decision by Idaho, these registrations will therefore be assessed the new fees.

If you have questions or need more information regarding these changes, please contact NASD Information Services at (301) 590-6500.

## Site and Dates Changed for Series 7 Examinations

### Atlanta Site Change

The December 16, 1989, Series 7 examination in Atlanta will be held at Marriott Marquis Hotel, 265 Peachtree Center Avenue, Atlanta, Georgia.

### December and January Date Changes

Because of unexpected circumstances, the December third Saturday Series 7 examination sessions in the District of Columbia and Rochester,

New York, will be conducted December 9, 1989. The January third Saturday Series 7 examination session in Great Falls, Montana, will be conducted January 13, 1990. The January first Saturday examination session in Puerto Rico has been changed to January 13, 1990.

For information on examinations, locations, or dates, call NASD Information Services at (301) 590-6500.