

# Notice To Members

National Association of Securities Dealers, Inc.

April 1992

## Number 92-21

### Suggested Routing:\*

- |   |  |  |   |
|---|--|--|---|
| <input checked="" 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 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           |

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

### Subject: SOES Tier Levels to Change for 431 Issues on May 4, 1992

On June 30, 1988, the maximum Small Order Execution System (SOES) order size for all Nasdaq National Market securities was established as follows:

- A 1,000-share maximum order size was applied to those Nasdaq National Market securities that had an average daily nonblock volume of 3,000 shares or more a day, a bid price that was less than or equal to \$100, and three or more market makers.

- A 500-share maximum order size was applied to those Nasdaq National Market securities that had an average daily nonblock volume of 1,000 shares or more a day, a bid price that was less than or equal to \$150, and two or more market makers.

- A 200-share maximum order size was applied to those Nasdaq National Market securities that had an average daily nonblock volume of less than 1,000 shares a day, a bid price that was less than or equal to \$250, and less than two market makers.

These order-size tiers were set by the NASD after extensive research and polling of all Nasdaq National Market market makers. The purpose of establishing these tiers was to provide public investors with the most efficient means of handling their small orders while ensuring that market makers were not required to assume unrealistic risks

under the new mandatory SOES participation rules.

At the time of their establishment, the NASD Trading Committee and Board of Governors decided that the tier levels applicable to each security would be reviewed periodically to determine if the trading characteristics of the issue had changed so as to warrant a SOES tier-level move. Such a review was conducted as of December 31, 1991, using the aforementioned formula and fourth-quarter trading data. The results of this review were analyzed by the SOES Subcommittee and the NASD Trading Committee, which recommended that changes in SOES tier levels should be implemented per the formula calculation with the exception that an issue would not be permitted to move more than one level.

To further explain, if an issue previously was categorized in the 200-share tier, it would not be permitted to move to the 1,000-share tier even if the formula calculated that such a move was warranted. The issue could move only one level to the 500-share tier as a result of any single review. Likewise, a security previously assigned to the 1,000-share tier could move only to 500 shares, regardless of the formula calculation. During the most recent review, 26 issues were affected by this change. In adopting this policy, the Committee was attempting to minimize market-maker exposure on issues for which the tier level increased

and to maintain adequate public investor access on issues for which the tier level decreased.

The committee also recognized that the formula used to assign the tier levels cannot always accurately reflect the trading characteristics for each issue. As such, market makers are reminded that the SOES Subcommittee will review on a case-by-case basis suggested tier-level

changes if a significant number of market makers in that issue believe such a change is warranted. For more information regarding this process, please contact Nasdaq Market Listing Qualifications at (202) 728-8039.

Following is a list of the Nasdaq National Market issues that will require a SOES tier-level change on May 4, 1992.

### NASDAQ/NMS SOES CHANGES

#### All Issues in Alphabetical Order by Name

Symbol	Company Name	Old Tier Level	New Tier Level	Symbol	Company Name	Old Tier Level	New Tier Level
<b>A</b>				BOMS	BANCORP OF MISS INC	500	200
SKFRY	A B SKF ADR	500	200	GRAN	BANK OF GRANITE	200	500
ACMTA	ACMAT CORP CL A	500	200	ASAL	BANKATLANTIC FSB	200	500
AEPI	AEP INDS INC	1000	500	VMLPZ	BANYAN MTGE LP UTS	500	1000
AESC	AES CORP (THE)	500	1000	BPILF	BASIC PET INT'L LTD	1000	500
APGI	A P GREEN INDS	500	1000	BNHN	BENIHANA NAT'L CORP	500	1000
ARON	AARON RENTS INC	1000	500	BGENW	BIOGEN INC WTS	500	1000
ABRI	ABRAMS INDS INC	500	200	BLIS	BLISS & LAUGHLIN INDS	200	500
ACET	ACETO CORP	500	1000	BORAY	BORAL LTD ADR	200	500
ADGE	ADAGE INC	1000	500	BOST	BOSTON DIGITAL CORP	500	1000
AROS	ADVANCE ROSS CORP	500	1000	BLVD	BOULEVARD BANCORP	1000	500
AHLDY	AHOLD LTD ADR	200	500	BTSB	BRAINTREE SAV BK (THE)	200	500
ATNG	ALATENN RESOURCES	1000	500	BRDN	BRANDON SYSTEMS CORP	500	200
ALKS	ALKERMES INC	200	500	BRDL	BRENDLE'S INC	500	1000
SEMI	ALL AMER SEMICONDOR	500	1000	BRID	BRIDGFORD FOODS CORP	200	500
AORGB	ALLEN ORGAN CO CL B	500	200	BMTC	BRYN MAWR BK CORP	500	1000
ALET	ALOETTE COSMETICS	1000	500	<b>C</b>			
AFIL	AMER FILTRONA CORP	200	500	CASH	C A SHORT INT'L INC	1000	500
ANUC	AMER NUCLEAR CORP	1000	500	CERB	CERBCO INC	1000	500
ARBC	AMER REPUBLIC BNCP	1000	500	CFSB	CFSB BANCORP INC	500	1000
AMWD	AMER WOODMARK CORP	500	1000	CORR	COR THERAPEUTICS	200	500
AINVS	AMERIBANC INVEST SBI	500	1000	CPBI	CPB INC	500	1000
AMTA	AMISTAR CORP	200	500	CSFCB	CSF HLDGS INC CL B	200	500
AATI	ANALYSIS TECHNOLOGY	1000	500	CSPI	CSP INC	500	1000
ANDR	ANDERSEN GROUP INC	500	200	CWTR	CAL WATER SVC CO	1000	500
ARSD	ARABIAN SHIELD DEV	500	1000	CABI	CALIFORNIA BANCSHARE	200	500
AGII	ARGONAUT GROUP INC	500	1000	CYNRW	CANYON RES CORP WTS	200	500
ASBK	ASPEN BANCSHARES INC	500	1000	CCBT	CAPE COD BK TR CO	1000	500
ATRO	ASTRONICS CORP	500	1000	CAFS	CARDINAL FIN GRP	200	500
ATKM	ATEK METALS CENTER	200	500	CAREW	CARE GRP INC WTS 92	500	1000
AAME	ATLANTIC AMER CORP	500	1000	CNTOW	CENTOCOR INC WTS 94	500	1000
ASHBY	AUTOMATED SEC ADR	500	1000	KOKO	CENTRAL INDIANA BNCP	500	1000
<b>B</b>				CPSA	CENTRAL PENN FIN CORP	200	500
BFSI	BFS BANKORP INC	500	200	CEPH	CEPHALON INC	500	1000
BGSS	BGS SYSTEMS INC	1000	500	CHTT	CHATTEM INC	500	1000
BMJF	BMJ FINANCIAL CORP	500	1000	CHFC	CHEMICAL FIN CORP	200	500
BMRG	BMR FIN GP INC	200	500	CDCRA	CHILDREN'S DIS CTRS CL A	200	500
BNHB	BNH BKSHS INC	500	1000	DOSEW	CHOICE DRUG SYS WTS	500	1000
BTFC	BT FINANCIAL CORP	200	500	CFNE	CIRCLE FINE ART CORP	1000	500
BTRI	BTR REALTY INC	1000	500	CRCL	CIRCLE FIN CORP	200	500
BPMI	BADGER PAPER MILLS	500	200	CSYI	CIRCUIT SYSTEMS INC	1000	500
BPAO	BALDWIN PIANO & ORGAN	1000	500	CIVC	CIVIC BANCORP	500	1000
BTEK	BALTEK CORP	200	500	CTRIS	CLEVETRUST RLTY SBI	200	500
BONEO	BANC ONE CORP PFD C	500	1000	CGAS	CLINTON GAS SYS	500	1000
				COBK	CO-OP BK CONCORD (THE)	500	1000

Notice to Members 92-21

Symbol	Company Name	Old Tier Level	New Tier Level	Symbol	Company Name	Old Tier Level	New Tier Level
CFFS	COLUMBIA FIRST BK	500	1000	FRCC	FIRST FIN CARIB CORP	500	1000
CBNB	COMMERCE BANCORP	1000	500	FIBI	FIRST INTER-BANCORP	1000	500
CBOCA	COMML BNCP COLORADO CL A	200	500	FLFC	FIRST LIBERTY FIN	500	1000
CABL	COMM CABLE INC	1000	500	FRME	FIRST MERCHANTS CORP	200	500
CBNH	COMMUNITY BANKSHARES	200	500	FMSB	FIRST MUTUAL SAV BK	200	500
CBSI	COMMUNITY BK SYSTEM	200	500	FBAC	FIRST NAT'L BNCP GA	500	1000
CFBX	COMMUNITY FIRST BKSH	500	1000	FNPC	FIRST NAT'L PENN CORP	500	1000
CPTD	COMPUTER DATA SYS	500	1000	FNGB	FIRST NORTHERN SAV BK	200	500
CFIB	CONSOLIDATED FIBRES INC	200	500	FOBBA	FIRST OAK BROOK CL A	500	200
COOL	COOPER DEVELOPMENT	1000	500	FABKN	FIRST OF AMER PFD E	1000	500
CSLH	COTTON STATES LIFE	500	200	FRST	FIRST TIER FIN INC	500	1000
CRCC	CRAFTMATIC/CONTOUR	1000	500	FLGLA	FLAGLER BANK CORP CL A	500	200
CMBK	CUMBERLAND FED BNCP	500	1000	FLAEF	FLORIDA EMPLOYERS' INS CO	500	200
CUNB	CUPERTINO NAT'L BNCP	200	500	FSVB	FRANKLIN BK NAT ASSN	1000	500
CYBE	CYBEROPTICS CORP	500	1000	FSVBW	FRANKLIN BK NAT WTS	500	200
CYGN	CYGNUS THERAPEUTIC	500	1000	FELE	FRANKLIN ELECTRIC CO	500	1000
CYTOP	CYTOGEN CORP PFD	500	200				
<b>D</b>				<b>G</b>			
DNAPP	DNA PLANT TECH PFD	500	1000	GMIS	GMIS INC	500	1000
DSCC	DATASOUTH COMPUTER	500	1000	GBAN	GATEWAY BANCORP INC	200	500
DAVX	DAVOX CORP	500	1000	GBND	GEN BINDING CORP	1000	500
DEER	DEERBANK CORP	500	200	GCOR	GENCOR INDS INC	200	500
DOCP	DELAWARE OTSEGO CORP	500	200	GENIP	GENETICS INSTIT PFD	1000	500
DLFI	DELPHI FIN GRP CL A	200	500	GENIW	GENETICS INSTIT WTS	200	500
DGAS	DELTA NATURAL GAS	500	1000	GBCI	GLACIER BANCORP	200	500
DTRX	DETREX CORP	500	1000	GLTX	GOLDTEX INC	200	500
DIAN	DIANON SYSTEMS INC	500	1000	GSBI	GRANITE STATE BKSHS	200	500
DCPI	DICK CLARK PROD INC	1000	500	GLBCP	GREAT LAKES PFD A	200	500
DOUG	DOUGLAS AND LOMASON	200	500	GRIF	GRIFFIN TECHNOLOGY	200	500
DREW	DREW INDS INC	500	1000	GROV	GROVE BANK	200	500
DRCO	DYNAMICS RESEARCH CORP	500	1000	GBSI	GWINNETT BANCSHARES	500	200
<b>E</b>				<b>H</b>			
EACO	EA ENGRG SCI TECH	1000	500	HDRP	HDR POWER SYS INC	200	500
EMCI	EMC INSURANCE GP	1000	500	HHOT	H&H OIL TOOL CO INC	500	200
EROQ	ENVIROQ CORP	1000	500	HAKO	HAKO MINUTEMAN INC	500	200
VFBK	EASTERN BANCORP INC	500	1000	HALL	HALL FIN GRP INC	500	1000
ETEX	EASTEX ENERGY INC	500	1000	HBHC	HANCOCK HLDG CO	200	500
EAVN	EATON VANCE CORP	500	1000	HAVT	HAVERTY FURNITURE	500	1000
EDCO	EDISON CONTROL CORP	500	200	HWKN	HAWKINS CHEMICAL INC	500	1000
ELRC	ELECTRO RENT CORP	200	500	HTHR	HAWTHORNE FINANCIAL	500	1000
ELMF	ELM FIN SERVICES	500	1000	HCCO	HECTOR COMM CORP	200	500
ENNI	ENERGYNORTH INC	500	1000	HELX	HELIX TECHNOLOGY INC	500	1000
ESCA	ESCALADE INC	500	1000	HERS	HERITAGE FIN SVC IL	1000	500
EVGN	EVERGREEN BANCORP	1000	500	HIFS	HINGHAM INST SAVING	1000	500
<b>F</b>				HBENB	HOME BENEFICIAL CORP CL B	1000	500
FSCC	F&C BANCSHARES INC	500	1000	HFMD	HOME FED CORP	200	500
FMNT	F AND M NATIONAL CORP	1000	500	HFSF	HOME FED FIN CORP	500	200
FDPC	FDP CORP	1000	500	HFET	HOME FINANCIAL CORP	500	1000
FMCO	FMS FINANCIAL CORP	200	500	HPBC	HOME PORT BNCP INC	500	1000
FRPP	FRP PROPERTIES INC	500	200	HOME	HOMEDCO GRP INC	200	500
FICI	FAIR ISAAC AND CO	500	1000	HTWN	HOMETOWN BNCP INC	200	500
FLOG	FALCON OIL & GAS CO	200	500	HOSP	HOSPOSABLE PROD INC	1000	500
FEDF	FEDERATED BK S S B	500	1000	HUFK	HUFFMAN KOOS INC	1000	500
FSVA	FIDELITY SAV BANK	200	500	HYBDW	HYCOR BIOMEDICAL WTS	500	1000
FBII	FIRST BANCORP INDIANA	200	500	HYDE	HYDE ATHLETIC INDS	500	200
FCHT	FIRST CHATTANOOGA	500	200	<b>I</b>			
FCIT	FIRST CITIZENS FIN	200	500	IIVI	II-VI INC	500	1000
FFAL	FIRST FED ALABAMA	200	500	ILIOW	ILIO INC WTS 92	500	1000
FFES	FIRST FED S&L HARTFORD	500	1000	INRD	INRAD INC	500	200
				INAC	INACOM CORP	500	1000

Notice to Members 92-24

Symbol	Company Name	Old Tier Level	New Tier Level	Symbol	Company Name	Old Tier Level	New Tier Level
INDB	INDEP BK CORP MA	500	200	MIDS	MID-SOUTH INS CO	500	1000
INHO	INDEPENDENCE HLDG CO	500	1000	MSSB	MID-STATE FED SAV BK	1000	500
ITCC	INDUSTRIAL TRAINING	500	200	MIDC	MIDCONN BANK	500	1000
INSMA	INSITUFORM MIDAMER CL A	500	1000	MSEX	MIDDLESEX WATER CO	200	500
ICST	INTEGRATED CIRCUIT	500	1000	SHOEZ	MILLFELD TRADING WTS A	1000	500
ICBK	INTERCONTINENTAL BK	200	500	SHOEW	MILLFELD TRADING WTS	500	200
IGHC	INTERGROUP HEALTHCARE	500	1000	MILT	MILTOPE GROUP INC	1000	500
INTP	INTERPOINT CORP	1000	500	MILW	MILWAUKEE INS GROUP	500	200
ICSI	INT'L CONTAINER SYS	1000	500	MMDI	MOMENTUM DISTRIB	200	500
ITHB	ITHACA BANCORP INC	1000	500	MSBI	MONTCLAIR BNCP INC	1000	500
<b>J</b>				MORF	MOR-FLO INDS INC	1000	500
JASN	JASON INC	1000	500	MTNR	MOUNTAINEER BKSHS WV	500	200
JEANW	JEAN PHILIPPE FRAG WTS	500	1000	MUEL	MUELLER PAUL CO	500	200
JEFG	JEFFERIES GROUP INC	500	1000	<b>N</b>			
JALC	JOHN ADAMS LIFE CORP	200	500	NHDI	NHD STORES INC	200	500
JSBK	JOHNSTOWN SAV BK FSB	200	500	NWGI	N W GROUP INC	500	1000
<b>K</b>				NANO	NANOMETRICS INC	200	500
KLLM	KLLM TRANSPORT SVCS	500	200	NSSC	NAPCO SEC SYS INC	500	1000
KEQU	KEWAUNEE SCIENTIFIC	500	200	NCELW	NATIONWIDE CELL WTS	200	500
KHGI	KEYSTONE HERITAGE GRP	500	200	NCBM	NAT'L CITY BNCP	200	500
KOSS	KOSS CORP	200	500	NAIG	NAT'L INSURANCE GRP	500	200
KRUG	KRUG INT'L CORP	500	1000	MBLA	NAT'L MERCANTILE BNCP	500	1000
<b>L</b>				NPBC	NAT'L PENN BSCHS INC	500	200
LVMHY	LVMH MOET HENNESSY			NTSC	NAT'L TECH SYS INC	500	1000
	LOUIS VUITTON ADR	500	200	NALR	NAYLOR INDS INC	1000	500
LCLD	LACLEDE STEEL CO	500	1000	NHSL	NEW HORIZONS S&L	500	200
LPAC	LASER-PACIFIC MEDIA	200	500	NLON	NEW LONDON INC	1000	500
LEPGY	LEP GRP PLC ADR	500	1000	NMSB	NEWMIL BANCORP	500	1000
LINN	LINCOLN FOODSVC PROD	500	1000	NNSL	NEWPORT NEWS SAV BK	200	500
LNSB	LINCOLN SAVINGS BANK	500	200	NIEX	NIAGARA EXCHANGE CORP	500	1000
LNDL	LINDAL CEDAR HOMES	1000	500	NAMC	NORTH AMER NAT'L CORP	500	1000
LIND	LINDBERG CORP	1000	500	CBRYA	NORTHLAND CRANB. CL A	500	1000
LSKI	LIUSKI INT'L INC	500	1000	NWIB	NORTHWEST IL BNCP	200	500
LONDY	LONDON INT'L PLC ADR	200	500	FERTP	NU-WEST INDS PFD A	200	500
LICF	LONG ISLAND CITY FIN	500	1000	NUCM	NUCLEAR METALS INC	500	1000
LLEC	LONG LAKE ENERGY CORP	1000	500	NUCOW	NUCORP INC WTS C 93	500	200
LEIX	LOWRANCE ELECTRONICS	200	500	NUVI	NUVISION INC	500	1000
LUFK	LUFKIN INDS INC	500	1000	<b>O</b>			
<b>M</b>				OWWH	O W OFFICE WAREHOUSE	500	1000
MPSG	MPSI SYSTEMS INC	1000	500	OHSC	OAK HILL SPORTSWEAR	500	1000
MACD	MACDERMID INC	200	500	OSTNO	OLD STONE PFD B	500	1000
MGNL	MAGNA BANCORP INC	1000	500	OCGI	OMNI CAP GP INC	500	1000
MKTAY	MAKITA CORP SPONS ADR	500	200	OFII	OMNI FILMS INT'L INC	500	1000
MANA	MANATRON INC	200	500	OPTO	OPTO MECHANIK INC	1000	500
MRTN	MARTEN TRANSPORT LTD	500	200	OFBS	ORIENTAL FED SAV BK	200	500
MASB	MASSBANK CORP	1000	500	GOSHB	OSHKOSH B'GOSH CL B	500	200
MAXC	MAXCO INC	500	1000	OSHM	OSHMAN'S SPORTING	200	500
MFLR	MAYFLOWER CO-OP BK	200	500	OCOMA	OUTLET COMM CL A	500	1000
MOIL	MAYNARD OIL CO	1000	500	OXHP	OXFORD HEALTH PLANS	500	1000
MCFE	MCFARLAND ENERGY INC	500	1000	<b>P</b>			
MTIX	MECHANICAL TECH INC	200	500	PFINA	P&F INDS INC CL A	500	1000
MDIN	MEDALIST INDS	500	1000	PLAT	PLATINUM TECH	500	1000
MEDX	MEDAREX INC	500	1000	PBSF	PACIFIC BANK N A	200	500
MEDXW	MEDAREX INC WTS 96	500	1000	PISC	PACIFIC INT'L SVC CORP	500	1000
MIGI	MERIDIAN INS GRP INC	1000	500	PBCI	PAMRAPO BNCP INC	500	1000
MPTBS	MERIDIAN PT RLTY TR	200	500	PVSA	PARKVALE FIN CORP	500	1000
MERS	MERIS LABS INC	200	500	PKWY	PARKWAY CO	200	500
METS	MET-COIL SYSTEMS CORP	500	1000	PNTAP	PENTAIR INC PFD 87	500	1000
				PBKB	PEOPLES SAV BK BROCKTON	500	1000

Notice to Members 92-21

Symbol	Company Name	Old Tier Level	New Tier Level	Symbol	Company Name	Old Tier Level	New Tier Level
PBNB	PEOPLES SAV FIN CORP	200	500	SENE	SENECA FOODS CORP	200	500
PCEP	PERCEPTION TECH CORP	1000	500	SSBC	SHELTON BNCP INC	200	500
PTRO	PETROMINERALS CORP	500	1000	SHOP	SHOPSMITH INC	500	1000
PHOC	PHOTO CONTROL CORP	200	500	SKII	S-K-I LTD	1000	500
PICOA	PHYSICIANS INS OH CL A	500	1000	SOMR	SOMERSET GRP INC (THE)	200	500
POLK	POLK AUDIO INC	200	500	SCFB	SOUTH CARO FED CORP	500	1000
POPEZ	POPE RESOURCE UTS LP	500	200	SECX	SOUTHERN ELECTRON CORP	500	1000
PREM	PREMIER FIN SVCS	500	200	SMIN	SOUTHERN MINERAL CORP	200	500
PSSP	PRICE/STERN/SLOAN	500	1000	SSBB	SOUTHINGTON SAV BK	200	500
PMBS	PRIME BANCSHARES	500	1000	TXMX	SOUTHWEST CAFES INC	500	1000
PRFT	PROFFITT'S INC	500	1000	SWWC	SOUTHWEST WATER CO	500	1000
PRGS	PROGRESS SOFTWARE CORP	200	500	SPEK	SPEC'S MUSIC INC	500	1000
PSBK	PROGRESSIVE BANK INC	1000	500	SPIR	SPIRE CORP	500	1000
PECN	PUBLISHERS EQUIP CORP	500	1000	STRSQ	SPOUSE-REITZ	500	1000
PLFC	PULASKI FURNITURE CORP	500	1000	SDYNW	STAODYN INC WTS	500	1000
PTNM	PUTNAM TRUST CO	200	500	SOTA	STATE OF THE ART INC	200	500
<b>Q</b>				SWVA	STEEL OF WEST VIRGINIA	200	500
QRXI	QUAREX INDS INC	500	1000	STLG	STERLING BANCSHARES	500	1000
<b>R</b>				SISC	STEWART INFO SVCS CORP	500	1000
RAGS	RAG SHOPS INC	500	1000	SRBC	SUNRISE BNCP CA	500	200
RRMN	RAILROADMEN'S FED IND	200	500	SUPR	SUPER RITE CORP	500	1000
RMPO	RAMAPO FINANCIAL CORP	500	200	SGTI	SURGICAL TECH INC	500	1000
RARB	RARITAN BANCORP INC	500	200	SUSQ	SUSQUEHANNA BCSHS	1000	500
RATNY	RATNERS GP ADR	500	1000	SYMX	SYMIX SYSTEMS INC	500	1000
RCHI	RAUCH INDS INC	200	500	<b>T</b>			
RCOT	RECOTON CORP	500	1000	TCII	TCI INT'L INC	500	1000
REED	REEDS JEWELERS INC	200	500	TSCC	TECH SOLUTIONS CO	500	1000
RGEQ	REGENCY EQUITIES CORP	200	500	TECN	TECHNALYSIS CORP	500	1000
REGB	REGIONAL BNCP INC	1000	500	TLMD	TELEMUNDO GP INC	500	1000
RBNC	REPUBLIC BANCORP INC	500	1000	FNOW	THE FUTURE NOW INC	200	500
RSLA	REPUBLIC CAP GRP INC	500	1000	TMBS	TIMBERLINE SOFTWARE	500	1000
RSFC	REPUBLIC SAV FIN CORP	500	200	TODDA	TODD-AO CORP CL A	500	200
ROIL	RESERVE INDS CORP	500	1000	TKIOY	TOKIO MARINE ADR	500	1000
PREV	REVERE FUND INC	500	1000	TOMKY	TOMKINS PLC ADR	200	500
RHEM	RHEOMETRICS INC	500	1000	TRKA	TRAK AUTO CORP	500	1000
RFBC	RIVER FOREST BNCP	1000	500	TRFI	TRANS FIN BNCP INC	200	500
RNRC	RIVERSIDE NAT'L BANK	500	200	TRNI	TRANS INDS INC	500	1000
RESC	ROANOKE ELEC STEEL	500	1000	TLII	TRANS LEASING INT'L	200	500
ROBC	ROBEC INC	500	1000	TWBC	TRANSWORLD BNCP	200	500
RMUC	ROCKY MT UNDERGARMENT	500	1000	TRST	TRUSTCO BANK CORP NY	500	1000
ROSS	ROSS SYSTEMS INC	500	1000	TRMK	TRUSTMARK CORP	1000	500
RULE	RULE INDS INC	500	1000	<b>U</b>			
RBCO	RYAN BECK CO INC	500	200	UNRIW	UNR INDS INC WTS	1000	500
<b>S</b>				USHO	U S HOMECARE CORP	200	500
SCOM	SCS/COMPUTE INC	500	1000	UBSI	UNITED BKSHS INC	500	1000
SJNB	SJNB FINANCIAL CORP	200	500	UCOA	UNITED COASTS CORP	1000	500
SAFE	SAFETYTEK CORP	200	500	UNCF	UNITED COS FINANCIAL	500	1000
SHRE	SAHARA RESORTS	200	500	UFCS	UNITED FIRE CASUALTY	500	200
SHEF	SANDWICH CHEF INC	1000	500	UMSB	UNITED MISSOURI BCSH	1000	500
SWCB	SANDWICH CO-OP BANK	500	1000	UNEWY	UNITED NEWSPAPER ADR	200	500
SCHR	SCHERER HEALTHCARE	200	500	UTVI	UNITED TELEVISION	500	1000
STIZ	SCIENTIFIC TECH INC	500	200	TOTE	UNITED TOTE INC	500	1000
SCGN	SCIGENICS INC CLLBLE	200	500	<b>V</b>			
SFSL	SECURITY FED SV CLEVELAND	500	200	VCRE	VARI-CARE INC	1000	500
SECF	SECURITY FIN HLDG CO	500	200	VRLN	VARLEN CORP	500	1000
SFGI	SECURITY FIN GRP INC	500	200	VLGEA	VILLAGE SUPER MKT CL A	500	200
SSLN	SECURITY INVESTMENT	500	1000				
SNFCA	SECURITY NAT'L FIN CL A	200	500				
SSVB	SECURITY SAV FSB	200	500				

Notice to Members 92-21

Symbol	Company Name	Old Tier Level	New Tier Level	Symbol	Company Name	Old Tier Level	New Tier Level
<b>W</b>				WTPR	WETTERAU PROPERTIES	500	200
WSMP	WSMP INC	200	500	WCLX	WISCONSIN CENTRAL	500	1000
WAIN	WAINWRIGHT BK & TR CO	500	1000	WCHI	WORKINGMENS CAP HLDG	500	200
WBNC	WASHINGTON BNCP NJ	1000	500	<b>X</b>			
WFSB	WASHINGTON FED SV VA	200	500	XPLR	XPLOR CORP	1000	500
WGNR	WEGENER CORP	500	1000	<b>Z</b>			
WLPI	WELLINGTON LEISURE	200	500	ZEUS	ZEUS COMPONENTS INC	500	1000
WSBC	WESBANCO INC	500	200	ZIGO	ZYGO CORP	500	1000
WFPR	WESTERN FED SAV PR	200	500				
WSTM	WESTERN MICRO TECH	500	1000				

# Notice To Members

National Association of Securities Dealers, Inc.

April 1992

**Number 92-22****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: Appointment of SIPC Trustees for Four Firms**

On February 24, 1992, the United States District Court for the District of Kansas appointed the Securities Investor Protection Corporation (SIPC) trustee for:

Hyer, Bickson & Hinson  
8900 State Line, Suite 350  
Leawood, KS 66206.

Questions regarding the firm should be directed to SIPC trustee:

Securities Investor Protection Corporation  
805 15th Street, NW, Suite 800  
Washington, DC 20005-2207  
(202) 371-8300.

On March 16, 1992, the United States District Court for the Eastern District of Missouri appointed Harry O. Moline, Esquire, of Moline, Ottsen, Mauze, Leggat & Shostak the trustee for:

Jim Becherer & Co.  
6400 West Main Street, Suite 1-L  
Belleville, IL 62223.

Questions regarding the firm should be directed to SIPC trustee:

Harry O. Moline, Esquire

Moline, Ottsen, Mauze, Leggat & Shostak  
Commerce Bank Building  
11 South Meramec Avenue, Suite 1010  
St. Louis, MO 63105  
(314) 725-3200.

On March 16, 1992, the United States District Court for the District of Arizona appointed the SIPC trustee for:

Sun Securities, Inc.  
P.O. Box 1869  
Scottsdale, AZ 85252.

Questions regarding the firm should be directed to SIPC trustee:

Securities Investor Protection Corporation  
805 15th Street, NW, Suite 800  
Washington, DC 20005-2207  
(202) 371-8300.

On March 17, 1992, the United States District Court for the Central District of California appointed the SIPC trustee for:

Seoul Securities, Ltd.  
f/k/a Pantheon Capital Corp.  
260 South Beverly Drive  
Beverly Hills, CA 90212.

Questions regarding the firm should be directed to SIPC trustee:

Securities Investor Protection Corporation  
805 15th Street, NW, Suite 800  
Washington, DC 20005-2207  
(202) 371-8300.

Members may use the "immediate close-out" procedures as provided in Section 59(i) of the NASD's Uniform Practice Code to close out open over-the-counter contracts. Also, Municipal Securities Rulemaking Board Rule G-12(h) provides that members may use the above procedures to close out transactions in municipal securities.



# Notice To Members

National Association of Securities Dealers, Inc.

April 1992

**Number 92-23**

**Suggested Routing:\***

- |  |  |  |   |
|--|--|--|---|
| <input type="checkbox"/> Senior Management     | <input checked="" type="checkbox"/> Internal Audit     | <input checked="" type="checkbox"/> Operations | <input checked="" type="checkbox"/> Syndicate |
| <input type="checkbox"/> Corporate Finance     | <input checked="" type="checkbox"/> Legal & Compliance | <input type="checkbox"/> Options               | <input checked="" type="checkbox"/> Systems   |
| <input type="checkbox"/> Government Securities | <input checked="" 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             |

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

**Subject: Memorial Day — Trade Date-Settlement Date Schedule**

Securities exchanges and The Nasdaq Stock Market<sup>SM</sup> will be closed on Monday, May 25, 1992 in observance of Memorial Day. "Regular way" transactions made on the business days immediately preceding that day will be subject to the settlement date schedule listed below.

Trade Date	Settlement Date	Reg. T Date*
May 15	May 22	May 27
18	26	28
19	27	29
20	28	June 1
21	29	2
22	June 1	3
25	Markets Closed	—
26	2	4

Brokers, dealers, and municipal securities dealers should use these settlement dates for pur-

poses of clearing and settling 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.

April 1992

**Number 92-24**

**Suggested Routing:\***

- |  |  |  |   |
|--|--|--|---|
| <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           |

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

**Subject: Nasdaq National Market Additions, Changes, and Deletions as of March 25, 1992**

As of March 25, 1992, the following 63 issues joined the Nasdaq National Market, bringing the total number of issues to 2,766:

Symbol	Company	SOES Entry Date	Execution Level
LTCH	Litchfield Financial Corporation	2/25/92	1000
SCHL	Scholastic Corporation	2/25/92	1000
FSTM	Forstmann & Company, Inc.	2/26/92	1000
STAT	i-STAT Corporation	2/26/92	1000
SNPS	Synopsys, Inc.	2/26/92	1000
RDCR	Radiation Care, Inc.	2/27/92	500
ABBY	Abbey Healthcare Group Incorporated	2/28/92	1000
CCPR	Cellular Communications of Puerto Rico, Inc.	2/28/92	1000
BSTC	BioSpecifics Technologies Corp.	3/3/92	1000
EMIS	Emisphere Technologies Inc.	3/3/92	1000
FMBN	F&M Bancorp	3/3/92	200
THFF	First Financial Corporation	3/3/92	500
HRTT	Heart Technology, Inc.	3/3/92	1000
STAA	STAAR Surgical Company	3/3/92	1000
VTLK	Vitalink Pharmacy Services, Inc.	3/3/92	1000
ESON	Endosonics Corporation	3/4/92	1000
EITI	Enhanced Imaging Technologies, Inc.	3/4/92	1000
OPTS	Opta Food Ingredients, Inc.	3/4/92	1000
PRAN	Premier Anesthesia, Inc.	3/4/92	500
DQSB	Delta Queen Steamboat Co. (The)	3/5/92	1000
PACK	Gilbralter Packaging Group, Inc.	3/5/92	1000
POLY	PolyMedica Industries, Inc.	3/5/92	1000
DSGIF	DSG International Limited	3/6/92	1000
ISGTF	I.S.G. Technologies Inc.	3/6/92	1000
BIOS	biosys	3/10/92	1000

Notice to Members 92-24

<b>Symbol</b>	<b>Company</b>	<b>SOES Entry Date</b>	<b>Execution Level</b>
DAYR	Day Runner, Inc.	3/11/92	1000
PSFC	Plain Spirit Financial Corporation	3/11/92	500
STAR	Lone Star Steakhouse & Saloon, Inc.	3/12/92	1000
PAPA	Back Bay Restaurant Group, Inc.	3/13/92	1000
CLTX	Cellcor, Inc.	3/13/92	1000
HKYIF	Canstar Sports Inc.	3/17/92	500
CECO	Communications and Entertainment Corp.	3/17/92	1000
CECOA	Communications and Entertainment Corp. (CI A)	3/17/92	1000
DUSA	Deprenyl USA, Inc.	3/17/92	1000
DUSAW	Deprenyl USA, Inc. (CI A Wts)	3/17/92	1000
GAFA	Gates/FA Distributing, Inc.	3/17/92	1000
SCAL	Health o meter Products, Inc.	3/17/92	1000
IPIC	Interneuron Pharmaceuticals, Inc.	3/17/92	1000
IPICZ	Interneuron Pharmaceuticals, Inc. (CI B Wts)	3/17/92	1000
MDRXA	Medicis Pharmaceutical Corporation (CI A)	3/17/92	1000
MDRXL	Medicis Pharmaceutical Corporation (CI B)	3/17/92	1000
MDRXZ	Medicis Pharmaceutical Corporation (CI C Wts)	3/17/92	1000
NBTB	NBT Bancorp Inc.	3/17/92	200
ODDE	Odd's-N-End's, Inc.	3/17/92	1000
SCLN	SciClone Pharmaceuticals, Inc.	3/17/92	500
SCLNW	SciClone Pharmaceuticals, Inc. (Wts)	3/17/92	500
FWCO	First Western Corporation	3/18/92	1000
SUMC	Summit Care Corporation	3/18/92	1000
AMER	America Online, Inc.	3/19/92	1000
CFLX	Curaflex Health Services, Inc.	3/19/92	1000
FRED	Fred's Inc.	3/19/92	1000
LNCR	Lincare Holdings, Inc.	3/19/92	1000
TLIO	Telios Pharmaceuticals, Inc.	3/19/92	1000
TCNX	Triconex Corporation	3/19/92	1000
USAK	USA Truck, Inc.	3/19/92	1000
VCAI	Veterinary Centers of America, Inc.	3/19/92	1000
VCAIW	Veterinary Centers of America, Inc. (Wts)	3/19/92	1000
BSYS	BISYS Group, Inc. (The)	3/20/92	1000
CHMD	Chronimed Inc.	3/20/92	500
SHLR	Schuler Homes, Inc.	3/20/92	1000
UPBI	United Postal Bancorp, Inc.	3/20/92	1000
AADV	Advantage Bancorp, Inc.	3/23/92	1000
PCOL	Protocol Systems, Inc.	3/24/92	200

**Nasdaq National Market Symbol and/or Name Changes**

The following changes to the list of Nasdaq National Market securities occurred since February 24, 1992:

<b>New/Old Symbol</b>	<b>New/Old Security</b>	<b>Date of Change</b>
CEFT/CEFT	Concord EFS, Inc./Concord Computing Corporation	2/27/92
RIOH/MAAR	Rio Hotel and Casino, Inc./MarCor Resorts, Inc.	3/2/92
SCIO/CBIO	Scios Inc./California Biotechnology Inc.	3/2/92

<b>New/Old Symbol</b>	<b>New/Old Security</b>	<b>Date of Change</b>
TOTEA/TOTE	United Tote, Inc. (CI A)/United Tote, Inc.	3/3/92
AWII/RPCH	Ameriwood Industries International Corporation/Ameriwood Industries Corporation	3/9/92
BCHXF/BCHXF	Biochem Pharma Inc./IAF Biochem International	3/11/92
NAFD/PREV	Nature Food Centres, Inc./Revere Fund, Inc. (The)	3/13/92
COSCB/COSC	Cosmetic Center, Inc. (The) (CI B)/Cosmetic Center, Inc. (The)	3/16/92

### Nasdaq National Market Deletions

<b>Symbol</b>	<b>Security</b>	<b>Date</b>
CITUA	Citizens Utilities Company (CI A)	2/24/92
CITUB	Citizens Utilities Company (CI B)	2/24/92
WHOO	Waterhouse Investor Services, Inc.	2/24/92
BSBC	Branford Savings Bank	2/25/92
CYTRZ	CytRx Corporation (CI B Wts)	2/25/92
ESTO	Eastco Industries Safety Corp.	2/25/92
HNIS	Heritage Bancorp, Inc.	2/25/92
FAXM	Hotelecop, Inc.	2/25/92
OUCH	Occupational-Urgent Care Health Systems, Inc.	2/25/92
ALWS	Allwaste, Inc.	2/28/92
PIPR	Piper Jaffray Incorporated	2/28/92
TLMN	Talman Home Federal Savings and Loan Association of Illinois (The)	2/28/92
ENVI	Envirosafe Services, Inc.	3/2/92
FTIL	First Illinois Corporation	3/2/92
TDAT	Teradata Corporation	3/2/92
ABSB	Alex. Brown Incorporated	3/9/92
TDCXE	Technology Development Corporation	3/10/92
VCCN	Valley Capital Corporation	3/13/92
AMTR	Ameritrust Corporation	3/16/92
SOLR	Applied Solar Energy Corporation	3/17/92
TGDGF	TOTAL Energold Corporation	3/17/92
CLRK	CLARCOR INC.	3/18/92
EWAT	E'Town Corporation	3/18/92
OSII	Orthopedic Services, Inc.	3/19/92
THCO	Hammond Company (The)	3/20/92
AIRM	Air Methods Corp.	3/23/92
AIRMW	Air Methods Corp. (Wts)	3/23/92
CBPA	Community Bancorp, Inc.	3/23/92
WRKB	Workmen's Bancorp, Inc.	3/23/92

Questions regarding this Notice should be directed to Kit Milholland, Senior Analyst, Market Listing Qualifications, at (202) 728-8281. Questions pertaining to trade reporting rules should be directed to Bernard Thompson, Assistant Director, NASD Market Surveillance, at (301) 590-6436.

# Board Briefs

National Association of Securities Dealers, Inc.

April 1992

## **Actions Taken by the NASD Board of Governors in March**

■ **President's Report** — The Nasdaq Stock Market<sup>SM</sup> started 1992 with an impressive display of strength in January as the Nasdaq Composite rose 8 percent and average daily share volume totaled 250 million shares, versus 163 million shares for the year 1991. This volume level was 104 percent of the New York Stock Exchange (NYSE) volume. February's market activity, although less vigorous, remained strong.

The NASD and Nasdaq<sup>®</sup> technology migration, which represents a significant expenditure of time and funds, continues on schedule. Once completed, the migration will provide both the NASD and Nasdaq with a technology platform designed to support our leading role as a self-regulator and operator of quality electronic securities markets.

As an organization, the NASD has undertaken a major program to establish a service quality ethic in all of our employees. Service quality is a major corporate goal and is fast becoming the watchword for the NASD. "Town meetings" are being held for all employees, and specialized training will be undertaken throughout 1992, with a goal of making service quality second nature to every employee.

Although it was overwhelmingly supported by the members (4 to 1), the NASD's short-sale rule remains controversial. A number of commenters have voiced concern with the rule's provisions establishing standards for market makers that wish an exemption from the rule. The Securities and Exchange Commission (SEC) will receive their views during its comment period on the proposal. To clarify the issues surrounding these standards, NASD representatives will meet with trading groups during the next several weeks.

Public interest in and discussion of competition for order flow is growing rapidly. This increasing awareness is due in part to greater media coverage as well as to recent academic studies on this issue. The possibility of legislation in this area could encourage the SEC to take action on its own in connection with payment for order flow. The

complexity of the issue, which is well documented in the Ruder committee report, demands a thorough review which we expect will be provided by the SEC "Market 2000" study.

Competition for listings also continues, with Nasdaq's attraction and retention rate improving each year. In fact, initial public offering activity on Nasdaq far surpasses that of the competition. The American Stock Exchange's (Amex) much-heralded Emerging Companies Market (ECM) does not appear, at least initially, to pose a major challenge. For one thing, the Nasdaq companies eligible for ECM are small and, in fact, many are subject to delisting because of the more stringent criteria recently adopted by regular Nasdaq. Furthermore, we have stepped up efforts to encourage Amex companies to join Nasdaq.

The NYSE is conducting a well-financed advertising campaign in conjunction with its 200th anniversary. We are monitoring the program and are hopeful that it will pursue advertising strategies that promote rather than diminish investor confidence.

Several regulatory initiatives remain pending at the SEC. The Rule 12b-1 controversy surrounding payment of asset-based sales loads by investment companies continues. Although it is important to mutual fund investors, especially long-term ones, the issue remains one of many under consideration at the SEC. Prospects for change in Rule 10b-6, which prohibits market making by firms involved in a distribution, look promising as senior SEC staff appear to support the view that Nasdaq issuers deserve some relief. Unfortunately, The PORTAL<sup>SM</sup> Market amendments have yet to be acted on at the SEC. Without these changes, the Rule 144A market for the secondary trading of private placements will continue to languish.

Legislatively, the Government Securities Act Amendments are expected to pass during the first half of the year. The measure would grant more authority to the NASD and SEC regarding U.S. gov-

ernment securities. Congressional action on partnership rollups also looks like a real possibility in light of Congress's reluctance to wait and see if SEC and NASD rules will mitigate the perceived problems in this area.

The regulation of financial planners continues to elicit interest in Congress. A bill to authorize SEC oversight of financial-planning activity is in the works. The NASD is actively seeking authority for the SEC to delegate inspections of investment advisors affiliated with NASD members to self-regulatory organizations along with appropriate fee authority.

■ **Business Conduct Matters** — The Board approved a policy for prejudgment interest assessed on the ill-gotten gains portion of a monetary sanction. Under the policy, respondents that cause customer losses will receive a monetary sanction equal to the ill-gotten gains plus a fine with a credit being given against the sanctions imposed for any restitution demonstrated to the satisfaction of the district business conduct committee. The compensation will be an amount up to the ill-gotten gains element of the sanction and will be assessed interest generally from the last date of the violative conduct on the amount of ill-gotten gains. The interest rate will equal the prime plus three points with the rate subject to adjustment in January and July. Any such rate may be limited by the state usury laws that apply to the particular firm or individual.

To facilitate the payment of disciplinary fines, the Board approved new procedures for installment payments for such fines. At the NASD's option, respondents fined \$5,000 or more may discharge their fines on an installment plan. Any such plan would require an initial payment of 25 percent of the total fine and the execution of a promissory note for the balance at the then-designated prejudgment interest rate. Repayment must be accomplished within two years, and monthly payments must be at least \$500. For fines of \$50,000 to \$250,000, respondents may be allowed three years to pay. For fines exceeding \$250,000, respondents may negotiate the repayment term with the NASD.

■ **Business Practice Developments** — The NASD will publish shortly for member vote a measure to exempt certain bulk exchanges of money market mutual funds utilizing "negative response" letters from Article III, Section 15 of the NASD Rules of Fair Practice. To qualify for exemption,

such letters must meet the following conditions:

- The bulk exchanges must be limited to mergers and acquisitions of funds, changes of clearing members, and exchanges of funds used in sweep accounts.
- The negative response letter must include a tabular comparison of the nature and amount of fees charged by each fund (e.g., management fees, fees under Rule 12b-1 of the Investment Company Act of 1940, and similar fees).
- The negative response letter must include a comparative description of the investment objectives of each fund.
- The negative response feature must not be activated until at least 30 days after the date on which the letter was mailed.

In addition, the NASD proposes that a prospectus of the fund to be purchased accompany the letter.

The Board approved amendments to the Uniform Practice Code procedures for canceling clearly erroneous trades. Motivated by concern that certain parties had abused the existing procedures regarding clearly erroneous trades, the NASD has adopted and will file with the SEC for approval the following changes to the procedures regarding clearly erroneous trades:

- For SelectNet<sup>SM</sup> trades, a party must notify the NASD of the error within one hour of execution and, in any event, no later than 5:15 p.m.; provided, however, that for trades occurring between 9:30 and 10 a.m., parties will have until 11 a.m. to notify the NASD.
- For all other system trades, a party must notify the NASD of the error on trade day by 5:15 p.m.
- Once a transaction has been submitted to the NASD for adjudication, it cannot be withdrawn, the member on the other side of the trade will be notified, and the transaction will be reviewed.
- Regardless of the time frames above, the NASD may, on its own, cancel trades as clearly erroneous, modify the terms, or adjust the prices on executions.
- The decision of the Market Operations Review Committee is final, and those desiring review of such decisions may arbitrate their disputes.

In addition to the rule amendments, an Interpretation would be added to the rule that sets forth some of the factors taken into consideration on er-

roneous trades, including:

- If the system provides an override feature that a party uses to place an order or execute a trade, then that party bears a greater burden of proof in establishing a claim of error.

- If the party routinely practices a pattern of trading or trading strategy (such as placing orders in SelectNet that are priced outside the best bid and offer as shown in the Nasdaq system), then that party may not claim an obvious error in those trades.

- Excessive use of the erroneous transaction procedures may indicate ineffective supervisory controls at a firm or failure to supervise trading activity.

■ **Arbitration Matters** — A rule change excluding class-action disputes from arbitration received Board approval. Essentially, the rule states that class actions are not eligible for arbitration under the NASD's Code of Arbitration. Persons may not file claims subject to certified class action unless they demonstrate that they are not participating in the class action. The code changes include provisions for determining whether such a claim is encompassed by a certified class action.

Enforcement of an arbitration agreement against a customer initiating, or belonging to a

group that is party to, a class action is prohibited unless the:

- Class certification is denied.
- Class is decertified.
- Customer is excluded from the class by the court.
- Customer elects not to be part of the class action.

The Board approved additional technical amendments to accommodate inclusion of this class-action provision in the Code.

■ **Market Operations** — The Board approved changes to Schedule D covering the Nasdaq listing standards to permit listing hybrid-debt instruments related to the Nasdaq-100<sup>®</sup> Index and other domestic and foreign indexes. To accomplish this, the NASD soon will file with the SEC listing standards for these hybrid-debt instruments. These standards include:

- One million securities outstanding.
- A minimum of 400 shareholders.
- An aggregate market value of \$4 million.
- A one-year life of the securities.

Approval of this product would provide market makers with a means to more effectively manage risk and institutional investors with a device for hedging their Nasdaq portfolios.

# Disciplinary Actions

National Association of Securities Dealers, Inc.

April 1992

## Disciplinary Actions Reported for April

The NASD is taking disciplinary actions against the following firms and individuals for violations of the NASD Rules of Fair Practice; securities laws, rules, and regulations; and the rules of the Municipal Securities Rulemaking Board. Unless otherwise indicated, suspensions will begin with the opening of business on Monday, April 20, 1992. The information relating to matters contained in this Notice is current as of the fifth of this month. Information received subsequent to the fifth is not reflected in this publication.

### FIRMS EXPELLED

**B C Financial Corporation (Dunwoody, Georgia)** was fined \$25,000 and expelled from membership in the NASD. The sanctions were based on findings that the firm failed to pay a \$2,563.82 arbitration award.

**Morgan Gladstone & Co., Inc. (Boca Raton, Florida)** was fined \$10,000 and expelled from membership in the NASD. The sanctions were based on findings that the firm failed to pay an \$8,994 arbitration award and \$800 in forum fees.

**Richfield Securities, Inc. (Littleton, Colorado)** was fined \$5,000 and expelled from membership in the NASD. The sanctions were based on findings that the firm failed to pay an \$8,946 arbitration award.

### FIRMS EXPELLED, INDIVIDUALS SANCTIONED

**GRH Securities, Inc. (Tempe, Arizona)** and **Nelson Frederick Gould (Registered Representative, Phoenix, Arizona)** submitted an Offer of Settlement pursuant to which they were fined \$10,000, jointly and severally. In addition, the firm was expelled from membership in the NASD, and Gould was barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that they failed to pay a \$45,680 arbitration award, jointly and severally, and that Gould failed to pay an additional \$7,220 arbitration award.

### FIRMS SUSPENDED, INDIVIDUALS SANCTIONED

**Hayne, Miller & Farni, Inc. (Minneapolis, Minnesota), Edward C. Farni (Registered Prin-**

**icipal, Minneapolis, Minnesota), George W. Fredericks (Registered Principal, St. Louis Park, Minnesota), Daniel J. Bubalo (Registered Principal, Minneapolis, Minnesota), Wesley C. Hayne (Registered Principal, Plymouth, Minnesota), and DuWayne R. Kollodge (Registered Principal, Albertville, Minnesota).** The firm, Farni, Fredericks, and Bubalo were fined \$30,000, jointly and severally, and the firm, Hayne, and Kollodge were fined \$15,000, jointly and severally. In addition, the firm was suspended from making markets in non-Nasdaq over-the-counter equity securities for one year, and Bubalo was fined an additional \$5,000.

The sanctions were based on findings that the firm, acting through Bubalo, Fredericks, Farni, Hayne, and Kollodge, effected principal securities transactions with public customers at prices that were unfair and unreasonable. The firm, acting through Hayne, also permitted a statutorily disqualified individual to be actively engaged in the securities business without being supervised by the designated principal, which was one of the special supervisory conditions imposed following an NASD Membership Continuance Proceeding.

The firm's suspension began December 31, 1991.

### FIRMS FINED, INDIVIDUALS SANCTIONED

**Westok Securities, Inc. (Irvine, California)** and **Michael Anthony Oliva, Jr. (Registered Principal, Irvine, California)** submitted an Offer of Settlement pursuant to which they were fined \$50,000, jointly and severally. In addition, Oliva was suspended from association with any member of the NASD in any capacity for two years and



barred from association with any member of the NASD in any principal capacity.

Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that, in contravention of the Board of Governors' Interpretation with respect to the NASD Mark-up Policy, Westok Securities, acting through Oliva, engaged in sales of shares of stock in the secondary market to public customers at unfair prices. According to the findings, the markups ranged from 33.33 to 48.22 percent above the firm's contemporaneous costs.

#### FIRMS AND INDIVIDUALS FINED

**Torrey Pines Securities, Inc. (Solana Beach, California)**, **Jack Clark Smith, Jr. (Registered Principal, Rancho Santa Fe, California)**, and **Harvey Glen Leason (Registered Representative, Carlsbad, California)** were fined \$19,588.12, jointly and severally.

The sanction was based on findings that, in contravention of the Board of Governors' Interpretation with respect to the NASD Mark-Up Policy, the firm, acting through Smith and Leason, engaged in sales to public customers of shares of securities in the secondary market at prices that were unfair in that such sales resulted in markups ranging from 5.26 to 23.8 percent.

#### INDIVIDUALS BARRED OR SUSPENDED

**Regena K. Adams (Registered Representative, Edmond, Oklahoma)** was fined \$50,000 and barred from association with any member of the NASD in any capacity. In addition, Adams must demonstrate that she has paid \$851,006.07 in restitution to public customers should she seek re-entry into the securities industry through the NASD's eligibility proceeding. The sanctions were based on findings that Adams engaged in a fraudulent scheme by soliciting \$851,006.07 from public customers. Adams inaccurately represented to the customers that she had been offered an investment at a guaranteed interest rate in excess of 30 percent per annum and further represented that she would share the investment with the customers.

In furtherance of this scheme, Adams failed to disclose to the customers that such an investment did not exist and had not been offered to her. Instead, Adams converted the monies to her own use and benefit without the knowledge or consent of the customers. In addition, Adams failed to re-

spond to NASD requests for information.

**Andres Epiala Antenoracruz (Registered Representative, Burbank, California)** was fined \$55,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Antenoracruz participated in a private securities transaction without giving prior written notification to his member firms.

**Richard C. Avon (Registered Representative, Pompano Beach, Florida)** was fined \$5,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Avon failed to pay a \$1,335 arbitration award.

**James Nicklaus Bennett (Registered Representative, Gun Barrel City, Texas)** was fined \$5,000, suspended from association with any member of the NASD in any capacity for six months, and required to requalify by examination as an investment company and variable contracts product representative. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the District Business Conduct Committee (DBCC) for District 6. The sanctions were based on findings that Bennett received from a public customer a \$3,470.83 check intended for investment in life insurance. Without the knowledge or consent of the customer, Bennett endorsed the check, deposited it in his checking account, and converted the funds to his own use and benefit.

**John Robert Berigan, Jr. (Registered Representative, Omaha, Nebraska)** was fined \$20,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Berigan failed to respond to NASD requests for information concerning his termination from a member firm.

**William Allen Beson (Registered Representative, Tamarac, Florida)** was fined \$5,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Beson failed to pay a \$2,507.78 arbitration award.

**William T. Davies (Registered Representative, Greenville, Pennsylvania)** submitted an Offer of Settlement pursuant to which he was fined \$1,500 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Davies consented to the described sanctions and to the entry of find-

ings that he received from public customers \$239.60 in cash intended for insurance premium payments. According to the findings, Davies retained such monies and failed to remit them to his member firm.

**Dolf M. Davis (Registered Representative, Harrisonburg, Virginia)** 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, Davis consented to the described sanctions and to the entry of findings that he misappropriated \$404.60 given to him by an insurance customer for premium payments. The NASD also found that Davis failed to respond to NASD requests for information.

**Judith Marie Dedeaux (Registered Representative, Solvang, California)** was fined \$1,388,585 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Dedeaux engaged in a fraudulent scheme pursuant to which she caused the transfer of funds totaling \$2,482,112.88 from 15 public customer securities accounts maintained at her member firm to two other securities accounts maintained at her member firm. Furthermore, Dedeaux falsely represented to customers that they had invested in a security when, in fact, no such security existed. Thereafter, she converted at least \$638,585.85 of these funds to her own use and benefit. Dedeaux also failed to respond to an NASD request for information.

**Dennis R. Driscoll (Registered Representative, Shreveport, Louisiana)** submitted an Offer of Settlement pursuant to which he was fined \$50,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Driscoll consented to the described sanctions and to the entry of findings that he exercised discretionary power in the accounts of public customers without obtaining prior written authorization from the customers or prior written acceptance of the accounts as discretionary by his member firm.

The NASD determined that Driscoll recommended and engaged in options purchase and sale transactions and options put writing strategies in the accounts of public customers without having reasonable grounds for believing such recommendations were suitable for the customers based on their financial situations, objectives, and needs.

The findings stated that Driscoll also failed to disclose all of the material risks of his options strategies to public customers. In addition, Driscoll executed options transactions in the accounts of public customers at option trading levels that were not approved by his member firm, according to the findings.

**Donald Bryce Evans (Registered Principal, Lucedale, Mississippi)** was fined \$20,000 and barred from association with any member of the NASD in any capacity. In addition, Evans must demonstrate that he has paid \$255,519.98 in restitution to public customers should he seek re-entry into the securities industry through the NASD's eligibility proceeding.

The sanctions were based on findings that Evans received from public customers \$255,519.98 intended for investment purposes. Evans deposited the funds into the bank account of a corporation in which he had an ownership interest and converted the monies to his own use and benefit without the knowledge or consent of the customers. Furthermore, Evans prepared a confirmation that falsely showed that a purchase order had been placed for \$100,000 on behalf of two customers.

**Robert Malone Fehrman (Registered Principal, Florissant, Missouri)** 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 principal capacity for two years. In addition, he was suspended from ownership of a controlling interest in any member firm for two years and required to requalify by examination in all principal capacities. Without admitting or denying the allegations, Fehrman consented to the described sanctions and to the entry of findings that he failed to supervise properly the activities of an individual associated with his member firm.

**Kenneth J. Fuller (Registered Representative, Baltimore, Maryland)** submitted an Offer of Settlement pursuant to which he was fined \$50,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Fuller consented to the described sanctions and to the entry of findings that he received from a public customer five checks totaling \$8,000 intended as a mutual fund investment and as life insurance premiums. The NASD determined that Fuller used these funds for his own personal benefit.

The findings also stated that Fuller came into possession of a \$9,113.92 check payable to an insurance customer representing a refund on a single-premium endowment policy that had been declined. Instead of forwarding the check to the customer, the NASD found that Fuller used the funds for his own benefit.

**Gregory Allen Gast (Registered Principal, West Palm Beach, Florida)** was fined \$10,000, barred from association with any member of the NASD in any capacity, and required to pay \$3,533 in restitution to public customers. The sanctions were based on findings that Gast effected purchases of shares of common stock for the accounts of public customers without the knowledge or consent of the customers.

**Salvatore Giallanza (Registered Representative, Phoenix, Arizona)** submitted an Offer of Settlement pursuant to which he was fined \$75,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Giallanza consented to the described sanctions and to the entry of findings that he made certain misrepresentations to a public customer concerning the customer's purchase of limited partnership units.

The NASD also found that Giallanza failed to notify an executing broker/dealer at which he maintained a securities account of his affiliation with another member firm. In addition, the NASD determined that Giallanza made improper use of customers' funds. Specifically, the findings stated that he accepted from five public customers funds totaling \$19,095 intended for the purchase of securities, deposited \$9,695 of these funds into a bank account in which he was the sole signatory, and retained \$9,398 in the form of a cashier's check made payable to himself. The findings also stated that Giallanza effected private securities transactions through an unregistered securities broker without providing prior written notice to his member firm.

Furthermore, Giallanza provided a customer with a statement indicating that certain securities had been purchased for this customer when, in fact, these securities had not been purchased.

**Russell R. Haden (Registered Principal, Sandy, Utah)** was fined \$9,000 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 deci-

sion by the DBCC for District 3. The sanctions were based on findings that Haden caused a \$900 check received from a public customer to be deposited into his firm's bank account. Moreover, Haden failed to purchase the securities for which the funds were intended and did not return the monies to the customer. Haden also failed to respond to NASD requests for information.

**Paul Hansen (Registered Representative, Broken Arrow, Oklahoma)** was fined \$20,000 and barred from association with any member of the NASD in any capacity. In addition, Hansen must demonstrate that he has paid \$25,000 in restitution to his member firm should he seek re-entry to the securities industry through the NASD's eligibility proceeding.

The sanctions were based on findings that Hansen caused his member firm to open an account in his mother's name and then deposited a \$40,000 check into the account when he knew that the check had been drawn on insufficient funds. Thereafter, Hansen caused a \$25,000 check to be issued against the deposit and converted the funds to his own use and benefit. In addition, Hansen failed to respond to NASD requests for information.

**Bradley David Holliday (Registered Representative, Topeka, Kansas)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$100,000 and barred from association with any member of the NASD in any capacity. In addition, Holliday must demonstrate that he has paid \$95,831.98 in restitution to public customers should he seek re-entry to the securities industry through the NASD's eligibility proceeding.

Without admitting or denying the allegations, Holliday consented to the described sanctions and to the entry of findings that he processed requests for cash surrenders, dividend withdrawals, and loans from insurance policies of public customers, and converted the proceeds totaling \$95,831.98 to his own use and benefit without the knowledge or consent of the customers.

**Stephen Alan Holloway (Registered Representative, Los Angeles, California)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$12,500 and suspended from association with any member of the NASD in any capacity for six months. Without admitting or denying the allegations, Holloway consented to the described sanctions and to the entry of findings that he recommended to public customers the purchase

of limited partnership interests. According to the findings, this recommendation was made without having reasonable grounds for believing that such transaction was suitable for the customers in view of the size of the recommended transaction and the customers' financial situations and needs.

**Bonnie Nelson Kantrowitz (Registered Principal, Short Hills, New Jersey), Richard Buonocore (Registered Principal, Lincoln Park, New Jersey), and Valerie Kantrowitz Saperstein (Registered Representative, Boca Raton, Florida)** submitted an Offer of Settlement pursuant to which Kantrowitz was fined \$34,000, suspended from association with any member of the NASD in any capacity for 30 business days, and suspended in any supervisory or principal capacity for six months. Buonocore was fined \$3,000 and suspended from association with any member of the NASD in any capacity for five business days. In addition, Saperstein was fined \$1,000 and suspended from association with any member of the NASD in any capacity for three business days.

Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that, in contravention of the NASD's Mark-Up Policy, Kantrowitz, Buonocore, and Saperstein sold securities to customers at prices that were fraudulently excessive with markups ranging from 10.8 to 66.2 percent above the prevailing market price. Moreover, the NASD found that Kantrowitz and Buonocore failed to adequately supervise business activities to ensure that markups were fair and reasonable.

**Kirk A. Knapp (Registered Principal, Grand Rapids, Michigan)** was fined \$150,000, jointly and severally with a former member firm, and barred from association with any member of the NASD in any capacity. The sanctions were affirmed by the Securities and Exchange Commission (SEC) following an appeal of a decision by the NASD's Board of Governors.

The sanctions were based on findings that a former member firm, aided and abetted by Knapp, effected transactions in and induced the purchase of securities by means of deceptive and fraudulent devices. Specifically, they failed to convey materially adverse information about a public offering of securities to the firm's customers while continuing to solicit customers and recommending the purchase of the securities.

**Lawrence W. Legel (Registered Principal, Fort Lauderdale, Florida)** was suspended from association with any member of the NASD in any capacity for one week. The sanction was imposed by the NASD's Board of Governors following an appeal of a decision by the DBCC for District 5. The sanction was based on findings that, in connection with a consulting agreement and management agreement, Legel improperly funneled payments from a member firm, through nonregistered broker/dealers, to a nonregistered individual who was barred by the SEC from association with any broker/dealer.

Legel has appealed this case to the SEC, and the sanction is not in effect pending consideration of the appeal.

**Michael Joseph Liskiewicz (Registered Representative, Duluth, Minnesota)** was fined \$20,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Liskiewicz failed to respond to NASD requests for information concerning his termination from a member firm.

**Danny E. Look (Registered Representative, Oklahoma City, Oklahoma)** was fined \$50,000 and barred from association with any member of the NASD in any capacity. In addition, Look must demonstrate that he has paid \$50,000 in restitution to a public customer should he seek re-entry to the securities industry through the NASD's eligibility proceeding.

The sanctions were based on findings that Look received a \$50,000 check from a public customer for investment purposes and, instead, invested the funds through another broker/dealer in an account that listed him as a joint tenant owner. Thereafter, Look withdrew the funds from the account and converted the monies to his own use without the knowledge or consent of the customer. In addition, Look failed to disclose accurate information when applying for registration with the NASD and failed to respond to NASD requests for information.

**Thomas J. Motley (Registered Representative, Swarthmore, Pennsylvania)** submitted an Offer of Settlement pursuant to which he was fined \$15,000 and suspended from association with any member of the NASD in any capacity for 30 days. Without admitting or denying the allegations, Motley consented to the described sanctions and to the entry of findings that he forged a document pur-

porting to be a customer's account statement and presented such statement to the customer as genuine.

**Susan Hopkins Murphy (Associated Person, Malibu, California)** was fined \$170,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Murphy, while acting as a securities trader for a member firm, engaged in purchase and sales transactions with other broker/dealers for the inventory account of her member firm and submitted false and misleading order tickets to her firm.

In addition, Murphy failed to prepare or submit sales memoranda or other evidence of such transactions to her member firm for processing and posting to the firm's books and records. Moreover, she failed to otherwise inform the firm that such transactions had been executed. Murphy also failed to respond to NASD requests for information.

**Jay S. Orvin (Registered Principal, Summerville, South Carolina)** and **Steven C. Dahl (Registered Representative, Miami, Florida)** submitted an Offer of Settlement pursuant to which Orvin was fined \$15,000 and barred from association with any member of the NASD in any capacity. Dahl was fined \$2,500 and suspended from association with any member of the NASD in any capacity for 10 business days.

Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that a member firm, acting through Orvin, engaged in manipulative, deceptive, and other fraudulent devices in connection with the purchase and sale of units in an initial public offering and aftermarket trading. Furthermore, the findings stated that the firm, acting through Orvin, dominated and controlled the market in the units, and raised and supported the price at artificially high levels despite having a substantial long position in the units during the aftermarket.

In addition, the NASD found that Orvin and Dahl made false and misleading statements and omissions in order to induce retail customers to purchase or retain units in the same security. The NASD also determined that Orvin sold units to its retail customers at unfair prices with markups ranging from 18 to 121 percent above the prevailing market price. Moreover, Orvin failed to establish, maintain, and enforce written supervisory procedures.

**Stanley E. Piknick (Registered Representative, Centerville, Massachusetts)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$50,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Piknick consented to the described sanctions and to the entry of findings that he withheld and misappropriated to his own use and benefit customer funds totaling \$27,655.13, intended for investment purposes, without the knowledge or consent of his member firms and/or customers.

**Roger Paul Reetz (Registered Representative, Hiawatha, Kansas)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$20,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Reetz consented to the described sanctions and to the entry of findings that he failed to respond to NASD requests for information concerning his termination from a member firm.

**Jeffrey Eric Rosen (Registered Representative, Fort Lee, New Jersey)** submitted an Offer of Settlement pursuant to which he was fined \$2,500 and suspended from association with any member of the NASD in any capacity for 30 business days. Without admitting or denying the allegations, Rosen consented to the described sanctions and to the entry of findings that he executed securities transactions for the account of a public customer without the knowledge, consent, or authorization of the customer.

Rosen's suspension began January 7, 1992 and concluded February 18, 1992.

**Edward Thomas Rush (Registered Representative, Hampton Bays, New York)** 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 one business day. Without admitting or denying the allegations, Rush consented to the described sanctions and to the entry of findings that he failed to pay a \$13,745.72 arbitration award.

**Eric Martin Schimansky (Registered Representative, Sherman Oaks, California)** was fined \$74,736 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Schimansky caused the withdrawal of \$4,736 from dividends that accrued from a life insurance policy issued to

a public customer. Schimansky took delivery of the check, forged the customer's endorsement on the check, deposited the funds into his bank account, and converted the monies to his own use. Schimansky also failed to respond to NASD requests for information.

**Scott Merrill Snider (Registered Representative, Westlake Village, California)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Snider consented to the described sanction and to the entry of findings that he executed unauthorized securities transactions in the accounts of public customers. According to the findings, these transactions resulted in losses to the customers totaling \$180,451 and in commissions totaling \$5,659, of which Snider received \$4,810.

**David F. Swiderski (Registered Representative, Tyrone, Pennsylvania)** submitted an Offer of Settlement pursuant to which he was fined \$30,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Swiderski consented to the described sanctions and to the entry of findings that he received from public customers monies totaling \$6,208.53 intended for premium payments and/or loan repayments. The NASD found that Swiderski failed to remit all of the monies to his member firm and/or caused \$3,086.43 of such funds to be improperly credited to other policyholders' accounts.

**Alan L. Tiegman (Registered Representative, Forest Hills, New York)** was fined \$5,000, suspended from association with any member of the NASD in any capacity for five business days, and required to requalify as a general securities representative. The sanctions were based on findings that Tiegman made misrepresentations and omissions of material facts to customers during the underwriting and aftermarket trading of a security. Specifically, Tiegman informed a public customer that the issuer of the security would be bringing out a new product, that the security would be a hot issue, and that the price would double or triple, all at a time when the issuer remained a blind pool with no known business enterprise.

**Gary James Todryk (Registered Representative, Greendale, Wisconsin)** submitted an Offer of Settlement pursuant to which he was fined

\$100,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Todryk consented to the described sanctions and to the entry of findings that he obtained from a public customer funds totaling \$76,568.37 for investment purposes. According to the findings, Todryk failed to follow the customers' instructions and, instead, converted the funds to his own use. In addition, Todryk failed to respond to NASD requests for information.

**Scott Allan Verhey (Associated Person, Albert Lea, Minnesota)** was fined \$1,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Verhey received assistance while taking the Series 7 examination in that he brought notes regarding the exam into the testing room and utilized them.

**Carl Martell Wild, II (Registered Principal, New York, New York)** submitted an Offer of Settlement pursuant to which he was fined \$7,500 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Wild consented to the described sanctions and to the entry of findings that a former member firm, acting through Wild, violated its restriction agreement with the NASD by filing incomplete monthly financial reports.

The NASD determined that Wild, acting on behalf of the same firm, filed inaccurate FOCUS Part IIA reports that overstated the firm's cash position and failed to file its FOCUS Part IIA reports on a timely basis. In addition, the NASD found that Wild, acting on behalf of the firm, failed to file its FOCUS Part IIA reports on a monthly basis when its net capital fell below its minimum requirement.

The findings also stated that the firm's annual audited financial statements were not audited by an independent public accountant and failed to include a Statement of Changes in Stockholder Equity, a net capital computation, and an oath or affirmation by a duly authorized officer of the firm certifying the accuracy of the financial statements. Furthermore, Wild, acting on behalf of the firm, failed to maintain its books and records, according to the findings.

**Kenneth Irving Zeigler, Jr. (Registered Representative, Minnetonka, Minnesota)** was fined \$10,000 and barred from association with any member of the NASD in any capacity. The

sanctions were based on findings that Zeigler failed to respond to NASD requests for information concerning his termination from a member firm.

#### **INDIVIDUALS FINED**

**Daniel Richard Hajduk (Registered Representative, Mt. Prospect, Illinois)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$15,000 and required to requalify by examination as a general securities representative or cease acting in that capacity. Without admitting or denying the allegations, Hajduk consented to the described sanctions and to the entry of findings that he recommended and effected securities transactions for the account of a public customer. According to the findings, these recommendations were made without having reasonable grounds for believing that the transactions were suitable for the customer considering the customer's financial situation, investment objective, and needs.

**Frank B. Zieg (Registered Representative, Littleton, Colorado)** submitted an Offer of Settlement pursuant to which he was fined \$10,000. Without admitting or denying the allegations, Zieg consented to the described sanction and to the entry of findings that he effected 13 unauthorized securities transactions in the joint account of public customers. In addition, the NASD found that Zieg reimbursed these customers \$800 for losses sustained in their securities account as a result of the unauthorized transactions.

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

**American National Equities, Incorporated,**  
Calabasas, California

**Douglas Stewart, Incorporated,** New York,  
New York

**Heiner & Stock, Incorporated,** Minneapolis,  
Minnesota

**Investment Advisors, Incorporated,** Louisville,  
Kentucky

#### **INDIVIDUALS SUSPENDED FOR FAILURE TO REQUALIFY BY EXAMINATION IN CONNECTION WITH PREVIOUS SANCTIONS IMPOSED**

Robert Schreiber, Westerville, Ohio (General  
Securities Principal, March 2, 1992)

Charles Mark Derricotte, Lorain, Ohio  
(Financial and Operations Principal, March 2,  
1992)

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

Clive F. Bamford, Treasure Island, Florida  
James Allen Brady, Louisville, Kentucky  
Michael James Carey, Lincroft, New Jersey  
Robert S. Ellin, Los Angeles, California  
Stephen C. Everett, Thousands Oaks,

California

Randall R. Heiner, Medina, Minnesota  
James J. Hergenreter, Calabasas, California  
Lefonza Jackson, Orlando, Florida  
John Robert Kempfert, Franklin, Wisconsin  
Rodney S. Kennison, Los Angeles, California  
W. Samuel Kerlin, II, New York, New York  
Joni Lynn Merwin, Englewood, Colorado  
Patrick W. O'Malley, Jr., Little Rock,

Arkansas

Talmadge Roberts, Washington, District of  
Columbia

Allan M. Stern, Brooklyn, New York

# For Your Information

National Association of Securities Dealers, Inc.

April 1992

## **NASD to Host Major Securities Industry Conference in Florida May 20-22**

The NASD's 1992 Eastern Regional Securities Conference, sponsored by Districts 5, 7, 8, 9, 10, and 11, will be held at The Peabody in Orlando, Florida, May 20-22. The program will begin with a state-of-the-NASD address by NASD President and Chief Executive Officer Joseph R. Hardiman, followed by a general session panel on the "Outlook for the Economy, Markets, and the Securities Industry." A second general session panel entitled "New Developments in Securities Regulation" will feature discussions of significant rules and regulations recently adopted, pending approval, or under development at the SEC, NASD, and state level and their potential impact on members.

During the workshop portion of the program, participants will be able to choose from among 12 sessions at which the following topics will be discussed: advertising rules and recent interpretations;

compliance and supervision issues; continuing education and assessment for industry professionals; corporate financing matters; dealing with the problem registered representative; fair dealings with customers in terms of markups and pricing; regulation of financial planners, investment advisors, and insurance broker/dealers; new initiatives in the fixed income market; market services and market surveillance; new products/derivatives and related regulatory considerations; and financing small businesses. There will also be a full-day training session for NASD arbitrators.

Conference registration is limited and costs \$335 per person for the full conference, \$125 for the arbitrators training session, or \$425 for both sessions. To request a conference brochure, which includes a full agenda and registration information, please FAX your name, firm, and address to Elisabeth Owen at (202) 728-6952.

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## **New Phone Number Listed for Wauwatosa PLATO Center**

The telephone number for the recently relocated Wauwatosa, Wisconsin PLATO Professional

Development Center was omitted from the PLATO brochure. The correct number is (414) 774-1378.

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