

# Regulatory & Compliance Alert

A PUBLICATION OF NASD REGULATION, INC.

15.1 SPRING 2001

## *NASD Institute 2001 Programs*

The NASD Institute for Professional Development—designed to provide quality educational programs for financial services/securities industry personnel and regulators—recently announced its 2001 program schedule. Programs to be offered this year through the Institute—the cornerstone of which is the NASD Institute-Wharton Certificate Program—include two offerings each of the Wharton-based Phase I and Phase III programs, the new week-long Phase II program to be held at the Georgetown Conference Center, and an Ethics Symposium, as well as assorted topic-specific two-day symposia. See the box on page 4 for a list of specific sessions and associated dates.

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REGULATION, INC.

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The NASD Institute-Wharton Certificate Program requires 120 program hours, broken into three phases. Phases I and III together provide 60 hours and take place at Wharton on the campus of the University of Pennsylvania. An additional 60 hours (Phase II) is achieved through elective programs offered either by the NASD Institute, or programs offered by other course providers and jointly approved by the NASD Institute and the Wharton School. In response to feedback gained from our constituents and certificate candidates, in 2001 the NASD Institute is offering Phase II programs in two different formats. The Institute continues to host individual symposia—a series of courses scheduled throughout the year; and has added week-long Phase II programs closely modeled after the Phase I and III formats. Further, the Ethics Symposium, tailored to the financial services industry, is a **requirement** for certificate candidates.

A candidate who successfully completes the NASD Institute-Wharton Certificate curriculum within three years' time is designated by the NASD Institute and Wharton as a Certified Regulatory and Compliance Professional (CRCP).

NASD Institute program presenters are university professors and securities industry and regulatory professionals. The program attendees include members of academia, regulatory organizations, securities and financial services firms, and others, which allows for an environment where all participants are able to learn from each others' unique industry and regulatory experiences. Courses are designed to enable managers, compliance professionals, lawyers, and

regulators to assume greater leadership roles and responsibilities.

The Phase I, II, and III week-long programs serve as a venue for candidates to participate in a number of advanced-level courses.

Topics during the week-long programs include:

- ❖ *Securities Law and Regulatory Structure*
- ❖ *State Securities Law*
- ❖ *Current Issues in Securities Regulation*
- ❖ *Fixed Income Securities*
- ❖ *Multinational Financial Services Issues*
- ❖ *Market Structure and Electronic Communications Networks Overview*
- ❖ *Variable Products Securities Compliance*
- ❖ *Resolving Customer and Employee Disputes*
- ❖ *Professional Conduct in the Financial Services Industry*
- ❖ *Regulatory Inquiries and Investigations*
- ❖ *Supervision and Supervisory Structure*
- ❖ *Suitability Issues*

Course work involves discussions, case studies, team presentations, simulations, research, and strategy sessions. Instruction will focus on fundamental theory and practical "hands-on" application.

The two-day Phase II symposia focus on specific subject-matter areas of interest to securities industry professionals. Sample symposia topics

include insider trading, ethics, surveillance requirements and techniques, electronic brokerage, and others.

NASD Institute certificate credit can also be gained through other Institute-approved programs sponsored by the NASD and third-party entities, such as the upcoming NASDR Market Regulation Seminar taking place May 7 in Boston, and nationwide NASD Arbitrator Training. Visit the NASD Institute's Web Page at [www.nasd.com/nipd\\_index.htm](http://www.nasd.com/nipd_index.htm) for more information.

The NASD Institute also encourages submissions from candidates of courses for consideration of certificate credit. Such courses must be approved in advance by a joint committee of the NASD Institute and by the Wharton School. In order to count toward the Certificate Program, the course must be consistent with the goals and objectives of the Institute.

### ***NASD Institute 2001 Schedule of Programs***

<b>Session</b>	<b>Credit Hours</b>	<b>Date</b>	<b>Location</b>
Phase I Week-Long Program	30	8/19-8/24	Wharton
Phase I Week-Long Program	30	11/4-11/9	Wharton
Phase II Week-Long Program	30	7/29-8/3	Washington, DC
Phase II Week-Long Program	30	12/2-12/7	Washington, DC
<b>Phase II Two-Day Symposia:</b>			
Ethics*	12	4/19-4/20	St. Charles, IL
Surveillance Requirements and Techniques for Preventing and Detecting Sales and Trading Practice Abuses	12	6/7-6/8	Washington, DC
Insider Trading, Chinese Walls, and Research Issues	12	7/16-7/17	Washington, DC
Electronic Brokerage	12	9/6-9/7	San Francisco, CA
Regulatory Inquiries and Conducting Internal Investigations	12	10/15-10/16	Washington, DC
Ethics*	12	11/2-11/3	Washington, DC
Phase III Week-Long Program	30	4/29-5/4	Wharton
Phase III Week-Long Program	30	11/11-11/16	Wharton

\*The Ethics Symposium is a required course for NASD Institute-Wharton Certificate Program candidates.

### **NASD Institute-Wharton Certificate Requirements: 120 Credit Hours Completed Within Three Years**

Phase I	+	Phase II	+	Phase III	=	Completion of Program Within Three Years
30 Hours		60 Hours		30 Hours		120 Hours
Week-Long Program At Wharton		Hours Achieved Through A Combination Of The Following:  A Required Ethics Symposium (12 hours)  NASD Institute Two-Day Symposia (12 hours each)  Phase II Week-Long Program At Georgetown University Conference Center (30 hours)  NASD Institute-Approved Courses Provided By Other Third Parties (credit hours determined on a case-by-case basis)		Week-Long Program At Wharton		

Visit the NASD Institute Web Pages, [www.nasd.com/nipd\\_index.htm](http://www.nasd.com/nipd_index.htm), to see the most up-to-date and complete program information, including fees, accommodations, and enrollment details. You may also subscribe to obtain free e-mail notifications from the NASD Institute about new programs and other Institute news. Just go to the [www.nasd.com/nipd\\_index.htm](http://www.nasd.com/nipd_index.htm), click on

the button titled "subscribe to our e-mail notifications," and complete the online form.

*Questions about this article may be directed to Gary L. Tidwell, Executive Director, NASD Institute for Professional Development, at (212) 858-4020, or via e-mail at [nipd@nasd.com](mailto:nipd@nasd.com).*

## FINANCIAL OPERATIONS

## Financial Operations Focus

This column is a regular feature that NASD Regulation presents in the *Regulatory & Compliance Alert* and highlights questions and answers about members' financial operations.

*Q: Who is a qualified lender under a Revolving Subordinated Loan Agreement?*

*A: A qualified lender under a Revolving Subordinated Loan must be one of the following:*

1. A bank as defined in Section 3(a)(6) of the Securities Exchange Act of 1934.
2. A bank holding company as defined in Section 2(a)(1) of the Bank Holding Company Act of 1956 or a financial holding company as defined in Section 2(p) of the Bank Holding Company Act of 1956.
3. A foreign banking institution or trust company that is regulated as such by the country's government or an agency of the country's government and that either (i) has investment-grade ratings for senior unsecured long-term debt by at least two nationally recognized statistical rating organizations (NRSROs), or (ii) has shareholders' equity of at least U.S. \$1.5 billion.
4. A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act, the deposits of which are insured by the Federal Deposit Insurance Corporation.
5. An insurance company as defined in Section 2(a)(17) of the Investment Company Act of 1940.
6. An entity that provides financing for other businesses in the ordinary course of its business provided that it issues commercial paper which is rated in one of the three highest categories by at least two NRSROs.
7. A broker/dealer holding company that issues commercial paper which is rated in one of the three highest categories by at least two NRSROs.
8. An investment bank holding company supervised by the SEC under Section 17(i) of the Securities Exchange Act of 1934.
9. A broker/dealer if: (a) it takes a charge to net capital for the full amount of the loan commitment whether or not drawn down by the borrower, from the effective date of the revolving subordinated loan agreement through the maturity date of the loans thereunder; and (b) at the time it enters into the revolving subordinated loan agreement, after taking the charge to net capital set forth above, its aggregate indebtedness does not exceed 1000% of its net capital nor is its net capital less than 120% of the minimum dollar amount required by SEC Rule 15c3-1 or, in the case of a broker/dealer operating pursuant to paragraph (a)(1)(ii) of SEC Rule 15c3-1, its net capital would not be less than

5% of its aggregate debit items computed in accordance with SEC Rule 15c3-3a, or if registered as a futures commission merchant, its net capital would not be less than 7% of the funds required to be segregated pursuant to the Commodity Exchange Act and the regulations thereunder, if greater.

*Q: Are securities maintained in satisfactory control locations as mandated by SEC Rule 15c3-3 (c)(4) and (c)(7) in compliance with the Rule, if these locations are within former USSR states?*

**A:** Yes. The SEC has extended until December 31, 2001 the good control location status for securities held in satisfactory control locations within former USSR states.

*Q: Is it permissible for an introducing firm participating in a "Commission Recapture/Commission Rebate Program" to receive funds that are due to be returned to customers at a future date?*

**A:** Yes. Some broker/dealers engage in the practice of refunding a portion of the commission paid to it by their customers. It is permissible for an introducing firm to receive customer funds pursuant to a "Commission Recapture/Commission Rebate" program provided that the introducing firm maintains net capital of at least \$250,000 and processes all customer funds through a (k)(2)(i) account pursuant to SEC Rule 15c3-3.

*Q: Can a mutual fund-only firm operating pursuant to SEC Rule 15c3-1 (a)(2)(v) (\$25,000 minimum net capital requirement) utilize the (k)(2)(i) account for funds for the purchase and redemption of non-securities products (i.e., fixed insurance products) and still qualify for the \$25,000 minimum net capital requirement?*

**A:** The SEC indicated that it is permissible for a firm subject to SEC Rule 15c3-1 (a)(2)(v) to process non-securities products transactions through the (k)(2)(i) account and remain subject to the \$25,000 net capital requirement.

*Q: What is the minimum net capital requirement for a broker/dealer that is a sole proprietor when that broker/dealer maintains a joint brokerage account with a spouse and transacts more than 10 transactions in that account?*

**A:** The SEC Staff of the Division of Market Regulation has informed NASD Regulation that where a sole proprietor broker/dealer maintains a joint brokerage account with a spouse, trades in the account must be counted as if they were conducted by the sole proprietor broker/dealer. As such, any broker that transacts more than 10 principal transactions in such joint account (each buy and sell transaction counting as a separate transaction) in a calendar year will be considered a dealer. Dealers are subject to a minimum net capital requirement of \$100,000 pursuant to paragraph (a)(2)(iii) of SEC Rule 15c3-1.

*Q: Are order memoranda (order tickets) required to have two "time stamps"?*

*A: The Staff of the Division of Market Regulation of the SEC has stated that order tickets must contain two "time stamps," one for the time the order is entered and one for the time of execution.*

*Questions regarding this article may be directed to Susan DeMando, Member Regulation Department, NASD Regulation, Inc., at (202) 728-8411.*

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#### REGULATORY SHORT TAKES

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## *NASD Regulation Publishes Investor Alerts*

Earlier this year, NASD Regulation began publishing *Investor Alerts*—communications about issues NASD Regulation identifies that investors should know about quickly. These *Alerts* provide investors with information about the latest trends NASD Regulation sees every day in the industry.

NASD Regulation encourages securities firms to review and share the *Investor Alerts* with their customers as a means to help educate investors and avoid potential problems.

NASD Regulation has already posted three *Alerts* to its Web Site ([www.nasdr.com](http://www.nasdr.com)); the topics are:

- ❖ *exchanging your variable annuity;*
- ❖ *understanding mutual fund classes; and*
- ❖ *guidance about promissory notes.*

### ***Investor Education Tools For Members***

Also note that NASD Regulation recently posted to its Web Site ([www.nasdr.com](http://www.nasdr.com)) a Web-based publication explaining the role and activities of the Securities Investor Protection Corporation (SIPC). More specifically, the document discusses SIPC membership, what SIPC covers, and the limits of SIPC coverage.

*If you would like to distribute these documents to your customers and/or establish Web links to them, please contact Rosa Maymi, NASD Corporate Communications, at (202) 728-8981.*



## *Municipal Securities Transaction Reporting Compliance Information*

NASD Regulation reminds firms about the transaction reporting obligation imposed by Municipal Securities Rulemaking Board (MSRB) Rule G-14 (the Rule). The Rule requires firms to report each of their municipal securities transactions accurately and in a timely manner. This is critical to a member firm's trade processing function, accurate public transaction dissemination and resulting price transparency, and regulatory oversight of municipal securities trading and sales practices.

The MSRB has developed a Dealer Feedback Service (DFS) for firms that wish to self-monitor their compliance with the Rule. The DFS allows firms that effect municipal securities transactions to access reports of their own transactions stored in the MSRB's Transaction Reporting System database. This service permits all municipal firms, but especially introducing firms that clear inter-dealer trades through clearing firms and/or submit customer trades through clearing firms or service bureaus, the ability to ensure that the trade data received by the MSRB is complete and accurate and that their responsibilities under the Rule have been met.

Upon request, as described below, the DFS will provide transaction data 31 days after the end of the month. For example, trades effected in February will become available on April 1. For each reported transaction, the DFS report will include: CUSIP number, trade date, settlement date, time of trade, symbol(s) of the dealers(s)

that effected the transaction, symbol(s) of the firm(s) that submitted the transaction data, par value, dollar price, yield (if reported), dealer capacity, commission, control number assigned by the dealer to the trade, and whether the transaction was subject to a fee. Additionally, transactions will be identified as customer, inter-dealer, late, or timely.

The MSRB has designed security features to help assure confidentiality of transaction information. Firms requesting data must have already notified the MSRB of their status as municipal securities brokers or dealers, per MSRB Rule A-12, and will only be allowed to obtain data compiled about their own trades. Accordingly, each firm that wishes to use the service must designate an authorized recipient and obtain a user ID and password prior to making a request for data. Data will not be available "online"; therefore, reports are not immediately accessible. Instead, the authorized recipient will submit a request, which will be processed by MSRB staff. Firms will be notified when the data is available to be downloaded from a secure Web site into a Microsoft Excel 97 spreadsheet. Specific information about the DFS and instructions for subscribing to the service are available from the MSRB Web Site, [www.msrb.org](http://www.msrb.org).

NASD Regulation has previously issued guidance on municipal transaction reporting compliance. See *NASD Notice to Members*

00-08, dated January 2000, and the Winter 2000 issue of the *Regulatory & Compliance Alert*.

NASD Regulation encourages municipal brokers and dealers to use the MSRB's DFS to self-monitor their compliance with the municipal securities transaction reporting requirements of MSRB Rule G-14.

*Questions about the Dealer Feedback Service may be directed to Cindy Friedlander, Member Regulation, NASD Regulation, Inc., at (202) 728-8133.*

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## *Reporting Riskless Principal Executions To OATS*

With the February 1, 2001 implementation of the Riskless Principal Trade Reporting Rules, many firms have asked how to report riskless principal executions to the Order Audit Trail System (OATS<sup>SM</sup>). If a firm either does not report a trade with a customer to ACT (*NASD Notice to Members 99-65*) or submits a "non-tape, non-clearing report" or a "clearing-only" report (*NASD Notice to Members 00-79*) because the trade qualifies for riskless principal treatment, the firm still is required to submit an Execution Report to OATS. This reporting of riskless principal trade executions to OATS was specifically discussed in Question 10 of the Question and Answer section of *NASD Notice to Members 99-65*.

As of April 4, 2001 OATS will include a new Reporting Exception Code of "R" (Riskless Principal Transaction) to be used on the Execution Report when reporting a riskless principal transaction. Until that time, firms should supply a Reporting Exception Code of "M" (M = Market Maker side of Nasdaq<sup>®</sup> execution system execution). This Reporting Exception Code indicates that there is no corresponding trade report in ACT. Please note that OATS reporting obligations are for Nasdaq securities only; there is no OATS obligation for CQS and OTC Bulletin Board<sup>®</sup> securities.

*Questions regarding these issues or on OATS in general may be directed to NASD Business and Technology Support Services at (800) 321-NASD.*

## *Subscribe To E-Mail Broadcasts*

To keep informed about additions and changes to the NASD Regulation Web Site, members, investors, and other NASD Regulation constituents may subscribe to receive weekly e-mail notification broadcasts. Each Wednesday evening, NASD Regulation sends e-mail broadcasts alerting NASD member firms and other constituents about Web-based information, such as publications, press releases, rule proposals, investor guidance, and much more.

Since the primary method of publishing much of NASD Regulation's communications, including this publication—the *Regulatory & Compliance Alert*—is via the Internet, subscribers to this service will be able to find out about vital securities compliance and regulatory information on a timely basis.

To subscribe, go to the NASD Regulation Web Site Home Page ([www.nasdr.com](http://www.nasdr.com)) and click on the button titled "Subscribe To Our E-Mail Notifications." You will then be prompted to complete a brief, online form.

This is a free service, and you will be able to unsubscribe at any time. Note, however, NASD Executive Representatives are required to receive these e-mail notifications.

Also please look to the Home Page of the NASD Regulation Web Site for daily information about postings to the Site.

## Testing Update

### **Excellence In Service Award For Prometric Centers**

NASD Regulation established an Excellence In Service Award Program in 1999 for those centers that consistently achieve excellence in the areas of customer service and performance.

The awards are made in April, June, October, and January for the previous calendar quarter.

The Excellence in Service Award winners for fourth quarter 2000 are:

★ Consecutive Quarter Winners		
★ Memphis TN	Hazelwood MO	Palm Desert CA
★ Orlando FL	Santa Rosa CA	Atascadero CA
★ Pittsburgh (N.Hills) PA	Springfield MO	Bloomington MN
★ Fox Point WI	St. Cloud MN	Oklahoma City OK
Bossier LA	Cuyahoga Falls OH	Reynoldsburg OH
Strongsville OH	Pittsburgh PA	Lancaster PA
Evansville IN	Lafayette IN	Albuquerque NM
Las Vegas NV	Lansing MI	Livonia MI
Utica MI	Birmingham AL	Dothan AL
Homewood IL	Northbrook IL	Columbus NE
Wappingers Falls NY	Sioux Falls SD	Roanoke VA
Orono ME	Morgantown WV	Denver CO
Deptford NJ		

### **Implementation Of New Procedure For Group Appointment Scheduling**

Effective March 1, 2001, NASD Regulation implemented a new procedure for scheduling Group appointments.

Firms will be contacted 30 days before the scheduled group appointment date for confirmation as to the number of appointments needed. Firms can opt to keep the number of

appointments, or reduce the number of appointments. Once the confirmation has occurred, the firm will be charged for the "agreed upon" number of appointments regardless of whether they are used or not.

Firms will need to provide specific candidate information (names, Social Security numbers) 14 days before the appointment date if the group was scheduled as a "block" and actual candidate information was not previously provided. If the

candidate information is not provided to the Field Support Services Group Appointment staff by the 14-day cutoff date, the appointments will be canceled, and the firm will be charged for those appointments.

For more information about Group Appointment scheduling, visit our the following Web Page: [www.nasdr.com/2630.htm](http://www.nasdr.com/2630.htm).

**Update: Testing And Continuing Education—International Delivery**

NASD Regulation is now offering delivery of computerized testing in Europe and the Pacific Rim.

NOTE: Continuing Education sessions are currently not available for scheduling or delivery in Europe and the Pacific Rim. NASD Regulation anticipates that Continuing Education sessions will be available in the near future. NASD Regulation is approving extensions to eligibility windows for candidates who want to schedule their sessions internationally, since we are not able to accommodate them at this time. If a Continuing Education window needs to be extended, please call NASDR Field Support Services in the US at 800-999-6647, Option 1. Indicate that the Continuing Education sessions window needs to be extended because the individual is attempting to complete the session internationally.

Computerized delivery is offered in the following cities:

- ❖ *Sydney, Australia*
- ❖ *Hong Kong, China*

- ❖ *Paris, France*
- ❖ *Frankfurt, Germany*
- ❖ *Tokyo, Japan*
- ❖ *Seoul, South Korea*
- ❖ *London, United Kingdom*

For detailed information about site addresses, and scheduling appointments at these locations, visit the following Web Page: [www.nasdr.com/2634.htm](http://www.nasdr.com/2634.htm).

***New Name For Sylvan Prometric***

In March 2000, Thomson Learning acquired Sylvan Prometric, the computer-based testing division of Sylvan, and renamed the company "Prometric, a division of Thomson Learning." For many locations, "Sylvan" references have been changed to reflect the "Prometric" identity; however, many Prometric Testing Centers are co-located with Sylvan Learning Centers. Once inside the facility, candidates will be able to locate the Prometric Testing Centers.

***Prometric Appointment Scheduling During June And July 2001***

Due to an anticipated increase in volume, demand for appointments at Prometric Testing Centers is expected to peak during the months of June and July 2001. Prometric is taking a proactive approach to ensure that centers have the capacity to handle the increased volume of business. However, NASD Regulation

encourages candidates who will require Continuing Education and testing appointments during the June/July timeframe to schedule appointments as far in advance as possible.

**Delivery Locations On The NASD Regulation Web Site**

A listing of NASD Regulation-authorized delivery locations can be found on the NASD Regulation Web Site ([www.nasdr.com](http://www.nasdr.com)). An up-to-date list of delivery locations (including

addresses, phone numbers, and maps to the locations) are continually updated and can be viewed on the Web Site by selecting "Members Check Here" from the Home Page, then "Exam Information & Locations." The URL to get directly to this section of the Web Site is: <http://www.nasdr.com/2630.htm>.

Questions about this article may be directed to Linda Christensen, Member Regulation, NASD Regulation, Inc., at (610) 627-0377.

**Certification Testing & Continuing Education  
Delivery Location List**

Current as of March 2001

<b>Alabama</b>			
Birmingham	205-871-7444	Fremont	510-687-1391
Decatur	205-350-8324	Gardena	310-329-1844
Dothan	334-677-6334	Glendale	818-545-7383
Mobile	334-344-6284	Irvine	949-552-0563
Montgomery	334-262-0043	La Mesa	619-668-2121
		Palm Desert	760-836-1510
<b>Alaska</b>		Piedmont	510-428-4123
Anchorage	907-563-6601	Rancho Cucamonga	909-944-9763
<b>Arizona</b>		Redlands	909-792-2145
Goodyear	623-932-7800	Riverside	909-353-8600
Tucson	520-531-0431	Sacramento (Fair Oaks)	916-961-7323
<b>Arkansas</b>		San Diego	619-481-3648
Fayetteville	501-484-0702	San Francisco (Market St.)	415-882-1212
Jacksonville	501-663-8280	San Francisco (W. Portal St.)	415-681-3769
		San Jose	408-257-7699
		Santa Rosa	707-528-6000
		Westlake Village	805-495-6367
		<b>Canada</b>	
		Calgary	403-777-1365
		Etobicoke, ON	416-236-2629, Ext. 221
		Halifax	902-422-7323
		Montreal	514-876-8818

<i>Richmond BC</i>	604-231-1966	<b>Illinois</b>	
<i>Saskatoon, SK</i>	306-978-7323	<i>Carbondale</i>	618-529-4664
<i>Whitby</i>	905-404-1818	<i>Carpentersville</i>	847-836-2031
<i>Windsor</i>	519-974-8747	<i>Chicago (S. Wabash)</i>	312-663-5632
<i>Winnipeg</i>	204-988-5050	<i>Homewood</i>	708-798-0238
<b>Colorado</b>		<i>Northbrook</i>	847-559-2461
<i>Boulder</i>	303-449-1700	<i>Peoria</i>	309-682-0825
<i>Colorado Springs</i>	719-593-1272	<i>Springfield</i>	217-546-0381
<i>Denver</i>	303-692-8745	<i>Westchester</i>	708-947-2800
<i>Littleton</i>	303-972-7276	<b>Indiana</b>	
<i>Pueblo</i>	719-545-0838	<i>Evansville</i>	812-479-6855
<b>Connecticut</b>		<i>Ft. Wayne</i>	219-436-2710
<i>Glastonbury</i>	860-659-0400	<i>Indianapolis (E. 86th St.)</i>	317-257-7546
<i>Hamden</i>	203-287-9677	<i>Indianapolis (Girl's School Rd)</i>	317-247-7664
<i>Norwalk</i>	203-847-0031	<i>Lafayette</i>	765-447-0626
<b>Delaware</b>		<i>Merrillville</i>	219-736-1113
<i>Dover</i>	302-741-0412	<i>Mishawaka</i>	219-254-1055
<i>Wilmington</i>	302-998-3817	<b>Iowa</b>	
<b>District of Columbia</b>		<i>Bettendorf</i>	319-359-1001
<i>Washington</i>	202-955-5887	<i>Des Moines</i>	515-223-6650
<b>Florida</b>		<b>Kansas</b>	
<i>Davie</i>	954-423-0782	<i>Topeka</i>	785-272-7500
<i>Ft. Myers</i>	941-275-1130	<i>Wichita</i>	316-651-5350
<i>Gainesville</i>	352-371-6891	<b>Kentucky</b>	
<i>Hollywood</i>	954-967-0443	<i>Lexington</i>	606-268-3338
<i>Jacksonville</i>	904-739-3000	<i>Louisville</i>	502-423-0340
<i>Maitland/Orlando</i>	407-875-8118	<b>Louisiana</b>	
<i>Miami</i>	305-825-2708	<i>Baton Rouge</i>	225-293-8489
<i>Sarasota</i>	941-923-9399	<i>Bossier City</i>	318-742-7349
<i>Tallahassee</i>	850-386-8707	<i>New Orleans</i>	504-245-2600
<i>Tampa</i>	813-289-1246	<i>Shreveport</i>	207-581-1708
<i>Temple Terrace (Tampa)</i>	813-989-9988	<i>Terre Haute</i>	207-775-5812
<i>Winter Park</i>	407-671-2332	<b>Maryland</b>	
<b>Georgia</b>		<i>Baltimore</i>	410-843-6401
<i>Atlanta</i>	404-255-9957	<i>Bethesda</i>	301-718-9893
<i>Augusta</i>	706-868-1888	<i>Columbia</i>	410-740-8137
<i>Jonesboro</i>	770-478-5356	<i>Lanham</i>	301-552-3400
<i>Macon</i>	912-474-5909	<i>Pikesville</i>	410-486-9045
<i>Marietta</i>	770-980-1117	<i>Salisbury</i>	410-341-4100
<i>Savannah</i>	912-354-2660	<b>Massachusetts</b>	
<i>Valdosta</i>	912-245-1069	<i>Boston</i>	617-345-8980
<b>Hawaii</b>		<i>Brookline</i>	617-264-4152
<i>Honolulu County</i>	808-263-6656	<i>E. Longmeadow</i>	413-525-4901
<b>Idaho</b>		<i>Lexington</i>	781-861-0723
<i>Boise</i>	208-322-3555	<i>Waltham</i>	781-890-0466
		<i>Worcester</i>	508-853-7250

**Michigan**

Grand Rapids 616-957-0368  
Lansing 517-372-7413  
Livonia 734-462-2750  
Portage 616-321-8351  
Troy 248-643-7323  
Utica 810-739-0270

**Minnesota**

Bloomington 612-831-7461  
Duluth 218-723-1494  
Rochester 507-292-9270  
St. Cloud 320-529-4830  
Woodbury 651-702-6791

**Mississippi**

Jackson 601-366-6400

**Missouri**

Ballwin 314-394-7742  
Jefferson City 573-761-7317  
Lee's Summit 816-525-5445  
Springfield 417-882-0740  
St. Joseph 816-671-9900  
St. Louis 314-993-9092

**Montana**

Billings 406-656-4646  
Helena 406-443-9205

**Nebraska**

Columbus 402-564-2862  
Omaha 402-334-9449

**Nevada**

Las Vegas 702-795-7323  
Reno 702-829-2700

**New Hampshire**

Portsmouth 603-433-6800

**New Jersey**

Deptford 609-384-4744  
East Brunswick 732-390-4040  
Fairlawn 201-475-1670  
Hamilton Township 609-631-9794  
Toms River 732-349-4809  
Union 908-964-2862

**New Mexico**

Albuquerque 505-296-0609

**New York**

Albany 518-438-6762  
Amherst/Buffalo 716-565-0570

**Brooklyn Heights**

East Syracuse 718-222-1277  
Garden City 315-433-9038  
Ithaca 516-746-7367  
Manhasset 607-277-4821  
Melville 516-869-1238  
NYC Manhattan Area 516-845-9063  
NYC Midtown Area 212-760-1137  
NYC Penn Plaza (15th Fl) 800-578-6273  
NYC Penn Plaza (17th Fl) 800-578-6273  
NYC Wall Street Area 800-578-6273  
Rego Park 718-997-6356  
Rochester 716-385-4810  
Staten Island 718-980-3079  
Vestal 607-798-1715  
Wappingers Falls 845-298-8378  
Watertown 315-788-2588  
White Plains 914-289-0437

**North Carolina**

Asheville 828-253-4224  
Charlotte 704-364-7758  
Gastonia 704-853-2038  
Greensboro 336-288-1311  
Greenville 252-756-0342  
Raleigh 919-846-1975

**North Dakota**

Bismarck 701-224-1171  
Fargo 701-293-1234

**Ohio**

Cincinnati 513-671-7030  
Columbus 614-451-4131  
Cuyahoga Falls (Akron) 330-922-5587  
Dayton 937-435-8417  
Hilliard 614-529-4232  
Lima 419-331-7323  
Mentor 440-255-0055  
Niles 330-652-1886  
Reynoldsburg 614-864-4090  
Strongsville 440-238-0530

**Oklahoma**

Oklahoma City 405-843-8378  
Tulsa 918-249-0820

**Oregon**

Eugene 541-485-4589  
Milwaukie 503-659-9575  
Portland 503-254-2009



**Pennsylvania**

Allentown 610-791-5320  
 Clark Summit 717-586-4362  
 Erie 814-864-6100  
 Harrisburg 717-652-0646  
 Lancaster 717-391-6519  
 North Wales 215-412-7822  
 Philadelphia 215-238-8380  
 Pittsburgh (North Hills) 412-367-4620  
 Pittsburgh (Braddock Ave.) 412-247-4463  
 Plymouth Meeting 610-941-6284  
 York 717-755-7471

**Puerto Rico**

Guaynabo 787-706-7640  
 Hato Rey 787-753-6394

**Rhode Island**

Cranston 401-942-8552

**South Carolina**

Charleston 843-766-5599  
 Columbia 803-354-9221  
 Greenville 864-676-1506  
 Irmo 803-749-0356

**South Dakota**

Sioux Falls 605-362-4875

**Tennessee**

Chattanooga 423-894-6249  
 Clarksville 931-647-2003  
 Franklin 615-790-5018  
 Knoxville 423-690-0671  
 Madison (Nashville) 615-860-0376  
 Memphis 901-266-4606

**Texas**

Abilene 915-698-7858  
 Amarillo 806-359-1037  
 Arlington 817-572-6690  
 Austin 512-441-1978  
 Beaumont 409-899-9798  
 Corpus Christi 512-993-3793

Dallas 972-385-1181  
 El Paso 915-587-7323  
 Houston (Saturn Ln) 281-488-6144  
 Lubbock 806-785-4400  
 Mesquite 972-686-3310  
 Midland 915-520-9418  
 San Antonio 210-494-7263  
 Sugar Land 281-491-9200  
 Waco 254-772-2467

**Utah**

Orem 801-226-5544  
 Salt Lake City 800-578-6273

**Vermont**

Williston 802-872-0845

**Virgin Islands**

St. John 340-773-5751

**Virginia**

Arlington/DC Area 703-807-5813  
 Lynchburg 804-832-0778  
 Mechanicsville 804-730-5844  
 Newport News 757-873-0208  
 Roanoke 540-344-3688

**Washington**

Lynnwood 425-774-3922  
 Puyallup 253-848-0771  
 Spokane 509-467-8715

**West Virginia**

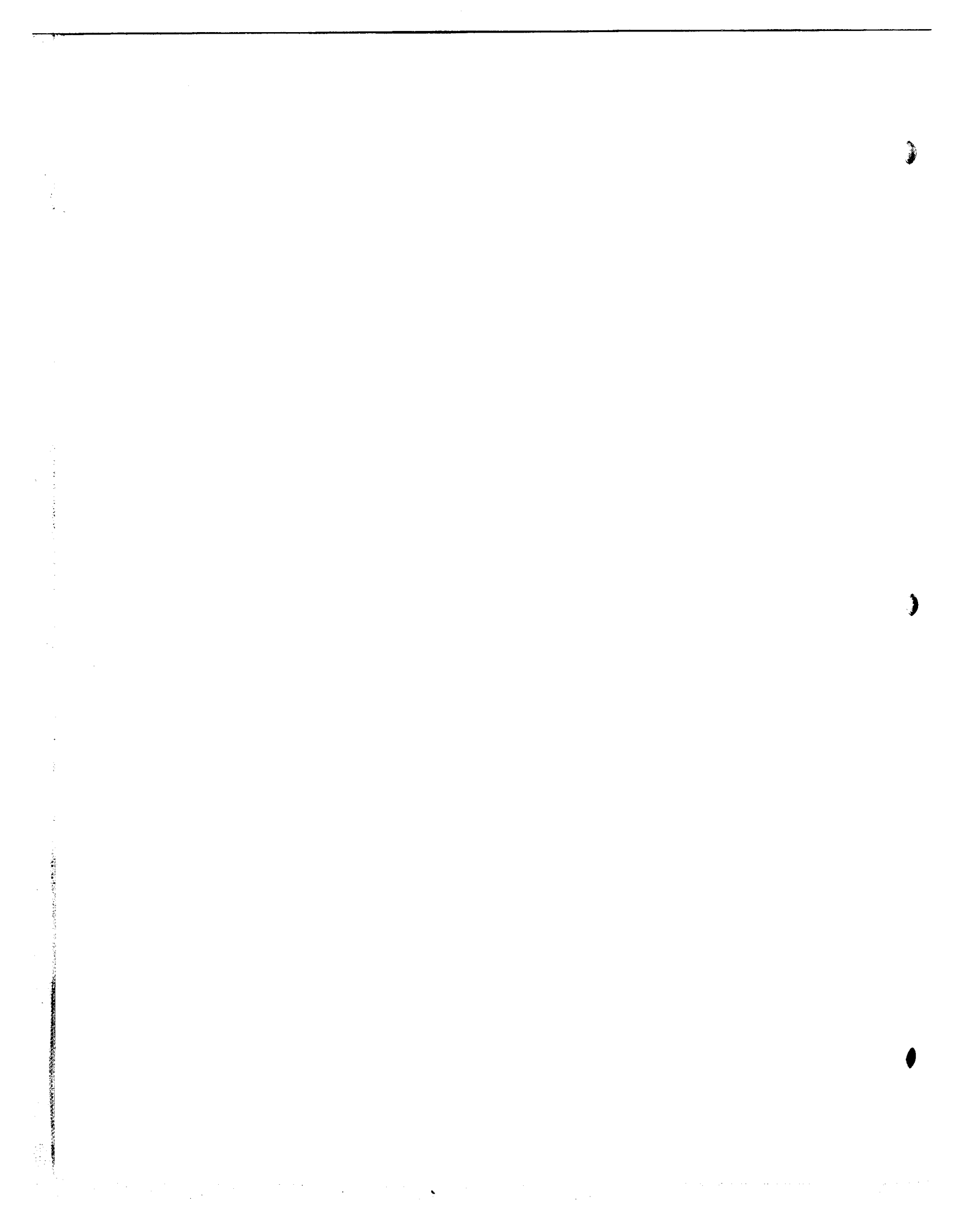
Morgantown 304-293-0699  
 South Charleston 304-744-4144

**Wisconsin**

Fox Point 414-540-2223  
 Madison 608-231-6270  
 New Berlin 414-796-0836  
 Racine 414-554-9009

**Wyoming**

Casper 307-235-0070



## NASD Disciplinary Actions

*In January, February, and March 2001, the NASD announced the following disciplinary actions against these firms and individuals. Publication of these sanctions alerts members and their associated persons to actionable behavior and the penalties that may result. This information is current as of March 2001.*

District 1 - Northern California (the counties of Monterey, San Benito, Fresno, and Inyo, and the remainder of the state north or west of such counties), northern Nevada (the counties of Esmeralda and Nye, and the remainder of the state north or west of such counties), and Hawaii

### January Actions

**Light Securities (CRD #23660, San Francisco, California) and Walter Waitak Light (CRD #1494331, Registered Principal, Alameda, California)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, and the firm and Light were fined \$15,000, jointly and severally. In addition, Light was suspended from association with any NASD member in any capacity for 30 business days and required to requalify as a general securities principal and registered options principal within nine months before acting in those capacities. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that Light recommended and effected in the account of a public customer an options trading strategy that was unsuitable for the customer, failed to ascertain the customer's risk tolerance, experience and financial position, and to make the required independent determination of suitability. The findings also stated that the firm and Light entered into settlement agreements with customers that inaccurately disclosed the settlement below the amount which would have required disclosure on Light's Form U-4, and failed to timely amend Light's Form U-4 to disclose the complaints and settlements.

Light's suspension began December 4, 2000, and will conclude at the close of business on January 17, 2001. (NASD Case #C01000035)

**W.S. Griffith & Co., Inc. (CRD #10410, Los Angeles, California)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$25,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to amend its Form BD, and Forms U-5 and Forms U-4 for individuals, in a timely manner, after becoming aware of lawsuits filed against the firm and

individuals alleging securities fraud, other securities law violations, and other misconduct. (NASD Case #C01000032)

**Robin Bruce McNabb (CRD #1016598, Registered Principal, San Jose, California)** was censured, fined \$50,000, and barred from association with any NASD member in any capacity. The SEC affirmed the sanctions following appeal of a March 1999 NAC decision. The sanctions were based on findings that McNabb participated in private securities transactions without giving prior written notification to his member firm. The findings also stated that McNabb recommended to public customers the purchase of securities without having reasonable grounds for believing that the investments were suitable for the customers in light of the facts disclosed by the customers regarding their other security holdings, and their financial situation, and needs.

McNabb has appealed this action to the U.S. Court of Appeals for the Ninth Circuit and the sanctions, other than the bar, are not in effect pending consideration of the appeal. (NASD Case #C01970021)

**Donny Randall Wells (CRD #1089583, Registered Representative, Santa Rosa, California)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$20,000, suspended from association with any NASD member in any capacity for four months, and required to requalify by taking and passing the Series 7 exam. Without admitting or denying the allegations, Wells consented to the described sanctions and to the entry of findings that he failed to inform public customers and his member firm, that an individual subject to an NASD bar was making false assertions and generating false documents to make customers believe that their mutual fund investments were invested with or through a member firm. Furthermore, the NASD found that Wells failed to disclose to his present member firm, in a timely manner, that he was named as a defendant in lawsuits pertaining to the individual's misconduct, and failed to keep his registration information current by amending a Form U-4 to disclose the lawsuits, in a timely manner.

Wells' suspension began January 2, 2001, and will conclude at the close of business on May 1, 2001. (NASD Case #C01000033)

### February Actions

**Robert Alan Corona (CRD #2366356, Registered Representative, Mountain View, California)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$12,500 and suspended from association with any NASD member in any capacity for 10 days. Without admitting or denying the allegations, Corona consented to the described sanctions and to the entry of findings that he effected securities transactions for the account of a public customer without the customer's prior authorization or consent. The findings also stated that Corona recommended

to a public customer purchases and sales of securities without having reasonable grounds for believing that his recommendations were suitable for the customer upon the basis of the facts disclosed by the customer as to other securities holdings, the customer's financial situation, and needs.

Corona's suspension began February 5, 2001, and concluded at the close of business on February 14, 2001. (NASD Case #C01000039)

**Christy Porter Johnson (CRD #3157609, Registered Representative, Sacramento, California)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Johnson failed to respond to NASD requests for information. (NASD Case #C01000016)

#### March Actions

**Robert Roy MacGregor (CRD #2048323, Registered Representative, Austin, Texas)** was barred from association with any NASD member in any capacity. The sanction was based on findings that MacGregor failed to respond to NASD requests for information. (NASD Case #C01000012)

**Stephen Earl Prout (CRD #857060, Registered Principal, Clovis, California)** was fined \$10,000 and suspended from association with any NASD member in any capacity for one year (which was reduced by three months). The National Adjudicatory Council (NAC) imposed the sanctions following a call for review of an Office of Hearing Officers decision. The sanctions were based on findings that Prout falsified customers' dates of birth on variable annuity applications.

Prout's suspension began February 20, 2001, and will conclude at the close of business on November 19, 2002. (NASD Case #C01990014)

**U.S. Rica Financial, Inc. (CRD #38742, San Jose, California) and Vinh Huu Nguyen (CRD #2374393, Registered Principal, San Jose, California)** were fined \$240,000, jointly and severally, and required to disgorge \$58,579.83, plus interest, jointly and severally. In addition, the firm was expelled from NASD membership, and Nguyen was barred from association with any NASD member in any principal capacity. Nguyen was also suspended from association with any NASD member in any capacity for two years. The sanctions were based on findings that the firm, acting through Nguyen, falsely advertised on the firm's Web site that the firm would effect transactions for "free" or in accordance with the firm's published commission schedule, and failed to disclose that the firm might effect transactions on a riskless principal basis and charge markups and markdowns on such transactions. Furthermore, the firm, acting through Nguyen, engaged in securities fraud by failing to disclose, in connection with customer transactions, the markups and markdowns charged, retaining "secret profits" in connection with these transactions, and sent confirmations that represented that the firm had acted as an agent and had

charged no commissions, or had charged commissions in accordance with its published commission schedule. The firm, acting through Nguyen, also failed to make appropriate memoranda of brokerage orders.

The firm and Nguyen have appealed this action to the NAC and the sanctions are not in effect pending consideration of the appeal. (NASD Case#C01000003)

District 2 - Southern California (that part of the state south or east of the counties of Monterey, San Benito, Fresno, and Inyo), southern Nevada (that part of the state south or east of the counties of Esmeralda and Nye), and the former U.S. Trust Territories

#### January Actions

**Reinhard Hermes (CRD #1597099, Registered Principal, Laguna Niguel, California)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$20,000 and suspended from association with any NASD member in any capacity for two years. The fine must be paid before reassociating with a member firm or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Hermes consented to the described sanctions and to the entry of findings that he participated in private securities transactions and failed to provide written notice to the NASD describing in detail the proposed transactions, his proposed role, and stating whether he had received or might receive selling compensation in connection with the transactions.

Hermes' suspension began January 2, 2001, and will conclude on January 1, 2003. (NASD Case #C02000065)

**Gordon Kerr (CRD #268444, Registered Representative, Walnut, California)** was barred from association with any NASD member in any capacity. The SEC affirmed the sanction following appeal of a December 1999 NAC decision. The sanction was based on findings that Kerr functioned as a securities principal while he was barred from acting in that capacity. (NASD Case #C02980051)

**Marlon Gerbacio Pamintuan (CRD #2721666, Registered Representative, Hayward, California)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Pamintuan failed to respond to NASD requests for information. (NASD Case #C02000033)

**San Clemente Securities, Inc. (CRD #21895, San Clemente, California), Cooke Baille Christopher (CRD #1590203, Registered Principal, San Clemente, California), Thomas Henri Sunderland (CRD #1636630, Registered Principal, San Clemente, California), Douglas Grant Eichenberger (CRD #1821564, Registered Representative, Ft. Collins, Colorado), and Randy Trager Ronberg (CRD #1826543, Registered Representative, Gilbert, Arizona)** submitted Offers of Settlement in which the

firm was expelled from NASD membership. Christopher was barred from association with any NASD member in any capacity, and Sunderland was censured, fined \$40,000, and suspended from association with any NASD member in any capacity for two years. Sunderland was also required to requalify by exam as a general securities principal, and his fine must be paid before reassociating with a member firm. Eichenberger was barred from association with any NASD member in any capacity and required to disgorge \$13,950 in commissions. The disgorgement of commissions earned by Eichenberger must be paid before requesting reassociation with a member firm. Rondberg was censured and fined \$10,000 which includes disgorgement of \$481.63 in disgorgements earned.

Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that, in connection with the purchase by investors of custodialized certificate of deposit investments (certificates), the firm, acting through Christopher, Eichenberger, and Rondberg, engaged in various practices and conduct designed to induce public customers to invest in certificates offered and sold through the firm, and recklessly made untrue statements of material facts and omitted to state material facts necessary to make the statements by them, in the light of the circumstances in which they were made, not misleading. The findings also stated that the firm, acting through Christopher, Eichenberger, and Rondberg, recklessly confused and misled investors, failed to disclose to customers that sales commissions and custodial fees on certificate transactions would be taken "up front" from investors' principal and not from the earnings on their investment, and incorrectly represented that the full principal paid by investors had been invested in their respective certificates. As executive vice president and part owner of the firm, the NASD determined that Sunderland should have known of the deceptive conduct being perpetrated by the firm and Christopher against the customers, deliberately ignored their deceptive practices, and failed to exercise his power and authority to direct management and policies at the firm.

Sunderland's suspension began December 18, 2000, and will conclude at the close of business on December 17, 2002. (NASD Case #C02000042)

**Steven Arthur Scott (CRD #1174431, Registered Representative, Laguna Hills, California)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$15,000 and suspended from association with any NASD member in any capacity for two years. The fine must be paid before reassociating with a member firm following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Scott consented to the described sanctions and to the entry of finding that he participated in private securities transactions and outside business activities without providing prior oral or written notification to, and receiving permission from, his member firm.

Scott's suspension will begin January 16, 2001, and will conclude at the close of business on January 15, 2003. (NASD Case #C02000069)

## February Actions

**Milton D. Albuquerque (CRD #3064806, Registered Representative, Santa Monica, California)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Albuquerque failed to respond to NASD requests for information. (NASD Case #C02000040)

**Charles Melville Blair (CRD #22803, Registered Representative, Toluca Lake, California)** was censured and fined \$10,000. The sanctions were based on findings that a member firm, acting under the direction and control of Blair, engaged in a securities business while failing to maintain its minimum net capital. (NASD Case #C02000035)

**Craig Carter Fronk (CRD #2271067, Registered Principal, Laguna Niguel, California)** was fined \$10,000, and suspended from association with any NASD member in any capacity for 30 days, for permitting an individual to actively engage in the management of a securities business without being registered as a securities principal. In addition, Fronk was barred from association with any NASD member in any capacity, and ordered to pay \$5,000, plus interest, in restitution to a public customer for making untrue statements of material facts and omitting to disclose material facts to public customers in connection with their purchases of securities. Fronk was also barred from association with any NASD member in any capacity, and ordered to pay \$35,000, plus interest, in restitution to a public customer for recommending to the customer the purchase of securities without having reasonable grounds for believing that such recommendations were suitable for the customer. Payment of the fine and the restitution must be made before any application for reentry into the securities industry will be considered. Fronk's bar became effective December 29, 2000. (NASD Case #C02970012)

**Hanmi Securities, Inc. (CRD #25518, Los Angeles, California) and Eul Hyung Choi (CRD #1592055, Registered Principal, Los Angeles, California)** submitted a Letter of Acceptance, Waiver, and Consent in which they were censured and fined \$10,000, jointly and severally. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Choi, failed to maintain a continuing and current education program for its covered registered persons. The findings also stated that the firm operated an Office of Supervisory Jurisdiction and failed to register this office with the NASD. (NASD Case #C02000066)

**Percival Anthony Jones, Sr. (CRD #2506769, Registered Representative, Los Angeles, California)** was barred from association with any NASD member in any capacity, and ordered to pay \$3,000, plus interest, in restitution to a public customer. The sanctions were based on findings that Jones received \$3,000 cash from a public customer for investment purposes, failed to follow the customer's instructions and, instead, converted the funds to his own use and benefit. Jones also failed to respond to NASD requests for information. (NASD Case #C02000036)

**Sean Peter McManus (CRD #2169076, Registered Representative, Boynton Beach, Florida)** was barred from association with any NASD member in any capacity. The sanction was based on findings that McManus purchased shares of stock in the accounts of public customers without the customers' knowledge or consent. (NASD Case #C02000025)

**Pacific Capital Management, Inc. (CRD #23343, Monterey, California) and Frank Wing Fai Ma (CRD #1000790, Registered Principal, Pasadena, California)** submitted an Offer of Settlement in which the firm was censured, and the firm and Ma were fined \$20,635, jointly and severally. In addition, Ma was suspended from association with any NASD member in the capacity of a general securities principal for six months and ordered to requalify by exam as a general securities principal during the suspension. If Ma fails to requalify at the end of the suspension period, he will continue to be suspended until he requalifies. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Ma, permitted individuals to engage in the securities business without benefit of registration in any capacity with the NASD. According to the findings, the firm and Ma entered into an arrangement in which the individuals would telephone a customer order to Ma, and Ma would cause the order to be effected through the firm's clearing broker. Ma would open the account for the customers and the customer account statement listed Ma as the account executive of record.

Ma's suspension began January 16, 2001, and will conclude on July 15, 2001. (NASD Case #C02000044)

**Teo Van Pham (CRD #4008622, Registered Representative, Los Angeles, California)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Pham provided false responses on his Form U-4. (NASD Case #C02000049)

**Michael Anthony Pipkins (CRD #1489038, Registered Principal, Murrietta, California)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Pipkins received a \$10,000 cashier's check from a customer to invest on the customer's behalf. Pipkins cashed the check but never invested the funds on the customer's behalf or returned the funds to the customer. Pipkins also failed to respond to NASD requests for information. (NASD Case #C02000051)

**Rick Ray Ruppert (CRD #2122885, Registered Principal, Las Vegas, Nevada)** submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 15 months. The fine must be paid before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Ruppert consented to the described sanctions and to the entry of findings that he received \$3,000 in cash from public customers for investment purposes, failed to apply the customer funds promptly to any investment, and instead, used the funds to purchase bank cashiers checks to

fund Roth IRA accounts for the customers. Ruppert also failed to respond to NASD requests for information.

Ruppert's suspension began February 5, 2001, and will conclude at the close of business on May 4, 2002. (NASD Case #C02000023)

**Ronald Silas (CRD #1047209, Registered Representative, San Bruno, California)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Silas received a \$30,000 check from public customers for investment purposes and converted the funds to his own use and benefit. Silas also failed to respond to NASD requests for information. (NASD Case #C02000041)

**Pamela Harlan Wilson (CRD #1337224, Registered Representative, Burbank, California)** submitted a Letter of Acceptance, Waiver, and Consent in which she was fined \$10,000 and suspended from association with any NASD member in any capacity for 10 business days. Without admitting or denying the allegations, Wilson consented to the described sanctions and to the entry of findings that she engaged in a private securities transaction without prior written notice to, and approval from, her firm.

Wilson's suspension began February 5, 2001, and will conclude at the close of business on February 16, 2001. (NASD Case #C02000070)

### March Actions

**Amerivet Securities, Inc. (CRD #34786, Los Angeles, California) and Elton Johnson, Jr. (CRD #844428, Registered Principal, Panorama City, California)** submitted an Offer of Settlement in which they were fined \$20,000, jointly and severally. In addition, Johnson was suspended from association with any NASD member as a general securities principal for one year, and suspended from association with any NASD member as a financial and operations principal (FINOP) for 90 days. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Johnson, conducted a securities business while failing to maintain sufficient minimum net capital. The findings also stated that the firm, acting through Johnson, permitted individuals to act as registered representatives, and permitted an individual to act in a principal capacity, without benefit of registration. Furthermore, the NASD found that the firm, acting through Johnson, violated its restriction agreement with the NASD by hiring more than five registered representatives at the firm without prior written approval from the NASD.

Johnson's suspension as a general securities principal began March 5, 2001, and will conclude at the close of business on March 4, 2002, and his suspension as a FINOP began March 5, 2001, and will conclude June 2, 2001. (NASD Case #C02990049)

**Michael Byron Turner (CRD #852773, Registered Representative, Del Mar, California)** was fined \$50,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Turner recommended purchase and sale transactions in various securities for the account of a public customer without having reasonable grounds for believing such transactions were suitable for the customer in view of the frequency and nature of the recommended transactions and the customer's financial situation, objectives, circumstances, and needs. Turner also failed to respond to NASD requests for information. (NASD Case #C02000052)

District 3 - Alaska, Arizona, Colorado, Idaho, Montana, New Mexico, Oregon, Utah, Washington, and Wyoming

District 3A - Denver

### January Actions

**Robert Babson Ailing, III (CRD #2063488, Registered Representative, Phoenix, Arizona)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$10,000 and suspended from association with any NASD member in any capacity for one month. The fine must be paid before reassociating with a member firm following the suspension. Without admitting or denying the allegations, Ailing consented to the described sanctions and to the entry of findings that he submitted a Uniform Application for Securities Industry Registration or Transfer (Form U-4) to the NASD and failed to disclose felony convictions.

Ailing's suspension began December 18, 2000, and will conclude at the close of business on January 17, 2001. (NASD Case #C3A000044)

**James Jay Dorney (CRD #2335567, Registered Representative, Superior, Colorado)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Dorney consented to the described sanction and to the entry of findings that he appropriated for his own use approximately \$25,000 that was intended to be the principal of trusts for which he was the trustee. (NASD Case #C3A000048)

**First Financial Equity Corporation (CRD #16507, Scottsdale, Arizona) and George Edward Fischer (CRD #1315706, Registered Principal, Scottsdale, Arizona)** submitted a Letter of Acceptance, Waiver, and Consent in which they were fined \$15,000, jointly and severally. In addition, the firm was censured and fined \$7,000, jointly and severally, with another individual, and Fischer was suspended from association with any NASD member 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 the firm, acting

through Fischer, participated in the offer and sale of debt securities in a private placement, received investor funds for the purchase of notes, and failed to promptly transmit the funds to an account specified by the Securities and Exchange Commission (SEC). The findings also stated that the firm, acting through Fischer, continued to offer and sell notes after the date upon which the offering should have been terminated due to the failure of the stated contingency. The firm also, acting through another individual, conducted a securities business while failing to maintain the required minimum net capital.

Fischer's suspension began January 2, 2001, and will conclude at the close of business on January 16, 2001. (NASD Case #C3A000030)

**William Edson Howard, III (CRD #1395976, Registered Representative, Ft. Pierce, Florida)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$10,000 and suspended from association with any NASD member in any capacity for 12 months. The fine must be paid before reassociating with a member firm or before requesting relief from statutory disqualification. Howard must also demonstrate that he has paid \$12,708, that represents his financial benefit from private securities transactions, to the trustee in bankruptcy of a company before reassociating with a member firm or before requesting relief from statutory disqualification. Without admitting or denying the allegations, Howard consented to the described sanctions and to the entry of findings that he engaged in private securities transactions without providing his member firm prior written notice of his intention to participate and without seeking or receiving the permission of his member firm since the transactions were "for compensation."

Howard's suspension will begin January 16, 2001, and will conclude at the close of business on January 15, 2002. (NASD Case #C3A000047)

**Joaquin Lopez, III (CRD #4068288, Registered Representative, Aurora, Colorado)** submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Lopez consented to the described sanction and to the entry of findings that he failed to respond to NASD requests for information. (NASD Case #C3A000035)

**Douglas Takeshi Nonaka (CRD #1757727, Registered Representative, Aiea, Hawaii)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity and required to demonstrate, should he seek reentry into the securities industry, that he has paid \$7,680 to the trustee in bankruptcy of an issuer or to individual investors. Without admitting or denying the allegations, Nonaka consented to the described allegations and to the entry of findings that he engaged in private securities transactions without providing prior written notice to his member firm. The NASD also found that Nonaka failed to respond to NASD requests for information. (NASD Case #C3A000045)

**Jan Melvin Siroky (CRD #425443, Registered Representative, Colorado Springs, Colorado)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Siroky consented to the described sanction and to the entry of findings that he accepted funds from a public customer intended for investment and retained possession and control of the funds prior to applying them to the intended investment, thereby misusing customer funds. (NASD Case #C3A000049)

**Charles Wesley Testino, Jr. (CRD #1216651, Registered Representative, Tucson, Arizona)** was fined \$177,000, suspended from association with any NASD member in any capacity for six months, and ordered to requalify by exam as an investment company and variable contracts products representative before associating again with a member firm. The Office of Hearing Officers imposed the sanctions following a call for review and remand by the NAC. The sanctions were based on findings that Testino engaged in private securities transactions without prior notice to his member firm.

Testino's suspension began December 4, 2000, and will conclude at the close of business on June 4, 2001. (NASD Case #C3A990031)

**Lester Henry Veltman, Jr. (CRD #454075, Registered Representative, Tulsa, Oklahoma)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for one month. Without admitting or denying the allegations, Veltman consented to the described sanctions and to the entry of findings that he engaged in private securities transactions without providing prior written notice to, and receiving permission from, his member firm.

Veltman's suspension will begin January 16, 2001, and will conclude at the close of business on February 15, 2001. (NASD Case #C3A000050)

#### February Actions

**Frederick Walter Azeltine (CRD #1969813, Registered Supervisor, Denver, Colorado)** was fined \$10,000, suspended from association with any NASD member in any capacity for 30 days, and ordered to disgorge \$65.20 for making unsuitable recommendations. Azeltine was also fined \$10,000, suspended from association with any NASD member in any capacity for 15 days, and ordered to disgorge \$820.65 for making negligent price predictions. The sanctions were based on findings that Azeltine made unsuitable recommendations to a public customer concerning the purchase of a security and should have known that the security was speculative and that his recommendation was unsuitable. The findings also stated that Azeltine negligently induced public customers to purchase a security by making price predictions when he knew that there was no reasonable basis for his predictions since the stock was speculative.

Azeltine's suspensions began December 18, 2000, and concluded at the close of business on January 31, 2001. (NASD Case #C3A000016)

**Jim Newcomb (CRD #1376482, Registered Principal, Fort Collins, Colorado)** was fined \$32,000 and suspended from association with any NASD member in any capacity for two years. The NAC imposed the sanctions following appeal of an OHO decision. The sanctions were based on findings that Newcomb engaged in private securities transactions, for compensation, without providing prior written notice of his intention to participate in the transactions to, and receiving permission from, his firm.

Newcomb has appealed this action to the SEC and the sanctions are not in effect pending consideration of the appeal. (NASD Case #C3A990050)

#### March Actions

**Deborah Suann Angus (CRD #2632511, Registered Representative, Scottsdale, Arizona)** submitted a Letter of Acceptance, Waiver, and Consent in which she was fined \$15,000, suspended from association with any NASD member in any capacity for 18 months, and ordered to pay \$227,775 in restitution to public customers. The fine must be paid and satisfactory proof of payment of restitution and interest must be provided before re-associating with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Angus consented to the described sanctions and to the entry of findings that she participated in private securities transactions, for compensation, failed to provide her member firm with prior written notice, and failed to receive written permission from her member firm.

Angus' suspension began March 5, 2001, and will conclude at the close of business on September 4, 2002. (NASD Case #C3A010003)

**Gerald Biegler (CRD #1402834, Registered Representative, Monument, Colorado)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$30,511.28, which includes the disgorgement of \$25,511.28 in commissions earned, suspended from association with any NASD member in any capacity for 10 business days, and ordered to requalify by exam as a general securities representative within 90 days of acceptance of the AWC. If Biegler fails to requalify within the 90 days, he shall cease all activities that require registration in any capacity until he successfully passes the exam. Without admitting or denying the allegations, Biegler consented to the described sanctions and to the entry of findings that he made unsuitable recommendations to public customers and engaged in unfair dealing with the customers. The NASD found that the basis for Biegler's recommendations was to generate commissions to compensate himself for his services.

Biegler's suspension began February 20, 2001, and concluded at the close of business on March 5, 2001. (NASD Case #C3A000055)



**Gary Dean Newell (CRD #1591288, Registered Representative, Farwell, Minnesota)** submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for 18 months. In light of the financial status of Newell, no monetary sanction has been imposed. Without admitting or denying the allegations, Newell consented to the described sanction and to the entry of findings that he participated in private securities transactions without providing prior written notice to, or receiving permission from, his member firm.

Newell's suspension began February 20, 2001, and will conclude at the close of business on August 19, 2002. (NASD Case #C3A010001)

**Standard New York Securities, Inc. (CRD #35560, New York, New York) and Neil Lutley Sclater-Booth (CRD #1240734, Registered Principal, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which they were censured and fined \$10,000, jointly and severally. The firm was also fined an additional \$1,000, jointly and severally with another individual. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Sclater-Booth, permitted registered representatives of the firm to engage in conduct for which registration was required while the representatives were inactive due to the failure to complete the Regulatory Element Continuing Education assessment. The findings also stated that the firm, acting through another individual, effected principal transactions in a security that were short sales without affixing the short sale designator when reporting the transactions. (NASD Case #C3A010002)

District 3B - Seattle

#### January Actions

None

#### February Actions

**Bruce Michael Ellis (CRD #1011492, Registered Principal, Bellevue, Washington)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Ellis failed to respond to NASD requests for information. (NASD Case #C3B000011)

**Joseph Paul Schmidt, Jr. (CRD #1059547, Registered Representative, Oregon City, Oregon)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Schmidt failed to respond to NASD requests for information. (NASD Case #C3B000013)

#### March Actions

**Henry Dwayne Bumpers (CRD #2830074, Registered Representative, Tigard, Oregon)** was named as a respondent in an NASD complaint alleging that he engaged in unauthorized trading in the accounts of public customers without their knowledge or consent and in the absence of written or oral authorization to exercise discretion in the accounts. The complaint also alleges that Bumpers exercised discretion in the accounts of public customers without prior written authorization from the customers and prior written acceptance of the accounts as discretionary by his member firm. (NASD Case #C3B000016)

District 4 - Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota

#### January Actions

**Thomas Joseph Klima (CRD #2512872, Registered Representative, Chandler, Arizona)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Klima consented to the described sanction and to the entry of findings that he transferred funds from customer accounts, and without the knowledge or consent of the customers, converted the funds to his own use and benefit. (NASD Case #C04000037)

#### February Actions

**John David Schema (CRD #1478172, Registered Representative, Grass Valley, California)** submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for one year. In light of Schema's financial status, no monetary sanctions have been imposed. Without admitting or denying the allegations, Schema consented to the described sanctions and to the entry of findings that he participated in a private securities transaction without providing prior written notice to, or obtaining written approval from, his firm.

Schema's suspension began January 16, 2001, and will conclude at the close of business on January 15, 2002. (NASD Case #C04000038)

#### March Actions

**Jeffrey David Eise (CRD #2164695, Registered Representative, St. Louis, Missouri)** was named as a respondent in an NASD complaint alleging that he received a \$21,128.29 check from a public customer intended for the purchase of a mutual fund and, without the knowledge or consent of the customer, endorsed the check and converted

the customer's funds to his own use and benefit. The complaint also alleges that Eise failed to respond to NASD requests for information. (NASD Case #C04010002)

**Jason Edward Van Ackeren (CRD #4156341, Associated Person, Omaha, Nebraska)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Van Ackeren consented to the described sanction and to the entry of findings that he willfully failed to disclose a material fact on a Form U-4. (NASD Case #C04010001)

District 5 - Alabama, Arkansas, Kentucky, Louisiana, Mississippi, Oklahoma, and Tennessee

#### January Actions

**John Patrick Goldsworthy (CRD #730533, Registered Representative, Harahan, Louisiana)** was barred from association with any NASD member in any capacity. The NAC imposed the sanctions following a remand by the SEC. The sanction was based on findings that Goldsworthy engaged in private securities transactions without prior written notice to, and written approval from, his member firm.

Goldsworthy has appealed this action to the SEC and all sanctions, other than the bar, are not in effect pending consideration of the appeal. (NASD Case #C05940077)

**John Lawson Greer, III (CRD #860076, Registered Principal, Knoxville, Tennessee)** was fined \$5,000, suspended from association with any NASD member in any capacity for two weeks, and ordered to sit for the supervisory section of the Continuing Education Program, Regulatory Element, within 180 days from the date the decision becomes final. Greer was also ordered to hereafter be employed by a member firm that will agree to have all new account forms for Greer and his customers reviewed by the firm's compliance department. The sanctions were based on findings that Greer established an account for a fictitious customer, completed account forms for the fictitious customer, and attempted to effect a purchase in the account. The findings also stated that Greer established the account to effect personal transactions in a dishonest manner to avoid detection from his member firm.

This action has been called for review by the NAC and the sanctions are not in effect pending consideration of the review. (NASD Case #C05990035)

#### February Actions

**Henry Mansfield Akin, III (CRD #2234134, Registered Representative, Glen Allen, Virginia)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity.

Proof of restitution in the amount of \$187,113.09 to public customers must be provided prior to reassociating with a member firm. Without admitting or denying the allegations, Akin consented to the described sanctions and to the entry of findings that he participated in private securities transactions without providing prior written notice to his firm describing the proposed transactions, his proposed role therein, and stating whether he had received, or would receive, selling compensation in connection with the transactions. (NASD Case #C05000062)

**Virgle Lee Chappell (CRD #1078740, Registered Representative, Mustang, Oklahoma)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 60 days. The fine must be paid before reassociating with a member firm or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Chappell consented to the described sanctions and to the entry of findings that he signed the names of public customers to property and casualty-related insurance forms without the knowledge or consent of the customers and submitted the forms to an insurance company associated with his firm.

Chappell's suspension began February 5, 2001, and will conclude at the close of business on April 5, 2001. (NASD Case #C05000056)

**Pamela Marlene Cook (CRD #3234389, Associated Person, Montgomery, Alabama)** submitted a Letter of Acceptance, Waiver, and Consent in which she was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Cook consented to the described sanction and to the entry of findings that she forged the name of a bank customer on a promissory note form and misused the proceeds of the loan without the customer's knowledge or consent. (NASD Case #C05010001)

**David Erik Dickinson (CRD #2694576, Registered Representative, Birmingham, Alabama)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Dickinson consented to the described sanction and to the entry of findings that he executed unauthorized transactions in the accounts of public customers without their knowledge or consent. (NASD Case #C05000064)

**Morris Malone Johnson, Jr. (CRD #2541001, Registered Representative, Huntsville, Alabama)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Johnson effected unauthorized transactions in the accounts of public customers and failed to respond to NASD requests for information. (NASD Case #C05000026)

**Johnny Duane Kovalcik (CRD #858051, Registered Representative, Baton Rouge, Louisiana)** submitted a Letter of Acceptance, Waiver, and Consent in which he was

fined \$5,000 and suspended from association with any NASD member in any capacity for six months. The fine must be paid before reassociating with a member firm or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Kovalcik consented to the described sanctions and to the entry of findings that he participated in private securities transactions without providing his firm with prior written notice describing the proposed transactions, his proposed role therein, and stating whether he had received, or would receive, selling compensation in connection with the transactions.

Kovalcik's suspension began January 16, 2001, and will conclude on July 15, 2001. (NASD Case #C05000063)

**Tam Thanh Le (CRD #3132393, Registered Representative, Balch Springs, Texas)** was named as a respondent in an NASD complaint alleging that he received a \$2,000 check from a public customer to purchase a variable annuity, failed to execute the purchase of the annuity, and, instead, without the customer's knowledge or consent, misused the funds by applying the proceeds to pay premiums on insurance policies belonging to other customers. The complaint also alleges that Le failed to respond to NASD requests for information. (NASD Case #C05010002)

**Claudia Jean Olson (CRD #3120767, Registered Representative, Dallas, Texas)** submitted a Letter of Acceptance, Waiver, and Consent in which she was fined \$5,000 and suspended from association with any NASD member in any capacity for 60 days. The fine must be paid before reassociating with a member firm or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Olson consented to the described sanctions and to the entry of findings that she executed unauthorized stock transactions in the account of a public customer without the account trustee's knowledge or consent.

Olson's suspension began February 5, 2001, and will conclude at the close of business on April 5, 2001. (NASD Case #C05000066)

**Sean Charles Paley (CRD #2801588, Registered Principal, Atlanta, Georgia)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Paley forged customer signatures on his firm's Rep/Dealer Change Authorization forms to designate himself as the representative of record for mutual fund accounts and variable life insurance policies that the customers had with the firm, and submitted the forms to his firm without the customers' knowledge or consent. The findings also stated that Paley created fictitious applications and agreements on behalf of non-existent individuals and submitted them to his firm to create the appearance of production and to generate commissions. The NASD also found that Paley failed to respond to NASD requests for information. (NASD Case #C05000046)

**Greg Dennis Sanfilippo (CRD #2628773, Registered Representative, Staten Island, New York)** was named as a

respondent in an NASD complaint alleging that he effected transactions in the account of a public customer without the customer's prior knowledge or consent. (NASD Case #C05000065)

### March Actions

**Lee Bao Cao (CRD #3050046, Associated Person, Richardson, Texas)** submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for six months. Without admitting or denying the allegations, Cao consented to the described sanction and to the entry of findings that he willfully failed to disclose material information on his Form U-4.

Cao's suspension began March 5, 2001, and will conclude at the close of business on September 4, 2001. (NASD Case #C05010006)

**JW Genesis Capital Markets, LLC n/k/a Conifer Securities LLC (CRD #23857, San Francisco, California)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$10,750. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to report to ACT the correct symbol indicating whether the firm executed transactions in eligible securities in a principal or agency capacity and failed to report transactions within 90 seconds to ACT. The findings also stated that the firm failed to properly prepare and maintain order records in that the firm failed to maintain a record of unexecuted limit orders for more than one day beyond trade date. The NASD also found that the firm held unexecuted customer limit orders and continued to trade the subject securities for the firm's market-making account at prices that would have satisfied the customers' limit orders without executing the limit orders and executed customer limit orders at prices that were not equal to or better than the customers' protected prices. Furthermore, the NASD found that the firm failed to display customer limit orders in Nasdaq securities in its public quotation when each such order was at a price that would have improved the firm's bid or offer in each security or when the order was priced equal to the firm's bid or offer and the national best bid or offer for each such security and the size of the order represented more than a de minimis change in relations to the size associated with the firm's bid or offer in each such security. (NASD Case #C05010004)

**Prudential Securities Incorporated (CRD #7471, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$25,000. In addition, the firm was required to conduct a review of its supervisory procedures regarding registration of personnel and to implement changes no later than 90 days from the date of acceptance of this AWC. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it allowed an individual to be actively engaged in the

management of the firm's securities business as an executive vice president without being registered with the NASD in any principal capacity. The findings also stated that the firm failed to establish, maintain, and enforce written supervisory procedures that would ensure the proper registration of all persons actively engaged in the management of the firm's investment banking or securities business. (NASD Case #C05000050)

**Gavin John Towers (CRD #2233516, Registered Representative, Cammerly, Australia)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Towers consented to the described sanction and to the entry of findings that he effected a wire transfer of \$6,049.53 from the account of a public customer, deposited the funds into his personal bank account, and converted the funds to his own use and benefit without the customer's knowledge or consent. The findings also stated that Towers composed a Letter of Authorization that authorized the transfer of the public customer's funds from his account at a member firm into a bank account controlled by Towers. Towers forged the customer's signature to the letter without the customer's knowledge or consent. (NASD Case #C05010005)

District 6 - Texas

#### January Actions

**EDI Financial, Inc. (CRD #15699, Dallas, Texas)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$1,000, jointly and severally. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it effected the sale of municipal securities from its own account to that of a public customer at aggregate prices that were unfair and unreasonable in that the markups were 8.2 and 15.9 percent, respectively. The findings also stated that the firm failed to designate a principal responsible for the supervision of municipal securities activities, and failed to establish, maintain, and enforce written supervisory procedures designed to address municipal securities transactions. Furthermore, the NASD found that the firm failed to adequately implement the Firm Element of the NASD's Continuing Education Program in that the firm failed to develop a needs analysis and a written training plan for the firm's covered registered persons. (NASD Case #C06000030)

**Petra Moreno (CRD #1738689, Registered Representative, El Paso, Texas)** was named as a respondent in an NASD complaint alleging that she received checks totaling \$427.46 that represented payments for a life insurance policy the customer purchased, cashed the checks, and used the funds for her own use and benefit, without the authorization, knowledge, or consent of the customer. The complaint also alleges that Moreno failed to respond to NASD requests for information. (NASD Case #C06000032)

**Stearns Charles Pluff, III (CRD #1056497, Registered Representative, Austin, Texas)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for five business days. Without admitting or denying the allegations, Pluff consented to the described sanctions and to the entry of findings that he shared directly in the losses in a customer's account when he transferred \$49,995 to a customer to compensate the customer for losses and failed to obtain prior written authorization from his member firm.

Pluff's suspension began December 18, 2000, and concluded at the close of business on December 22, 2000. (NASD Case #C06000028)

**Samuel Michael Rodio, II (CRD #2919945, Registered Representative, Katy, Texas)** was named as a respondent in an NASD complaint alleging that he requested a check be drawn against the account of public customers and represented that he would mail the check to the customers. The complaint further alleges that \$5,312.98 in funds were withdrawn from the account of the customers without their knowledge, authorization, or consent, and a check in the same amount and in the name of the customers was issued and received by Rodio who failed to deliver the check. The NASD alleges that Rodio endorsed the check and deposited the funds into his personal bank account without the customers' knowledge, authorization, or consent. In addition, the complaint alleges that Rodio failed to respond completely to NASD requests for information and documentation. (NASD Case #C06000039)

**Vincent Bernard Tolbert (CRD #2343655, Registered Representative, Killeen, Texas)** was named as a respondent in an NASD complaint alleging that he received \$260 in cash from a public customer representing premium payments for a homeowner's insurance policy and converted the funds to his own use and benefit without the authorization, knowledge, or consent from the customer. In addition, the complaint alleges that Tolbert failed to respond to NASD requests for information. (NASD Case #C06000034)

#### February Actions

None

#### March Actions

**Danny Ray Parker (CRD #1921892, Registered Representative, New Carney, Texas)** was named as a respondent in an NASD complaint alleging that he received a \$7,000 check from an insurance customer, wrote his own name in the payee section of the check, and endorsed it, without the customer's authorization, knowledge, or consent. The complaint also alleges that Parker failed to respond to NASD requests for information. (NASD Case #C06010001)

**Michael Arlan Sprick (CRD #1217506, Registered Principal, Odessa, Texas)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Sprick failed to respond to an NASD request for information. (NASD Case #C06000015)

District 7 - Florida, Georgia, North Carolina, South Carolina, Virginia, Puerto Rico, the Canal Zone, and the Virgin Islands

#### January Actions

**William Charles DeMorrow, III (CRD #1144637, Registered Principal, Hudson, Florida)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, DeMorrow consented to the described sanction and to the entry of findings that he participated in the sale of promissory notes to public customers and failed to give his member firm prior written notice of his participation in such sales. DeMorrow also failed to respond to an NASD request for information and documents. (NASD Case #C07000082)

**Mark Alan Goldberg (CRD #2481041, Registered Representative, Ft. Lauderdale, Florida)** was named as a respondent in an NASD complaint alleging that he recommended to public customers the purchase of shares of stock and made predictions and misrepresentations concerning the stock, without having a reasonable basis for his representations to customers. The complaint also alleges that Goldberg failed to respond to NASD requests for information. (NASD Case #C07000094)

**Great American Financial Network, Inc. (CRD #14108, Norcross, Georgia) and Edward Lee Bates (CRD #1815183, Registered Principal, Duluth, Georgia)** were fined \$25,000, jointly and severally, and were each suspended from association with the NASD in all capacities for two years for failing to implement a continuing education plan and failing to completely respond to requests for information. The firm and Bates were also fined \$80,000, jointly and severally, and Bates was suspended from association with any NASD member in any capacity for two years and barred from association with any NASD member in a supervisory capacity failing to report customer complaints, filing inaccurate FOCUS reports, filing an audit report in an untimely manner, and failing to file an audit report. In addition, the firm was expelled from NASD membership and Bates was barred from association with NASD members in any capacity for violating net capital rules and failing to maintain current, complete, and accurate books and records. Furthermore, Bates was fined \$5,000 and suspended from association with any NASD member in any capacity for six months for failing to establish adequate written supervisory procedures. The fines must be paid before requesting reentry into the securities industry.

The expulsions and bars became effective December 7, 2000. (NASD Case #C07000037)

**Albert Medina (CRD #2730223, Registered Representative, Lauderhill, Florida)** was named as a respondent in an NASD complaint alleging that he effected securities transactions without obtaining prior authorization from the customers. In addition, the complaint alleges that Medina failed to timely respond to NASD requests for information. (NASD Case #C07000086)

**Robert D. Michaux (CRD #2780470, Registered Representative, Richmond, Virginia)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$17,500. For six months following acceptance of the AWC, he may become associated with an NASD member in a non-registered capacity, but may not become associated with an NASD member in any capacity that requires registration, including but not limited to, the solicitation and recommendation of securities transactions to customers or otherwise handling or servicing customer accounts. For 12 months following the six-month period, Michaux may become associated with an NASD member in a registered capacity, but only if the firm has adopted and implemented procedures for supervising him. Without admitting or denying the allegations, Michaux consented to the described sanctions and to the entry of findings that he effected unsuitable and excessive trades in the account of a public customer. The findings also stated that Michaux exercised discretion in the accounts of public customers without having said discretion evidenced in writing and without having the account approved as discretionary by his member firm. In addition, the NASD determined that Michaux placed false information regarding a customer's margin trading experience on a margin account approval form. (NASD Case #C07000092)

**Preferred Securities Group, Inc. (CRD #35704, Boca Raton, Florida)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$2,500, fined \$3,000 jointly and severally with an individual respondent, and fined \$8,000 jointly and severally with another individual respondent. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to post inventory positions and margin balances to its general ledger, and, as a result, its books and records, net capital computations, and FOCUS reports were inaccurate. The findings also stated that the firm failed to report riskless principal trades in a security, failed to promptly display or timely execute customer limit orders, and allowed an inactive registered representative to effect securities transactions for customers. (NASD Case #C07000083)

**Keith Richard Procvic (CRD #2202049, Registered Representative, Boca Raton, Florida)** was named as a respondent in an NASD complaint alleging that he effected the purchase of securities in the joint account of public customers without their knowledge or prior authorization. The complaint also alleges that Procvic failed to respond to NASD requests for information. (NASD Case #C07000087)

**Walter Ray Reinhardt (CRD #2468084, Registered Representative, Hillsborough, North Carolina)** was named as a respondent in an NASD complaint alleging that he engaged in private securities transactions by selling promissory notes to public customers and failed to receive written permission from his member firm to participate in such transactions. The NASD also alleges that Reinhardt forged the signatures of a public customer on several account transfer documents without prior authorization from the customer. (NASD Case #C07000090)

**Russell Bruce Simmons (CRD #2934499, Registered Representative, Valrico, Florida)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000, suspended from association with any NASD member in any capacity for 120 days, and ordered to disgorge \$6,035.97 in commissions to public customers. Without admitting or denying the allegations, Simmons consented to the described sanctions and to the entry of findings that prior to his association with a member firm, he engaged in the sale of promissory notes to public customers and failed to disclose this activity to the firm, and continued to sell the notes after he became an associated person at the firm. Furthermore, the NASD determined that Simmons failed to submit written notice to, and obtain authorization from, the firm to continue in his sales of promissory notes.

Simmons' suspension will begin January 16, 2001, and will conclude at the close of business on May 15, 2001. (NASD Case #C07000093)

**Donna Michelle Thomas-Gardner (CRD #2808748, Registered Representative, East Point, Georgia)** was named as a respondent in an NASD complaint alleging that she caused a public customer's name on a brokerage account at her member firm to be changed to the name of her landlord, and further changed the address of record on the customer's account, without the authorization of the customer.

The complaint also alleges that Thomas-Gardner caused cashier's checks to be issued that were drawn against the customer's account and failed to submit the debit memoranda and copies of the cashier's checks to the home office. As a result, the NASD alleges that while these checks were honored by the member firm, they were not debited against the account, and the checks were negotiated and the proceeds were used for her own benefit. The complaint further alleges that Thomas-Gardner failed to respond to NASD requests for information. (NASD Case #C07000081)

### February Actions

**Paul Louis Anderson (CRD #2837647, Registered Representative, Rock Hill, South Carolina)** was named as a respondent in an NASD complaint alleging that he credited his personal bank account \$9,000 using his employment position at the bank and his work computer, and withdrew the \$9,000 credited to his account through a series of withdrawals from automated teller machines. In addition, the

complaint alleges that Anderson failed to respond to an NASD request for information. (NASD Case #C07010002)

**Anglo-America Investors Services Corp. (CRD #14279, Charlottesville, Virginia), Timothy McLaurine Jones (CRD #2784009, Registered Representative, Charlottesville, Virginia), Robin Cordell Rodriguez (CRD #1231366, Registered Principal, Ruckersville, Virginia), and Charles Francis Robinson (CRD #1560335, Registered Principal, Charlottesville, Virginia)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$15,000. Jones was fined \$5,000 and suspended from association with any NASD member in any capacity for five business days. Rodriguez was fined \$7,500, and suspended from association with any NASD member in any capacity for 15 business days. Robinson was fined \$5,000, and suspended from association with any NASD member in any capacity for 10 business days with the exception that he may act as a Limited Principal Financial and Operations for the firm during the suspension. In addition, the firm and Rodriguez were fined \$2,500, jointly and severally, and the firm and Robinson were fined \$2,500, jointly and severally.

Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that Jones functioned as an equity trader, and the firm, Rodriguez, and Robinson permitted him to do so, without having taken the equity trader exam, or having been registered as an equity trader with the NASD. Moreover, the NASD found that Jones had not qualified or been registered as a general securities sales representative and the firm, Rodriguez, and Robinson permitted him to function in that capacity without registering as such with the NASD. The findings also stated that Rodriguez functioned as an equity trader and supervisor, and Robinson functioned as an equity trader supervisor, and the firm permitted them to do so, without having taking the equity trader exam, or without having been registered as an equity trader with the NASD.

Jones' suspension began January 16, 2001, and concluded at the close of business on January 22, 2001. Rodriguez's suspension began January 22, 2001, and concluded at the close of business on February 9, 2001. Robinson's suspension began on February 12, 2001, and will conclude at the close of business on February 26, 2001. (NASD Case #C07000099)

**Charles Wayne Berry (CRD #1300104, Registered Representative, Portsmouth, Virginia)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Berry consented to the described sanction and to the entry of findings that he facilitated the withdrawal of funds from an insurance client's annuity and a variable appreciable life insurance contract, without the knowledge or consent of the customer. Furthermore, the NASD found that Berry endorsed the disbursement checks with the customer's name, without her specific authorization, and deposited the proceeds into his personal bank account, thereby commingling the customer's funds with his personal funds. (NASD Case #C07000067)

**George Evans Brooks (CRD #1066557, Registered Representative, Charlotte, North Carolina)** was censured, fined \$25,000, and barred from association with any NASD member in any capacity. The sanctions were based on findings that Brooks failed to respond to NASD requests for information. (NASD Case #C07980057)

**Victor Vonzell Crumity (CRD #3054284, Registered Representative, Orlando, Florida)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Crumity consented to the described sanction and to the entry of findings that he issued an insurance policy loan disbursement check in the amount of \$2,000 to a public customer without a customer's request. The NASD found that Crumity converted the funds to his own use by depositing the funds into his personal business bank account without authorization from the customer. (NASD Case #C07000097)

**Joseph J. Curtiss (CRD #2737054, Registered Representative, Delray Beach, Florida)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$10,000 and suspended from association with any NASD member in any capacity for nine months. The fine must be paid before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Curtiss consented to the described sanctions and to the entry of findings that he sold and purchased shares of stock in the account of a public customer, without obtaining prior authorization from the customer.

Curtiss' suspension began January 16, 2001, and will conclude at the close of business on October 15, 2001. (NASD Case #C07000091)

**John T. Diasabeyagunawardena a.k.a John Abbey (CRD #2583857, Registered Representative, Metuchen, New Jersey)** was barred from association with any NASD member in any capacity. The sanction was based on findings that he failed to respond to NASD requests for information. (NASD Case #C07000055)

**Jeffrey McConnell (CRD #2545034, Registered Principal, West Palm Beach, Florida)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any principal capacity. In light of the financial status of McConnell, no monetary sanctions have been imposed. Without admitting or denying the allegations, McConnell consented to the described sanction and to the entry of findings that he failed to enforce and comply with his firm's written supervisory procedures relating to the supervision of registered representatives at a branch office. (NASD Case #C07000098)

**Robert Arnold Mosby (CRD #861055, Registered Principal, Richmond, Virginia)** submitted an Offer of Settlement in which he was fined \$10,000 and suspended from association with any NASD member in any capacity for 90 days. The fine must be paid before any application for reentry into the securities industry will be considered. Without

admitting or denying the allegations, Mosby consented to the described sanctions and to the entry of findings that he recommended to a public customer the purchase of securities that were unsuitable, given the customer's investment objectives and financial situation.

Mosby's suspension began February 5, 2001, and will conclude at the close of business on May 5, 2001. (NASD Case #C07000050)

**Benjamin Ruiz (CRD #2634016, Registered Representative, Ft. Lauderdale, Florida)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Ruiz failed to respond to NASD requests for information. (NASD Case #C07000048)

**Robert Jay Voges (CRD #2565539, Registered Representative, Ormond Beach, Florida)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Voges received a \$5,000 check from a public customer to pay her mortgage and \$5,000 in cash from the customer to be deposited into the customer's checking account. Voges failed to deposit the cash into the customer's checking account and, in an attempt to conceal his misconduct, transferred \$5,000 from the customer's brokerage account into her checking account, without her authorization. Voges also failed to respond to NASD requests for information. (NASD Case #C07000053)

#### March Actions

**Richard Lamar Dukes (CRD #4146680, Registered Representative, Atlanta, Georgia)** submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for one year. The fine must be paid before reassociating with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Duke consented to the described sanctions and to the entry of findings that he provided false responses on his Form U-4.

Dukes' suspension began February 20, 2001, and will conclude at the close of business on February 19, 2002. (NASD Case #C07000073)

**Floyd Prentice Kirby (CRD #1307888, Registered Representative, Wilmington, North Carolina)** submitted an Offer of Settlement in which he was fined \$9,750 (which includes the disgorgement of commissions earned of \$4,750, plus interest) and suspended from association with any NASD member in any capacity for three months. The fine and disgorgement must be paid before reassociating with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Kirby consented to the described sanctions and to the entry of findings that he sold promissory notes to a public customer and received compensation, without providing written notice to, or receiving written approval from, his member firm.

Kirby's suspension began February 20, 2001, and will conclude on May 19, 2001. (NASD Case #C07000056)

**Gaylon Wayne Laboa (CRD #3134751, Registered Representative, Atlanta, Georgia)** was named as a respondent in an NASD complaint alleging that he received checks totaling \$2,800 from a public customer for investment purposes. The complaint alleges that Laboa failed to deposit these checks in the customer's account and, instead, converted the funds to his own use and benefit without authorization from the customer. The complaint also alleges that Laboa failed to respond to NASD requests to appear for an on-the-record interview. (NASD Case #C07010007)

**Karim Michael Lamarti (CRD #2737080, Registered Representative, Naples, Florida)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Lamarti failed to respond to NASD requests for information. (NASD Case #C07000065)

**Brian McDonald Megenity (CRD #2889637, Registered Principal, Atlanta, Georgia)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$2,500 and suspended from association with any NASD member in any capacity for 10 business days. Without admitting or denying the allegations, Megenity consented to the described sanctions and to the entry of findings that he acted in the capacity of a general securities principal before passing the Series 24 qualification exam and becoming properly registered with the NASD as a general securities principal.

Megenity's suspension began March 5, 2001, and will conclude at the close of business on March 16, 2001. (NASD Case #C07000096)

**Biagio Anthony Mento (CRD #3254784, Registered Representative, Palm City, Florida)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Mento provided false responses on his Form U-4. Mento also failed to respond to NASD requests for information. (NASD Case #C07000062)

**Donna Michelle Thomas-Gardner (CRD #2808748, Registered Representative, East Point, Georgia)** submitted an Offer of Settlement in which she was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Thomas-Gardner consented to the described sanction and to the entry of findings that she changed a public customer's name and address on a brokerage account without the authorization of the customer. The findings also stated that Thomas-Gardner caused cashier's checks to be issued that were drawn against the customer's account without the authorization of the customer. The NASD found that the checks were negotiated and the proceeds were used for the benefit of Thomas-Gardner. Furthermore, the findings stated that Thomas-Gardner failed to respond to NASD requests for information. (NASD Case #C07000081)

District 8 - Illinois, Indiana, Michigan, part of upstate New York (the counties of Monroe, Livingston, and Steuben, and the remainder of the state west of such counties) Ohio, and Wisconsin

District 8A - Chicago

### January Actions

**Christopher Aden (CRD #8977095, Associated Person, Yonkers, New York)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Aden engaged in the offer and sale of shares of stock through a private placement offering to members of the public, and induced investors to purchase or sell shares of stock by means of manipulative, deceptive, and other fraudulent devices or contrivances. In addition, Aden engaged in the securities business and functioned as a representative of his member firm prior to properly qualifying and registering in the appropriate capacity. Aden also failed to appear for an NASD on-the-record interview. (NASD Case #C8A990032)

**Kenneth Edward Hetlinger (CRD #1260242, Registered Representative, Mundelein, Illinois)** was named as a respondent in an NASD complaint alleging that he caused over \$74,000 to be wire-transferred from the account of a public customer to his attorney's account, and used the funds for either his own benefit or for some purpose other than for the benefit of the customer, without the customer's knowledge or consent. The complaint also alleges that Hetlinger failed to respond to NASD requests for documents and information. (NASD Case #C8A000072)

**Keystone Investment Advisors, LLC (CRD #44856, Kansasville, Wisconsin) and Roger William Christoph (CRD #1182220, Registered Principal, Burlington, Wisconsin)** submitted a Letter of Acceptance, Waiver, and Consent in which the respondents were censured and fined \$25,000, jointly and severally. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Christoph, received funds for the sale of units in a contingency offering, and withdrew funds from the escrow account prior to selling the required minimum amount of units in bona fide transactions. The findings also stated that the firm, acting through Christoph, failed to abide by the terms of its membership agreement, by failing to notify the NASD promptly that it intended to materially change its business operations from "best efforts" underwritings to a firm commitment basis. Furthermore, the NASD found that the firm, acting through Christoph, sold shares of stock at the initial public offering price to accounts maintained by investment partnerships or corporations, but failed to obtain from the accounts information relating to the names and business connections of all persons having a beneficial interest in each of the accounts in order to assure that such sales were made in compliance with the NASD's Free-Riding



and Withholding Interpretation. The NASD also determined that the firm, acting through Christoph, effected transactions in securities when it failed to maintain the minimum required net capital and to accurately compute its net capital. (NASD Case #C8A000073)

**Kevin Lee Otto (CRD #1929973, Registered Representative, Milwaukee, Wisconsin)** was censured, fined \$35,000, and barred from association with any NASD member in any capacity. The SEC affirmed the sanctions following appeal of a June 1999 NAC decision. The sanctions were based on findings that Otto received \$22,000 from a public customer and used the funds for some purpose other than for the benefit of the customer, without the customer's knowledge or authorization, before he returned the funds to the customer at a later date.

Otto has appealed this case to the U.S. Court of Appeals for the Seventh Circuit and all sanctions, other than the bar, are not in effect pending consideration of the appeal. (NASD Case #C8A970015)

**Thomas K. Van Ahn (CRD #2117531, Registered Representative, Oshkosh, Wisconsin)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 10 business days. Without admitting or denying the allegations, Van Ahn consented to the described sanctions and to the entry of findings that he failed to send copies of order tickets for all trades placed directly with the clearing firm to the main office. The findings also stated that Van Ahn placed options transactions for his own account without the approval of the firm's officers, general securities principals, or the registered options principal.

Van Ahn's suspension began December 18, 2000, and concluded at the close of business on January 2, 2001. (NASD Case #C8A000068)

**Jonathan Hudson Webb (CRD #1408674, Registered Principal, Evanston, Illinois)** was fined \$10,000, barred from association with any NASD member in any principal, supervisory, or proprietary capacity, and suspended from association with any NASD member in any capacity for six months. The NAC imposed the sanctions following appeal and call for review by the NAC of an Office of Hearing Officers decision. The sanctions were based on findings that a member firm, acting through Webb, conducted business while failing to maintain the minimum required net capital, failed to comply with the terms of its restrictive agreement by failing to maintain minimum net capital, prepared inaccurate general ledger, trial balance, and net capital computation, and filed inaccurate FOCUS Part IIA reports. In addition, the firm, acting through Webb, conducted a municipal securities business while failing to employ a properly qualified and registered municipal securities principal, a financial and operations principal, and properly qualified registered general securities principals. Furthermore, Webb acted in the capacity of a municipal securities principal without being properly qualified and registered in such capacity, and failed

to respond completely to NASD requests for information and documents. Webb also failed to disclose on Forms U-5 and U-4 that he was the subject of an NASD investigation.

Webb's suspension began January 2, 2001, and will conclude at the close of business on July 1, 2001. (NASD Case #C8A980059)

### February Actions

**Gary Byron Callas (CRD #1438843, Registered Representative, Troy, Michigan)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000, suspended from association with any NASD member in any capacity for two years, and ordered to disgorge \$20,000 in commissions to public customers. The fine must be paid and proof of disgorgement shall be a prerequisite before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Callas consented to the described sanctions and to the entry of findings that he participated in private securities transactions, for compensation, and failed to give written notice of his intention to engage in such activities to his firm, and failed to receive written approval from his firm, prior to engaging in such activities.

Callas' suspension began January 16, 2001, and will conclude at the close of business on January 15, 2003. (NASD Case #C8A000074)

**Matthew Gidcumb Fowler (CRD #2544080, Registered Representative, Mt. Carmel, Illinois)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 10 days. The fine must be paid before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Fowler consented to the described sanctions and to the entry of findings that he failed to properly handle customer funds in that he received and deposited customer checks made payable to an escrow account over which he had control, and subsequently forwarded the customers' funds to appropriate clearing firms.

Fowler's suspension began January 16, 2001, and concluded at the close of business on January 25, 2001. (NASD Case #C8A000076)

**Randy Ray Hughes (CRD #2656598, Registered Representative, Racine, Wisconsin)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Hughes received a \$1,450 check from a public customer with instructions from the customer to apply the funds to his variable annuity account. Hughes cashed the check and used the proceeds for his own benefit. Hughes also failed to respond to NASD requests for information. (NASD Case #C8A000041)

**Thomas Eugene Janowski (CRD #803681, Registered Representative, Chicago, Illinois)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Janowski failed to respond to NASD requests for information. (NASD Case #C8A000047)

#### March Actions

**Stewart Robert Clark (CRD #1895006, Registered Representative, Mount Vernon, Illinois)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Clark failed to respond to NASD requests for information. (NASD Case #C8A000031)

**H&R Block Financial Advisors, Inc., formerly Olde Discount Corporation (CRD #5979, Detroit, Michigan)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$40,000, and required to establish and provide to the NASD amended written procedures reasonably designed to achieve compliance with the current requirements with respect to timely filing of amendments involving Disclosure Reporting Pages, Forms U-4, and Forms U-5. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to file Forms U-4 and Forms U-5 within 30 days after learning of reportable events or after learning of facts and circumstances giving rise to the requirement to amend such forms. (NASD Case #C8A010004)

**Thomas Dean Hiles (CRD #1313989, Registered Representative, Galesburg, Illinois)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity and required to disgorge \$21,210.60 in earned commissions to public customers. The disgorgement must be paid before reassociating with any NASD member or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Hiles consented to the described sanctions and to the entry of findings that he participated in private securities transactions and failed to give written notice to, and receive written approval from, his member firm prior to engaging in such activities. (NASD Case #C8A010003)

**Brandon Douglas McLarty (CRD #2509059, Registered Principal, Indianapolis, Indiana)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, McLarty consented to the described sanction and to the entry of findings that he effected numerous index option transactions in his personal margin accounts maintained at his member firm without depositing the required margin. Moreover, the NASD found that McLarty attempted to meet margin requirements by providing the member firm's clearing firm with checks totaling \$130,000 written on a closed account. (NASD Case #C8A010006)

**Ryan Jay Posewitz (CRD #2121957, Registered Representative, Green Bay, Wisconsin)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$12,800 and suspended from association with any NASD member in any capacity for 15 business days. Without admitting or denying the allegations, Posewitz consented to the described sanctions and to the entry of findings that he participated in private securities transactions and failed to give written notice to, and receive written approval from, his member firm prior to engaging in such activities.

Posewitz' suspension began February 20, 2001, and concluded at the close of business on March 12, 2001. (NASD Case #C8A010001)

District 8B - Cleveland

#### January Actions

**Stephen Robert Ackley (CRD #1149303, Registered Representative, Springfield, Ohio)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity and ordered to pay \$32,919.38, plus interest, in restitution to public customers. Proof of restitution, with interest, shall be a prerequisite before reassociating with a member firm or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Ackley consented to the described sanctions and to the entry of findings that he engaged in private securities transactions, failed to provide his firm with detailed written notice of the transactions, his role therein, and to receive permission from the firm to engage in the transactions. (NASD Case #C8B000018)

**Timothy Lane Hamilton (CRD #1049533, Registered Representative, Dayton, Ohio)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity and ordered to pay \$19,271.44, plus interest, in restitution to public customers. Proof of restitution, with interest, shall be a prerequisite before reassociating with a member firm or before requesting relief from statutory disqualification. Without admitting or denying the allegations, Hamilton consented to the described sanctions and to the entry of findings that he engaged in private securities transactions away from his member firm, failed to provide the firm with detailed written notice of the transactions, his role therein, and to receive permission from the firm to engage in the transactions. (NASD Case #C8B000019)

**Eugene McCall, Jr. (CRD #2276981, Registered Representative, Elida, Ohio)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity and ordered to pay \$241,344.55, plus interest, in restitution to public customers. Proof of restitution must be submitted before reassociating with a member firm or before requesting

relief from any statutory disqualification. Without admitting or denying the allegations, McCall consented to the described sanctions and to the entry of findings that he sold purported "investments" to public customers totaling \$241,344.55 and received at least \$201,046.81 from the account into which these funds were placed and used the funds for his own benefit, without the knowledge or consent of the customers. The findings also stated that McCall provided materially false, inaccurate, and misleading information in response to an NASD request for information and failed to respond to NASD requests for information and documents. (NASD Case #C8B000016)

#### February Actions

**Mark Allen Dillon (CRD #1440226, Registered Representative, New Albany, Ohio)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Dillon consented to the described sanction and to the entry of findings that he received a \$13,107.12 check payable to his firm representing wrap fee income, endorsed the check, deposited the proceeds into his personal bank, and used the proceeds for his own benefit without the knowledge or consent of the firm. (NASD Case #C8B000021)

**Dennis Lloyd Gagliardi (CRD #1817217, Registered Representative, Hamilton, Ohio)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$15,000, suspended from association with any NASD member in any capacity for one year, and ordered to pay \$7,273.58, plus interest, in restitution to public customers. Payment of the fine and proof of payment of the restitution, plus interest, shall be a prerequisite before reassociating with a member firm or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Gagliardi consented to the described sanctions and to the entry of findings that he sold promissory notes to public customers away from his firm, failed to provide his firm with detailed written notice of the transactions, his role therein, and to receive permission from the firm to engage in the transactions.

Gagliardi's suspension began January 16, 2001, and will conclude at the close of business on January 15, 2002. (NASD Case #C8B000020)

**Kenneth Ray Jones (CRD #1815672, Registered Representative, Cincinnati, Ohio)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Jones failed to respond to NASD requests for information. (NASD Case #C8B000010)

**John Everett Lewis (CRD #1364973, Registered Representative, Tiffin, Ohio)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Lewis

consented to the described sanction and to the entry of findings that he sold investment contracts totaling \$2,458,804 and failed to provide his firm with any notice of the transactions, his role therein, or to receive written permission to engage in the transactions. (NASD Case #C8B000022)

#### March Actions

**David Lee Colwell (CRD #2352256, Registered Representative, Hamilton, Ohio)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000, suspended from association with any NASD member in any capacity for six months, and ordered to disgorge \$8,540, plus interest, to public customers. The fine must be paid and satisfactory proof of disgorgement, with interest, must be made before reassociating with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Colwell consented to the described sanctions and to the entry of findings that he sold promissory notes to public customers away from his member firm, failed to provide his firm with detailed written notice of the transactions, his role therein, and to receive permission from the firm to engage in the transactions.

Colwell's suspension began February 20, 2001, and will conclude on August 19, 2001. (NASD Case #C8B010002)

**Howard Thomas Haynes (CRD #1330130, Registered Principal, Medina, Ohio)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 14 days. Without admitting or denying the allegations, Haynes consented to the described sanctions and to the entry of findings that he failed to disclose outside business activities to his member firm.

Haynes' suspension began February 20, 2001, and will conclude at the close of business on March 5, 2001. (NASD Case #C8B010001)

**Steven Michael Spicer (CRD #2382732, Registered Representative, Dayton, Ohio)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Spicer consented to the described sanction and to the entry of findings that he accepted a \$10,000 check from public customers to purchase an investment on their behalf, failed to make the investment, and placed the funds into an account that he controlled. The findings also stated that Spicer failed to respond to NASD requests for information and documents. (NASD Case #C8B010003)

District 9 - Delaware, Pennsylvania, West Virginia, District of Columbia, Maryland, and New Jersey

District 9A - Philadelphia

### January Actions

**Nicolette Silvestra Borgia-Beightol (CRD #1061842, Registered Representative, Erie, Pennsylvania)** submitted a Letter of Acceptance, Waiver, and Consent in which she was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Borgia-Beightol consented to the described sanction and to the entry of findings that she failed to respond to an NASD request for information regarding allegations that she received funds from a public customer for investment and failed to apply the funds as instructed. (NASD Case #C9A000042)

**Timothy James Lease (CRD #1968334, Registered Principal, Lancaster, Pennsylvania)** submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for 18 months. In light of the financial status of Lease, no monetary sanction has been imposed. Without admitting or denying the allegations, Lease consented to the described sanction and to the entry of findings that he engaged in private securities transactions without prior written notice to, or approval from, his member firm. The findings also stated that Lease recommended and purchased promissory notes for the account of public customers and failed to have reasonable grounds for believing that these recommendations and resulting transactions were suitable for the customers on the basis of their financial situation, investment objectives, and needs.

Lease's suspension began December 18, 2000, and will conclude at the close of business on June 17, 2002. (NASD Case #C9A000040)

**David Robert Scholle (CRD #2461242, Registered Representative, Pittsburgh, Pennsylvania)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Scholle received approximately \$3,500 from public customers to pay premiums for auto and homeowners insurance policies, failed to pay or direct the payment of the premiums, and converted the \$3,500 to his own use and benefit without the customers' knowledge or consent. The findings also stated that Scholle failed to respond to NASD requests for information. (NASD Case #C9A000021)

**Renjun Song (CRD #2399859, Registered Representative, Philadelphia, Pennsylvania)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Song failed to respond to NASD requests for information. (NASD Case #C9A000024)

### February Actions

**Richard Gordon Garrard (CRD #2983167, Registered Representative, Silver Spring, Maryland)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member firm in any capacity. Without admitting or denying the allegations, Garrard consented to the described sanction and to the entry of findings that, without authorization, he caused transfers of funds totaling \$6,325.50 to be made from a proprietary account of a bank affiliated with his firm to his personal checking account. (NASD Case #C9A000044)

**Alan Paul Hans, Sr. (CRD #236095, Registered Representative, Mount Laurel, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Hans consented to the described sanction and to the entry of findings that he failed to respond to an NASD request for information. (NASD Case #C9A000045)

**Thomas Harlan Peacock (CRD #358711, Registered Representative, Allentown, Pennsylvania)** submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for 30 days. Without admitting or denying the allegations, Peacock consented to the described sanction and to the entry of findings that he exercised effective control over the account of a public customer and recommended, or implicitly recommended, securities transactions to the customer without having reasonable grounds for believing that the transactions were suitable based upon the size and frequency of the transactions and the nature of the account.

Peacock's suspension began February 5, 2001, and will conclude at the close of business on March 6, 2001. (NASD Case #C9A000043)

### March Actions

**Larry Eugene Boyer (CRD #1054795, Registered Principal, Reading, Pennsylvania)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000, suspended from association with any NASD member in any capacity for two months, and ordered to disgorge \$3,600 in commissions. Without admitting or denying the allegations, Boyer consented to the described sanctions and to the entry of findings that he engaged in private securities transactions without prior written notice to, or approval from, his member firm.

Boyer's suspension began March 5, 2001, and will conclude at the close of business on May 4, 2001. (NASD Case #C9A010003)

**Kester Eugene Hood (CRD #2509848, Registered Representative, York, Pennsylvania)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Hood withdrew

approximately \$2,890 from general ledger accounts belonging to a bank that was an affiliate of his member firm and converted the funds to his own use and benefit without the knowledge and consent of his member firm. The findings also stated that Hood failed to respond to NASD requests for information. (NASD Case #C9A000035)

**Susan Jennifer Loetell (CRD #1372725, Registered Principal, Cockeysville, Maryland)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Loetell withdrew approximately \$41,000 from proprietary accounts of her member firm and converted the funds to her own use and benefit without the knowledge or consent of her firm. The findings also stated that Loetell failed to respond to NASD requests for information and to appear for an on-the-record interview. (NASD Case #C9A000034)

**Gary Brian Neus (CRD #3067192, Registered Representative, Baltimore, Maryland)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$2,500 and suspended from association with any NASD member in any capacity for 30 days. The fine must be paid before re-associating with any NASD member following the suspension or before requesting relief from statutory disqualification. Without admitting or denying the allegations, Neus consented to the described sanctions and to the entry of findings that he submitted a Form U-4 to a member firm and failed to disclose that he was the subject of an investigation.

Neus' suspension began February 20, 2001, and will conclude at the close of business on March 21, 2001. (NASD Case #C9A010001)

**Jeffrey Gordon Trolley (CRD #2976992, Registered Representative, Havertown, Pennsylvania)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for one year. The fine must be paid before re-associating with a member firm following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Trolley consented to the described sanctions and to the entry of findings that he wrote and signed a \$770 check on an association account to an individual to compensate him for services performed relating to Trolley's business activities at a member firm although he knew that the payment did not constitute proper use of the funds.

Trolley's suspension began March 5, 2001, and will conclude at the close of business on March 4, 2002. (NASD Case #C9A010002)

District 9B - New Jersey

### January Actions

**Matthew Craig Fine (CRD #2841607, Registered Representative, Fort Lee, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Fine consented to the described sanction and to the entry of findings that he failed to respond to NASD requests for information. (NASD Case #C9B000033)

**Gines Jose Garcia (CRD #2863499, Registered Representative, Paterson, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$2,500 and suspended from association with any NASD member in any capacity for five business days. Without admitting or denying the allegations, Garcia consented to the described sanctions and to the entry of findings that he engaged in the unauthorized purchase of shares of stock for the account of a public customer.

Garcia's suspension began December 18, 2000, and concluded at the close of business on December 22, 2000. (NASD Case #C9B000031)

**Maple Partners, U.S.A., Inc. (CRD #33947, Jersey City, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it executed short sale transactions in NNM securities, at or below the inside bid when the current inside bid was below the preceding inside bid in each of the securities. The findings also stated that the firm executed short sale transactions in certain securities, failed to annotate an affirmative determination for each of these transactions, and failed to report short sale transactions to ACT with a short sale indicator. In addition, the NASD found that the firm failed to establish, maintain, and/or enforce written supervisory procedures reasonably designed to achieve compliance with applicable NASD short sale rules. (NASD Case #C9B000038)

**Virginia Marie Smith (CRD #3245980, Associated Person, Randolph, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which she was fined \$5,000 and suspended from association with any NASD member in any capacity for 30 days. The fine must be paid before reassociating with a member firm. Without admitting or denying the allegations, Smith consented to the described sanctions and to the entry of findings that she failed to respond truthfully on a Form U-4 and failed to disclose that she had pled guilty to several drug-related charges in the State of New Jersey.

Smith's suspension began January 2, 2001, and will conclude at the close of business on January 31, 2001. (NASD Case #C9B000036)

**Michael Joel Spillert (CRD #1711695, Registered Representative, Parsippany, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$10,000 and suspended from association with any NASD member in any capacity for one year. Without admitting or denying the allegations, Spillert consented to the described sanctions and to the entry of findings that he drafted a change of broker of record request letter, and forged a public customer's signature on the letter, without the customer's prior knowledge or consent.

Spillert's suspension began January 2, 2001, and will conclude on January 1, 2002. (NASD Case #C9B000035)

**Richard Lee Stevens (CRD #852090, Registered Representative, Valley Cottage, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000, and suspended from association with any NASD member in any capacity for 30 days. Without admitting or denying the allegations, Stevens consented to the described sanctions and to the entry of findings that he forged the signature of public customers on insurance replacement forms without their prior knowledge or consent.

Stevens's suspension began January 2, 2001, and will conclude at the close of business on January 31, 2001. (NASD Case #C9B000032)

**Ira Marcrobert Zadikow (CRD #1385075, Registered Principal, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for five days. Without admitting or denying the allegations, Zadikow consented to the described sanctions and to the entry of findings that he effected transactions in a public customer's account without confirming such transactions with the customer.

Zadikow's suspension began January 2, 2001, and concluded on January 6, 2001. (NASD Case #C9B000034)

### February Actions

**Christopher Ronald DiGregorio (CRD #2754779, Registered Representative, Staten Island, New York)** was named as a respondent in an NASD complaint alleging that he executed unauthorized transactions in the accounts of a public customer. (NASD Case #C9B000042)

**Donald & Co. Securities, Inc. (CRD #7776, New York, New York) and Stephen Allan Blum (CRD #600373, Registered Principal, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which they were censured and fined \$10,000, jointly and severally, and the firm was fined an additional \$20,000. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Blum, violated its membership agreement with the NASD by conducting a municipal securities business on a principal basis, and by making markets in OTC Bulletin

Board® securities, and failed to file with the NASD a written notice and application for continuance in membership based on a change in its business operations. The findings also stated that the firm revealed transactions in which the firm improperly used the "O." modifier, and failed to report a short sale where the firm's cumulative position in a stock in which it made a market was short. The NASD also found that the firm failed to update its quote in limit orders and to display the size and price of the quote within 30 seconds when the customer's order was priced better than the firm's prevailing quotation. And, the findings stated the firm also failed to contemporaneously or partially execute customer limit orders in Nasdaq securities after it traded each subject security for its own market-making account at a price that would have satisfied each customer's limit order. Furthermore, the NASD determined that the firm executed a customer order without using diligence to determine the best inter-dealer market for the relevant security so that the resultant price to the customer was as favorable as possible under prevailing market conditions. In addition, the NASD found that the firm failed to establish, maintain, and enforce adequate written supervisory procedures reasonably designed to achieve compliance with NASD rules relating to best execution, and limit order protection and display. (NASD Case #C9B000039)

**Barry Michael Gerst (CRD #718034, Registered Representative, Little Falls, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$10,000 and suspended from association with any NASD member in any capacity for three months. Without admitting or denying the allegations, Gerst consented to the described sanctions and to the entry of findings that he directed a sales agent under his supervision to sign a life insurance policy application that falsely represented that the agent had witnessed a customer sign the application. Furthermore, the findings stated that Gerst signed his name on an amendment form to a life insurance policy falsely representing that he had witnessed the customer sign such a form. The NASD found that Gerst had not witnessed the customer sign the form in his presence. Gerst also provided false and/or misleading investigative testimony to the NASD during an on-the-record interview.

Gerst's suspension began January 22, 2001, and will conclude at the close of business on April 20, 2001. (NASD Case #C9B000023)

**Lewis Nathan Howard (CRD #251275, Registered Principal, Hawthorne, New Jersey)** submitted an Offer of Settlement in which he was suspended from association with any NASD member in any capacity for two years and ordered to pay \$181,848.84 in restitution to public customers. Satisfactory proof of payment of restitution, with interest, must be made before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Howard consented to the described sanctions and to the entry of findings that, while exercising control over customers' accounts, he used discretion and recommended to customers numerous purchases and sale transactions in various securities without having reasonable

grounds for believing that such transactions were suitable for customers in view of the size and frequency of the transactions, the nature of the account, and the customers' financial situation and needs.

Howard's suspension began February 5, 2001, and will conclude at the close of business on February 4, 2003. (NASD Case #C9B000018)

**Paul H. Lukert (CRD #1609795, Registered Representative, Wyckoff, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$10,000 and suspended from association with any NASD member in any capacity for 30 days. The fine must be paid before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Lukert consented to the described sanctions and to the entry of findings that he exercised effective control over a public customer's account and recommended to the customer numerous purchase and sale transactions in various securities without having reasonable grounds for believing that such transactions were suitable for the customer in view of the size and frequency of the transactions and the nature of the accounts. The findings also stated that Lukert exercised discretion in the customer's account without having obtained prior written authorization from the customer and prior written acceptance of the account as discretionary by his firm.

Lukert's suspension began February 5, 2001, and will conclude at the close of business on March 6, 2001. (NASD Case #C9B000041)

**James Michael Nicholson (CRD #1876182, Registered Representative, Stony Point, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Nicholson consented to the described sanction and to the entry of findings that he furnished the NASD with a false and misleading response to a request for information and failed to respond to NASD requests for information. (NASD Case #C9B000043)

### March Actions

**Tonya Cliché Bradley (CRD #4152813, Registered Representative, Edison, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which she was fined \$10,000 and suspended from association with any NASD member in any capacity for three months. The fine must be paid before reassociating with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Bradley consented to the described sanctions and to the entry of findings that she provided false responses on her Form U-4.

Bradley's suspension began February 20, 2001, and will conclude on May 19, 2001. (NASD Case #C9B000044)

**Richard Alan D'Alessandro (CRD #1322113, Registered Representative, Verona, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 60 days. The fine must be paid before reassociating with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, D'Alessandro consented to the described sanctions and to the entry of findings that he provided false responses on his Form U-4.

D'Alessandro's suspension began February 20, 2001, and will conclude at the close of business on April 20, 2001. (NASD Case #C9B010003)

**Shawn Joseph Smith (CRD #2676952, Registered Representative, Edison, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Smith consented to the described sanction and to the entry of findings that he failed to respond to NASD requests for information. (NASD Case #C9B010001)

**T.R. Winston & Company, Inc. (CRD #10571, Bedminster, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$20,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to report transactions in Nasdaq SmallCapSM and Nasdaq National Market, (NNM) securities within 90 seconds and failed to accept or decline transactions in ACT eligible securities within 20 minutes after execution. The findings also stated that the firm failed to prepare and maintain purchase and sale memoranda for principal transactions that identified whether the subject transactions were market or limit orders and failed to establish, maintain, and enforce adequate written supervisory procedures regarding its trading and market-making operations. In addition, the NASD found that the firm allowed an individual to supervise its trading and market-making operations while not properly registered as an equity trader. (NASD Case #C9B010005)

District 10 - The five boroughs of New York City, and Long Island

### January Actions

**Matthew Francis Baas, III (CRD #2087476, Registered Representative, Rego Park, New York)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Baas failed to respond to an NASD request to appear for an on-the-record interview. (NASD Case #C10000115)

**James Henry Bond, III (CRD #2001777, Registered Representative, New York, New York)** was named as a respondent in an NASD complaint alleging that he engaged in unauthorized transactions in the accounts of public customers without their knowledge or consent and in the absence of written or oral authorization to exercise discretion in their accounts. (NASD Case #C10000210)

**Lawrence Dean Burke, Jr. (CRD #2255621, Registered Representative, Fresh Meadows, New York)** submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity and ordered to pay \$3,000 in restitution to a public customer. Proof of restitution shall be a prerequisite before reassociating with a member firm or before requesting relief from statutory disqualification. Without admitting or denying the allegations, Burke consented to the described sanctions and to the entry of findings that he engaged in private securities transactions without providing written notice to, or receiving written approval from, his member firm. The findings also stated that Burke converted and/or improperly used a \$3,000 payment he received from a public customer and failed to respond to an NASD request for information. (NASD Case #C10000160)

**Jeffrey John Chaimowitz (CRD #2589437, Registered Principal, Rocky Point, New York)** submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Chaimowitz consented to the described sanction and to the entry of findings that he failed to respond to NASD requests to appear for an on-the-record interview. (NASD Case #C10000066)

**Richard Philip Chingos (CRD #2504767, Registered Representative, Long Island City, New York)** submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Chingos consented to the described sanction and to the entry of findings that he executed transactions in the accounts of public customers without their prior knowledge, authorization, or consent. The findings also stated that Chingos failed to respond truthfully, accurately, non-deceptively, and/or completely during an NASD on-the-record interview. (NASD Case #C10000095)

**Stephen Kenneth Faber (CRD #2132958, Registered Representative, New York, New York)** was barred from association with any NASD member in any capacity, ordered to pay \$11,173, plus interest, in restitution, and ordered to disgorge \$920.28 in commissions. The sanctions were based on findings that Faber effected unauthorized transactions in the account of public customers without the knowledge or consent of the customers and without written or oral authorization to exercise discretion in the account. The findings also stated that Faber failed to respond to NASD requests for information. (NASD Case #C10000112)

**Robert John Faleska (CRD #204040, Registered Representative, Carteret, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity.

Without admitting or denying the allegations, Faleska consented to the described sanction and to the entry of findings that he submitted fictitious life insurance applications to his member firm. (NASD Case #C10000205)

**Darrell Wayne Flowers, Sr. (CRD #2242139, Registered Representative, Fairview, Tennessee)** submitted an Offer of Settlement in which he was fined \$25,000 and suspended from association with any NASD member in any capacity for two years. The fine must be paid before reassociating with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Flowers consented to the described sanctions and to the entry of findings that he exercised discretionary authority in the accounts of a public customer by executing equity transactions without the customer's prior written authorization and his member firm's written acceptance of the accounts as discretionary. The findings also stated that Flowers shared in the profits of a customer's account without prior written authorization from his firm and executed purchase transactions in the account without the customer's prior knowledge, authorization, or consent.

Flowers' suspension began January 2, 2001, and will conclude January 1, 2003. (NASD Case #C10000103)

**Max Gordon Gladstone (CRD #2220722, Registered Representative, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 10 business days. The fine must be paid before reassociating with an NASD member firm. Without admitting or denying the allegations, Gladstone consented to the described sanctions and to the entry of findings that he purchased shares of stock in the account of a public customer without the knowledge or consent of the customer and in the absence of written or oral authorization to exercise discretion.

Gladstone's suspension began December 18, 2000, and concluded at the close of business on January 2, 2001. (NASD Case #C10000202)

**Brett Howard Hamburger (CRD #1974666, Registered Representative, Sunrise, Florida)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Hamburger effected unauthorized transactions in the account of a public customer without obtaining authorization from the customer. The findings also stated that Hamburger misrepresented his identity to a public customer and solicited the purchase and sale of securities without being properly registered with the NASD and the State of Illinois through a member firm. The NASD also found that Hamburger failed to respond to NASD requests to appear for an on-the-record interview. (NASD Case #C10990210)

**The J.B. Sutton Group, LLC, n/k/a Global Capital Markets, LLC (CRD #16191, Syosset, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was



censured and fined \$25,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to indicate whether payment for order flow was received on customer confirmation statements and failed to accept or decline trades within 20 minutes of execution with respect to NNM, Nasdaq SmallCap, OTC Equity, and Third Market trades. The findings also stated that the firm traded ahead of customer limit orders for securities in which the firm made a market and failed to update immediately its quotation with respect to customer limit orders or otherwise failed to execute those orders. (NASD Case #C10000206)

**Mizanul Kabir (CRD #2128146, Registered Representative, New York, New York)** was barred from association with any NASD member in any capacity and ordered to pay \$26,481.25, plus interest, in restitution to a public customer. The sanctions were based on findings that Kabir knowingly or recklessly made fraudulent misrepresentations and omissions to a public customer regarding a security and failed to disclose material information relating to the risks associated with an investment.

The findings also stated that Kabir falsely informed the customer that he was required to purchase securities in the aftermarket. The NASD also found that Kabir opened a new brokerage account at his member firm for a customer without the customer's prior knowledge, authorization, or consent and effected an unauthorized transaction in the account. (NASD Case #C10000071)

**Mohammad Ali Khan (CRD #1923986, Registered Representative, Franklin Park, New Jersey)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Khan failed to respond to NASD requests to appear for on-the-record interviews. (NASD Case #C10990220)

**Joseph Xavier Loftus, Jr. (CRD #2725482, Registered Principal, Hoboken, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,418.75, which included the disgorgement of commissions earned of \$418.75, suspended from association with any NASD member in any capacity for 10 business days, and ordered to pay \$6,612.50, plus interest, in restitution to a public customer. Without admitting or denying the allegations, Loftus consented to the described sanctions and to the entry of findings that he recommended the purchase of shares of stock to a public customer that was unsuitable given the customer's financial status, investment objectives, and investment experience.

Loftus' suspension began December 4, 2000, and concluded at the close of business on December 15, 2000. (NASD Case #C10000193)

**Francis Albert Lupo (CRD #2387813, Registered Representative, Staten Island, New York)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Lupo failed to respond to NASD requests to appear for on-the-record interviews. (NASD Case #C10000096)

**Anthony Andrew Marx, Jr. (CRD #2180220, Registered Representative, Astoria, New York)** was barred from association with any NASD member in any capacity and ordered to pay \$91,080.36, plus interest, in restitution to his former member firm. The sanctions were based on findings that Marx effected unauthorized transactions in the account of public customers without their prior knowledge, authorization, or consent. The findings also stated that Marx drew checks on the funds in the account of public customers, endorsed the checks with the payees' signatures and his own signature without the knowledge or consent of the customers, deposited the funds into his personal bank account, and converted funds totaling \$13,623.71 to his own use and benefit. Marx also failed to respond to NASD requests for information. (NASD Case #C10000100)

**Thomas Michael McDermott (CRD #326652, Registered Principal, Bloomfield, New Jersey)** submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any NASD member as a general securities principal for 60 days. Without admitting or denying the allegations, McDermott consented to the described sanctions and to the entry of findings that he failed to implement, maintain, and enforce an effective supervisory system and written procedures that would have enabled his member firm to comply with federal securities laws and NASD rules to detect and prevent illegal bidding for, purchasing, or inducing others to purchase a security in the secondary market while a distribution was still in progress.

McDermott's suspension began January 2, 2001, and will conclude at the close of business on March 2, 2001. (NASD Case #C10000029)

**Monitor Investment Group, Inc. (CRD #31007, New York, New York), Michael Angelo Cavallo (CRD #43518, Registered Principal, Old Bridge, New Jersey), James Justin Garcia, Jr. (CRD #1144228, Associated Person, New York, New York), Scott Herkert (CRD #2092867, Registered Representative, Staten Island, New York), Norman Martin Lescht (CRD #1164306, Registered Principal, East Brunswick, New Jersey), William Francis Palla (CRD #1101428, Registered Principal, Narbeth, Pennsylvania), Jeffrey David Pokross (CRD #2358776, Associated Person, New York, New York), Salvatore Francisco Ruggiero (CRD #2521196, Brooklyn, New York), and Edward Christopher Telmany (CRD #2574437, Registered Representative, Staten Island, New York).** The firm was fined \$350,000 and expelled from NASD membership. Palla was fined \$350,000 and barred from association with any NASD member in any capacity and Pokross was fined \$300,000 and barred from association with any NASD member in any capacity. Herkert, Ruggiero, and Telmany were each fined \$100,000 and barred from association with any NASD member in any capacity. Cavallo, Garcia, and Lescht were each fined \$50,000 and barred from association with any NASD member in any capacity. The fines must be paid before reassociating with the NASD. The sanctions are based on findings that the firm, acting through Palla and Pokross, knowingly and/or recklessly engaged in a fraudulent scheme to manipulate the supply and price of a

security, charged fraudulent and excessive markups, and purchased, or induced others to purchase, the security while the firm was engaged in a distribution. Palla also directed and endorsed special selling methods to induce the sale of the stock by promising economic inducements to the firm's brokers. The firm created and provided false order tickets to the NASD to reflect reduced commissions on the tickets. The firm, acting through Palla, failed to establish and maintain adequate written supervisory procedures reasonably designed to achieve compliance with applicable securities laws. In addition, the NASD also found that the firm, acting through Palla, failed to report customer complaints and quarterly statistical and summary information regarding the complaints to the NASD.

The findings also stated that Garcia conducted a securities business without being registered with the NASD. The firm, acting through Lescht, failed to properly register Garcia and knew he was conducting a securities business without being registered with the NASD. The firm, acting through Cavallo, compensated Garcia for conducting securities transactions when he was not registered and falsified books and records by routing commissions charged on Garcia's transactions through the registered representative numbers of other brokers. The firm, acting through Palla, failed to ensure that the firm had an adequate supervisory system to detect unregistered representatives and to prevent them from conducting a securities business.

The NASD also found that Ruggiero, Herkert, and Telmany induced public customers to purchase shares of the security by intentionally or recklessly mischaracterizing the nature of the stock being sold and making baseless price predictions. They also failed to notify their customers that the price had been manipulated, was not the result of free market forces, and failed to disclose the firm's trading activity in the stock. Furthermore, the NASD found that Palla, Cavallo, Ruggiero, Herkert, and Telmany failed to respond truthfully to NASD requests for information. (NASD Case #C10970145)

**Nelson Chukwunyer Onyejiaka (CRD #2864207, Registered Representative, Southbound Brook, New Jersey)** was fined \$5,000 and suspended from association with any NASD member in any capacity for 18 months. The fine must be paid before reassociating with a member firm following the suspension. The Office of Hearing Officers (OHO) imposed the sanctions following the call for review and remand by the NAC. The findings stated that Onyejiaka failed to disclose his felony conviction on a Form U-4.

Onyejiaka's suspension began January 2, 2001, and will conclude at the close of business on July 1, 2002. (NASD Case #C10990121)

**David Andrew Roshco (CRD #2013641, Registered Representative, New York, New York)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Roshco failed to respond to NASD requests to appear for an on-the-record interview. (NASD Case #C10000090)

**Vadim Steven Shapiro (CRD #2562368, Registered Representative, Baltimore, Maryland)** was named as a respondent in an NASD complaint alleging that in connection with an inducement to purchase or sell a security, through means or instrumentalities of interstate commerce or of the mails, knowingly or recklessly employed a device, scheme or contrivance, omitted to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading and engaged in acts, practices, or courses of business that operated as a fraud or deceit upon public customers. The complaint alleges that Shapiro made material misrepresentations including specific and substantial price predictions and omitted material facts regarding a security's losses and poor performance. The complaint also alleges that Shapiro failed to execute customer sell orders. (NASD Case #C10000207)

**Peter John Sinram (CRD #825018, Registered Representative, Valley Stream, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Sinram consented to the described sanction and to the entry of findings that he engaged in trading certain bond positions of his member firm and failed to disclose to the firm material information pertaining to the trading. The findings also stated that Sinram provided false and misleading market valuations to his member firm with respect to the bond positions. The NASD also found that Sinram failed to respond to NASD requests for information. (NASD Case #C10000203)

## February Actions

**Michael Henry Antell (CRD #2707953, Registered Representative, Brooklyn, New York)** was fined \$5,000 and barred from association with any NASD member in any capacity. The fine must be paid before reassociating with a member firm. The sanctions were based on findings that Antell effected private securities transactions without providing notice to, or receiving permission from, his firm and made material misrepresentations and improper price predictions to public customers to induce the customers to purchase securities. The findings also stated that Antell effected the purchase of a security in the account of a public customer without the customer's knowledge, authorization, or consent. In addition, the NASD found that Antell failed to respond to NASD requests to appear for on-the-record interviews. (NASD Case #C10000118)

**Michael John Cambareri (CRD #2070535, Registered Principal, Mount Kisco, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$15,000 and suspended from association with any NASD member in any capacity for three months. Without admitting or denying the allegations, Cambareri consented to the described sanctions and to the entry of findings that he falsified a variable annuity contract application by signing the name of a customer on the application without the customer's prior knowledge, authorization, or consent and certifying on

the application that he had witnessed the customer signing the application. The findings also stated that Cambareri made a false statement to his firm in that he represented he was unaware of who signed the application when, in fact, he knew that he had signed it.

Cambareri's suspension began February 5, 2001, and will conclude at the close of business on June 4, 2001. (NASD Case #C10000213)

**Michael Paul Cilmi (CRD #1289290, Registered Principal, South Cairo, New York)** was named as a respondent in an NASD complaint alleging that he effected unauthorized transactions in the accounts of public customers without their knowledge or consent and in the absence of written or oral authorization to exercise discretion in the accounts. (NASD Case #C10000220)

**Michael Henry Christ (CRD #1664410, Registered Principal, Lynbrook, New York)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Christ failed to respond to NASD requests to appear for on-the-record interviews. (NASD Case #C10000132)

**George Christodolou a/k/a George Christo (CRD #2614231, Registered Principal, Staten Island, New York)** submitted an Offer of Settlement in which he was fined \$10,000, suspended from association with any NASD member in any capacity for 18 months, and ordered to requalify by exam as a general securities representative within 90 days of the expiration of the suspension. If Christodolou fails to requalify within this period, he will be suspended from association with any NASD member in any capacity until he passes the exam. The fine must be paid prior to reassociating with a member firm or prior to requesting relief from any statutory disqualification. Without admitting or denying the allegations, Christodolou consented to the described sanctions and to the entry of findings that he executed transactions in the account of public customers without their prior knowledge, authorization, or consent.

Christodolou's suspension began February 5, 2001, and will conclude on August 4, 2002. (NASD Case #C10000026)

**Michael Ying Deng (CRD #2338954, Registered Representative, Flushing, New York)** submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Deng consented to the described sanction and to the entry of findings that he deposited a \$1,000 insurance refund check payable to a public customer into his personal bank account without the knowledge, authorization, or consent of the customer. (NASD Case #C10000152)

**Mikhail Domovich (CRD #2674406, Registered Representative, Brooklyn, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000, which includes disgorgement of \$1,225.40 in commissions earned, and suspended from association with any NASD member in any capacity for five business days. The fine must be paid before reassociating with a

member firm or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Domovich consented to the described sanctions and to the entry of findings that he engaged in outside business activities without his firm's prior knowledge, authorization, or consent.

Domovich's suspension began January 16, 2001, and concluded at the close of business on January 22, 2001. (NASD Case #C10000219)

**Fine Equities, Inc. (CRD #38004, New York, New York) and Nathan Scott Fine (CRD #850331, Registered Principal, New Canaan, Connecticut)** submitted a Letter of Acceptance, Waiver, and Consent in which they were censured and fined \$14,500, jointly and severally. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Fine, sold shares of stock prior to the security's registration statement being declared effective by the Securities and Exchange Commission (SEC) and failed to maintain sufficient net capital while conducting a securities business. The findings also stated that the firm, acting through Fine, failed to administer a continuing and current education program for its covered registered persons and failed to maintain records for the completion of the program by its covered registered persons. (NASD Case #C10000223)

**Patrick Joseph Gillespie (CRD #2515660, Registered Representative, Deer Park, New York)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Gillespie failed to respond to NASD requests for information. (NASD Case #C10000101)

**Averell Golub (CRD #2083375, Registered Representative, Brooklyn, New York)** was fined \$10,000, suspended from association with any NASD member in any capacity for one year, and ordered to pay \$20,527.48, plus interest, in restitution to a public customer within 60 days from the date of the National Adjudicatory Council (NAC) decision. The NAC imposed the sanctions following appeal and call for review of an Office of Hearing Officers (OHO) decision. The sanctions were based on findings that Golub engaged in material misrepresentations to public customers regarding a security, failed to disclose any negative information about the issuer, and fraudulently induced the customers to purchase the security.

Golub's suspension began January 16, 2001, and will conclude at the close of business on January 15, 2002. (NASD Case #C10990024)

**Jeffrey Booth Hodde (CRD #247308, Registered Principal, Summit, New Jersey)** was named as a respondent in an NASD complaint alleging that he effected a transaction in the account of a public customer without the customer's prior knowledge, authorization, or consent. The complaint also alleges that Hodde failed to respond to NASD requests for information. (NASD Case #C10010005)

**Carl Dan Killian, Jr. (CRD #1340080, Registered Representative, Hohokus, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$16,900, which includes \$6,900 in disgorgement of commissions, and suspended from association with any NASD member in any capacity for 18 months. The fine and disgorgement must be paid before reassociating with a member firm or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Killian consented to the described sanctions and to the entry of findings that he exercised discretionary authority in transactions in a public customer's account without prior written authorization and engaged in trading in the account that was excessive in view of the customer's objectives, financial situation, and nature of the account. The findings also stated that Killian, using his discretion, purchased and sold securities in the account of a public customer that were unsuitable in view of the size and frequency of the transactions and did not have reasonable grounds for believing that the recommended transactions were suitable for the customer based upon the customer's financial situation, investment objectives, and financial needs.

Killian's suspension began February 5, 2001, and will conclude on August 4, 2002. (NASD Case #C10010003)

**Robert Elliot Leder (CRD #2573928, Associated Person, Wantagh, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for one year. The fine must be paid before reassociating with a member firm or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Leder consented to the described sanctions and to the entry of findings that he willfully failed to disclose a material fact on a Form U-4.

Leder's suspension began January 16, 2001, and will conclude at the close of business on January 15, 2002. (NASD Case #C10000221)

**Chung Suk Oh (CRD #2838370, Registered Representative, New York, New York)** was named as a respondent in an NASD complaint alleging that he effected unauthorized transactions in the account of a public customer without the customer's prior knowledge, authorization, or consent. The complaint also alleges that Oh failed to respond to NASD requests for information. (NASD Case #C10010009)

**Mario Arthur Romano (CRD #1578054, Registered Representative, Colts Neck, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which he was censured and fined \$17,008, which includes disgorgement of \$7,008 in commissions earned. Without admitting or denying the allegations, Romano consented to the described sanctions and to the entry of findings that he exercised discretionary power in the account of a public customer without the customer's prior written authorization and the acceptance of the discretionary account by his firm. (NASD Case #C10000216)

**Gordon Erik Sokich (CRD #2579331, Registered Representative, Dobbs Ferry, New York)** was suspended from association with any NASD member in any capacity for six months. In light of Sokich's financial status, no monetary sanction has been imposed. The sanction was based on findings that Sokich failed to submit sufficient funds or securities to cover the cost of margin transactions effected by him in his personal account at a member firm.

Sokich's suspension began January 2, 2001, and will conclude at the close of business on July 2, 2001. (NASD Case #C10000091)

**Edward Sereno Viola (CRD #2211525, Registered Representative, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Viola consented to the described sanction and to the entry of findings that he effected transactions in the account of a public customer without the customer's prior knowledge, authorization, or consent. (NASD Case #C10000222)

### March Actions

**Gregory Mark Burton (CRD #1026513, Registered Principal, Locust Valley, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity, including clerical or ministerial functions, for five business days. Without admitting or denying the allegations, Burton consented to the described sanctions and to the entry of findings that he engaged in outside business activities without providing his member firm with prompt written notice and accepted a \$311,000 finders fee for his services. Burton's suspension will begin March 19, 2001, and will conclude at the close of business on March 23, 2001. (NASD Case #C10010025)

**Hector Camacho (CRD #3198218, Registered Representative, Bronx, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for two years. The fine must be paid before reassociating with a member firm following the suspension or before requesting relief from any statutory disqualification. The sanctions were based on findings that Camacho willfully failed to disclose material facts on a Form U-4. Camacho's suspension began February 20, 2001, and will conclude at the close of business on February 19, 2003. (NASD Case #C10010007)

**Chapelaine Corporate Securities & Co. (CRD #23741, New York, New York) and Michael Emmett Walsh (CRD #458064, Registered Principal, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which they were censured and fined \$13,000, jointly and severally. The firm was fined an additional \$34,500. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of

findings that the firm, acting through Walsh, failed to report Fixed Income Pricing System (FIPS) eligible transactions within five minutes after execution and failed to report FIPS transactions by no later than 5:00 p.m. Eastern time on the trade date in which the transactions were executed. The findings also stated that the firm, acting through Walsh, failed to report the correct unit price in transactions in high yield corporate debt securities quoted on FIPS and failed to report the correct symbol indicating whether the transactions were buy, sell, or cross. The NASD also found that the firm, acting through Walsh, failed to report the correct unit price in transactions in high yield corporate debt securities and failed to report the correct symbol indicating whether the transactions were buy, sell, or cross. Furthermore, the NASD found that the respondents failed to establish, maintain, and enforce written supervisory procedures reasonably designed to achieve compliance with NASD rules applicable to transaction reporting of high yield corporate debt securities. Moreover, the NASD found that the respondents permitted an individual to function as a corporate securities representative without benefit of NASD registration. (NASD Case #C10010024)

**Marcial Fernando Chiong, Jr. (CRD #1548382, Registered Principal, New York, New York)** was fined \$100,000, barred from association with any NASD member in any capacity, and ordered to pay \$138,294.66, plus interest, in restitution to public customers. The sanctions were based on findings that Chiong effected transactions in the accounts of public customers without their prior knowledge, authorization, or consent. The findings also stated that Chiong failed to execute sell orders for public customers. (NASD Case #C10000159)

**Stewart Robert Clark (CRD #1895006, Registered Representative, Mount Vernon, Illinois)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Clark failed to respond to NASD requests for information. (NASD Case #C8A000031)

**Steven Mark Cohen (CRD #1585810, Registered Principal, Roslyn, New York)** submitted an Offer of Settlement in which he was fined \$10,000 and suspended from association with any NASD member in any capacity for two years. The fine must be paid before reassociating with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Cohen consented to the described sanctions and to the entry of findings that he failed to respond to NASD requests for information and documents.

Cohen's suspension will begin March 19, 2001, and will conclude at the close of business on March 18, 2003. (NASD Case #C10990163)

**Dalton Kent Securities Group, Inc. (CRD #38813, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$18,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of

findings that it failed to timely report to the NASD statistical and summary information relating to the receipt of written customer complaints and failed to amend, or promptly amend, Forms U-4 or Forms U-5 to disclose the written complaints against registered representatives of the firm. The findings also stated that the firm failed to display immediately customer limit orders when each such order was at a price that would have improved the firm's bid or offer in each such security and failed to execute customer limit orders within one minute after each of the orders was activated. The NASD also found that the firm failed to use reasonable diligence to ascertain the best inter-dealer market for certain securities to ensure the resultant price to its customers was as favorable as possible under prevailing market conditions. Furthermore, the NASD found that the firm failed to establish, maintain, and enforce written supervisory procedures concerning the firm's obligation to file statistical and summary information regarding customer complaints. (NASD Case #C10010020)

**Michael Leroy Dunbar (CRD #2189075, Registered Principal, Brooklyn, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was censured, fined \$135,000, barred from association with any NASD member in any capacity, and ordered to disgorge \$16,912.50 in profits. Without admitting or denying the allegations, Dunbar consented to the described sanctions and to the entry of findings that he opened an account for a public customer over which he had control and in which he had a beneficial interest without being duly registered with the NASD. The findings also stated that Dunbar traded initial public offering (IPO) warrants (a "hot issue") in the immediate aftermarket. The NASD also found that, in connection with his activities in the IPO, Dunbar omitted to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading and engaged in acts, practices, or courses of business that operated as a fraud or deceit upon public investors. Furthermore, the NASD found that Dunbar requested payment for prospective purchases in the IPO from public customers before the SEC declared the IPO effective and executed transactions in the account of a public customer without the customer's prior knowledge, authorization, or consent. In addition, the NASD found that Dunbar failed to respond to NASD requests for information and/or documents and to appear for an on-the-record interview. (NASD Case #C10990007)

**Luis Alberto Gonzalez (CRD #2672385, Registered Representative, Rye, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Gonzalez consented to the described sanction and to the entry of findings that he effected unauthorized transactions in the account of a public customer. The findings also stated that, in order to effect an unauthorized sale, Gonzalez caused the impersonation of the customer's financial advisor and affixed photo-copies of the customer's signature to letters of authorization and wire instructions in order to effect an unauthorized sale and to wire funds from the customer's

account to pay for the loss incurred because of the large difference in price between the original purchase and the sale. (NASD Case #C10010008)

**Michael Anthony Laster, Sr. (CRD #2009671, Registered Representative, Bronx, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Laster consented to the described sanction and to the entry of findings that he received \$5,429.74 from a public customer as premium payments on a whole life insurance policy and converted the funds for his own use and benefit without the customer's prior knowledge, authorization, or consent. The findings also stated that Laster willfully failed to disclose material facts on his Form U-4. (NASD Case #C10010016)

**Jang Soo Lim (CRD #2881926, Registered Representative, Forest Hills, New York)** was named as a respondent in an NASD complaint alleging that he arranged for \$15,000 in loans to be issued against the life insurance policy of a public customer without the customer's knowledge, authorization, or consent and converted and/or misused the loan proceeds. The complaint also alleges that Lim forged the signature of the customer on checks issued by an insurance company to the customer in connection with the conversion. In addition, the complaint alleges that Lim failed to respond to NASD requests for information. (NASD Case #C10010019)

**Melhado, Flynn & Associates, Inc. (CRD #7340, New York, New York) and Pierce John Flynn (CRD #210395, Registered Principal, Bronxville, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which they were fined \$10,000, jointly and severally. Without admitting or denying the allegations, the respondents consented to the described sanction and to the entry of findings that the firm, acting through Flynn, knowingly maintained the registrations of individuals not actively engaged in the firm's securities business, not functioning as registered representatives for the firm, and thereby, avoiding a lapse in registration. (NASD Case #C10010012)

**Russell Scott Moriarty (CRD #2519745, Registered Representative, Lindenhurst, New York,)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$10,000 and suspended from association with any NASD member in any capacity for three months. Without admitting or denying the allegations, Moriarty consented to the described sanctions and to the entry of findings that he submitted, as the writing representative, applications for the purchase of whole life insurance products for non-existent persons to his member firm.

Moriarty's suspension began March 5, 2001, and will conclude at the close of business on June 4, 2001. (NASD Case #C10010022)

**Russell David Perlmutter (CRD #1930171, Registered Representative, Flushing, New York)** submitted an Offer of Settlement in which he was fined \$5,000 and suspended

from association with any NASD member in any capacity for one year. The fine must be paid before reassociating with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Perlmutter consented to the described sanctions and to the entry of findings that he willfully failed to disclose material facts on his Form U-4.

Perlmutter's suspension began February 20, 2001, and will conclude at the close of business on February 19, 2002. (NASD Case #C10000177)

**David Reynoso (CRD #2406265, Registered Representative, Westbury, New York)** was fined \$12,500 and suspended from association with any NASD member in any capacity for three months. The fine must be paid before re-associating with any NASD member following the suspension. The sanctions were based on findings that Reynoso effected a transaction in the account of a public customer without the customer's prior knowledge, authorization, or consent and failed to execute a purchase order for a public customer.

Reynoso's suspension began February 5, 2001, and will conclude at the close of business on May 4, 2001. (NASD Case #C10000099)

**Bob Allen Steinberg (CRD #2223889, Registered Representative, Great Neck, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$7,500 and suspended from association with any NASD member in any capacity for 30 days. The fine must be paid before reassociating with any NASD member following the suspension. Without admitting or denying the allegations, Steinberg consented to the described sanctions and to the entry of findings that he purchased call options in his cash account without having sufficient funds to cover the purchase. The findings also stated that Steinberg effected a purchase of call options in the account of a public customer without the customer's prior knowledge, authorization, or consent.

Steinberg's suspension began March 5, 2001, and will conclude at the close of business on April 3, 2001. (NASD Case #C10010021)

**U.S. Securities & Futures Corp. (CRD #36045, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$7,000, jointly and severally with an individual respondent. The firm was also fined an additional \$4,981. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that, acting through an individual, it failed to promptly amend its Form BD to indicate that a branch office was an Office of Supervisory Jurisdiction (OSJ) and failed to designate the office as an OSJ in its written supervisory procedures. The findings also stated that the firm, acting through an individual, permitted another individual associated with the firm to act as a registered person while his registration status was inactive due to his failure to complete the Regulatory Element of the NASD's Continuing Education Requirement. The NASD also found

that the firm failed to immediately display customer limit orders in Nasdaq securities in its public quotation when each such order was at a price that would have improved the firm's bid or offer in each such security. Furthermore, the NASD found that the firm failed to accept or decline transactions in ACT within 20 minutes after execution. (NASD Case #C10010014)

**Howard Irving Weinstein (CRD #1846150, Registered Representative, Port Washington, New York)** submitted an Offer of Settlement in which he was fined \$10,000 and suspended from association with any NASD member in any capacity for two years. The fine must be paid before reassociating with a member firm following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Weinstein consented to the described sanctions and to the entry of findings that he failed to respond to NASD requests for information and documents.

Weinstein's suspension will begin March 19, 2001, and will conclude at the close of business on March 18, 2003. (NASD Case #C10990152)

**Frank Jack Zangara (CRD #1551637, Registered Principal, Hicksville, New York)** was named as a respondent in an NASD complaint alleging that he executed separate sales of U.S. Treasury STRIPS to a public customer and charged the customer excessive markups for each of the sales. The complaint also alleges that Zangara failed to respond to NASD requests for information. (NASD Case #C10010027)

District 11 - Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, and New York (except for the counties of Livingston, Monroe, and Steuben; the five boroughs of New York City; and Long Island)

### January Actions

**Arthur William Clements (CRD #2112373, Registered Representative, Andora, Connecticut)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity and ordered to pay \$40,000, plus interest, in restitution to a public customer. Satisfactory proof of restitution payment, with interest, shall be a prerequisite before requesting relief from statutory disqualification. Without admitting or denying the allegations, Clements consented to the described sanctions and to the entry of findings that he made improper use of at least \$40,000 belonging to one of his clients. (NASD Case #C11000029)

**Precision Trading Group, LLC (CRD #47858, Stamford, Connecticut) and Dennis Gerard Boyd (CRD #1488976, Registered Principal, Fairfield, Connecticut)** submitted a Letter of Acceptance, Waiver, and Consent in which they were censured and fined \$13,000, jointly and severally, which

includes \$3,000 of the financial benefit the firm obtained by permitting representatives to conduct a securities business while unregistered. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Boyd, allowed unregistered employees to engage in a securities business and to function as representatives. The findings also stated that the firm, acting through Boyd, failed to ensure that individuals actively engaged in the trading of securities in the Nasdaq and Over-the-Counter (OTC) markets were properly registered as equity traders in accordance with the NASD's Series 55 rule requirements. In addition, the NASD found that the firm, acting through Boyd, failed to establish, maintain, and enforce written supervisory procedures reasonably designed to achieve compliance with applicable securities laws, regulations, and NASD rules applicable to the processing of registration applications. (NASD Case #C11000028)

**Anthony Douglas Schupp (CRD #1012126, Registered Representative, Shrewsbury, Massachusetts)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000, suspended from association with any NASD member in any capacity for one year, ordered to disgorge the \$2,608 in commissions received in connection with the violative transactions, plus interest, in partial restitution to a public customer. The fine must be paid and satisfactory proof of disgorgement and partial restitution, with interest, must be submitted before reassociating with a member firm following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Schupp consented to the described sanctions and to the entry of findings that he engaged in private securities transactions without prior written notice to, or approval from, his member firm.

Schupp's suspension began January 2, 2001, and will conclude on January 1, 2002. (NASD Case #C11000030)

**Eric John Whittemore (CRD #2739516, Registered Representative, Manchester, New Hampshire)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Whittemore consented to the described sanction and to the entry of findings that he misappropriated \$4,930 belonging to the branch office of a member firm. (NASD Case #C11000027)

### February Actions

**Donald Richard Bisson (CRD #817246, Registered Representative, Windsor, Connecticut)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000, suspended from association with any NASD member in any capacity for six months, and ordered to disgorge \$4,200 to public customers. Payment of the fine and satisfactory proof of disgorgement, with interest, must be made before reassociating with a member firm or before

requesting relief from any statutory disqualification. Without admitting or denying the allegations, Bisson consented to the described sanctions and to the entry of findings that he engaged in private securities transactions without prior written notice to, or approval from, his firm.

Bisson's suspension began January 16, 2001, and will conclude on July 15, 2001. (NASD Case #C11000031)

**Daniel Richard Howard (CRD #1112346, Registered Representative, Cambridge, Massachusetts)** was fined \$17,500 and suspended from association with any NASD member in any capacity for two years for unsuitable recommendations. He was also fined \$7,500 and suspended from association with any NASD member in any capacity for 90 days for inaccurate Forms U-4. The suspensions shall run concurrently. The NAC imposed the sanctions following appeal of an OHO decision. The sanctions were based on findings that Howard made unsuitable recommendations to a public customer and failed to update his Form U-4 to disclose that he was the subject of a complaint, investigation, or proceeding.

Howard has appealed this action to the SEC and the sanctions are not in effect pending consideration of the appeal. (NASD Case #C11970032)

**Terence Louis Killea (CRD #2310356, Registered Representative, Coventry, Rhode Island)** was named as a respondent in an NASD complaint alleging that he received checks totaling at least \$84,500 from public customers to invest in a high-yield investment or an initial public offering, and, instead, endorsed and cashed the checks, and used the funds for his own use and benefit. (NASD Case #C11010001)

### March Actions

**Richard Allen Nunes (CRD #349871, Registered Representative, East Providence, Rhode Island)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Nunes consented to the described sanction and to the entry of findings that he engaged in private securities transactions, for compensation, without prior written notice to, or approval from, his member firms. (NASD Case #C11010003)

## Enforcement Department

### January Actions

**William Michael Cutrone (CRD #2542314, Registered Representative, Woodbury, New York)** submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity and ordered to pay \$51,873.72, plus interest, in restitution to public customers. Proof of restitution is required before reassociating with a member firm or before requesting relief from any statutory

disqualification. Without admitting or denying the allegations, Cutrone consented to the described sanctions and to the entry of findings that he directly and/or indirectly, singly and in concert, by use of the means or instrumentalities of interstate commerce, or of the mails, and in connection with the purchase and sale of securities, knowingly or recklessly engaged in, and/or induced others to engage in a device, scheme, or artifice to defraud, the use of untrue statements of material fact and/or the omission of material facts necessary to make statements made, in light of the circumstances, not misleading, and acts, practices, or courses of business that operated as a fraud or deceit upon persons. Cutrone made misrepresentations including specific price predictions for speculative securities, omitted negative information about a security being recommended, and failed to make any disclosure of risk. The findings also stated that Cutrone executed unauthorized trades in the accounts of public customers without the necessary discretionary trading authority, failed to execute customer sell orders, and failed to disclose when he solicited purchase orders that he would refuse or discourage the sale of securities. The NASD also found that Cutrone failed to respond to NASD requests for information. (NASD Case #CAF000009)

**George Honorato Malagon, Jr. (CRD #2088064, Registered Principal, Fresh Meadows, New York)** was named as a respondent in an NASD complaint alleging that he engaged in unauthorized trading in the account of a public customer without the discretionary trading authority for the account. The complaint also alleges that Malagon failed to disclose material facts to public customers that a reasonably prudent customer would have wanted disclosed in making investment decisions and that Malagon had a duty to disclose. (NASD Case #CAF000046)

**Alfred Salazar (CRD #1059427, Registered Principal, Littleton, Colorado)** was named as a respondent in an NASD complaint alleging that by the use of means and instrumentalities of interstate commerce, or of the mails, directly or indirectly, he made untrue statements of material fact in connection with the purchase or sale of a security. The complaint alleges that Salazar effected transactions by means of a manipulative, deceptive, or other fraudulent device or contrivance and approved a private placement memorandum that contained materially false statements or acted with reckless disregard as to the truth or falsity of the statements contained in the memorandum. The complaint also alleges that Salazar failed to disclose and confirm in writing to public customers the control relationship between his member firm and the security in which the firm made a market. In addition, the complaint alleges that Salazar failed to respond to NASD requests for information, documentation, and to appear to give testimony. (NASD Case #CAF000048)

**Robert Aiden Thayer (CRD #874129, Registered Principal, Colorado Springs, Colorado)** submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for two years. In light of the financial status of Thayer, no monetary sanction has been imposed. Without



admitting or denying the allegations, Thayer consented to the described sanction and to the entry of findings that he failed to implement an effective system for monitoring his member firm's equities division to prevent price manipulation of a private placement, failed to monitor the activities of an individual, and failed to enforce provisions of the firm's policy and procedure manual. The findings also stated that Thayer failed to establish, maintain, and enforce procedures reasonably designed to achieve compliance with the penny stock rules. The NASD also found that Thayer failed to disclose and confirm in writing to public customers the control relationship between his member firm and a security.

Thayer's suspension began January 2, 2001, and will conclude on January 1, 2003. (NASD Case #CAF000031)

## February Actions

**David Michael Beall (CRD #2002860, Registered Principal, Jericho, New York)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Beall failed to appear for an NASD on-the-record interview and failed to respond to NASD requests for information and documents. (NASD Case #CAF000032)

**Datek Online Brokerage Services LLC (CRD #5209, Iselin, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$30,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to ensure that appropriate disclosure of capacity was correctly coded on customer confirmations at the time it changed its coding process, failed to ensure that changes were implemented, and failed to conduct reviews or audits after coding changes were implemented to ensure that its customer confirmations were accurate. The findings also stated that the firm failed to ensure that its written supervisory procedures in place were adequate for correct capacity disclosure and for the review of confirmation disclosure on a periodic basis. The NASD also found that the firm failed to establish, maintain, and enforce written supervisory procedures and a supervisory system reasonably designed to achieve compliance with applicable securities laws, regulations, and NASD rules regarding written trade confirmations. (NASD Case #CAF000047)

**Joseph John Giordano (CRD #2684597, Registered Representative, Centereach, New York)** was fined \$15,000, suspended from association with any NASD member in any capacity for one year, barred from association with any NASD member in any capacity, and ordered to pay \$35,179.79, plus interest, in restitution to public customers. The fine must be paid and proof of restitution must be provided before reassociating with a member firm. The sanctions were based on findings that Giordano executed unauthorized trades in the accounts of public customers without discretionary trading authority, and, in order to execute unauthorized trades in furtherance of a fraudulent scheme, failed to follow a customer's instructions to send him stock certificates for a

security that he had previously purchased. The findings also stated that Giordano canceled a customer's stockholding without authorization and made a specific price prediction to a public customer about an unseasoned security without an adequate, accurate, or reasonable basis for the prediction.

Giordano's bar became effective December 27, 2000. (NASD Case #CAF000021)

**Jon Robert McDowell (CRD #4069640, Registered Representative, Minneapolis, Minnesota)** was barred from association with any NASD member in any capacity. The sanction was based on findings that McDowell willfully misrepresented and intentionally failed to disclose a material fact on a Form U-4. The findings also stated that McDowell failed to respond to NASD requests for information. (NASD Case #CAF000035)

**Andre Desean Woodley, Sr. (CRD #3108258, Registered Representative, Virginia Beach, Virginia)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Woodley provided false responses and willfully misrepresented and failed to disclose material facts on his Form U-4. The findings also stated that Woodley failed to respond to NASD requests for information. (NASD Case #CAF000034)

**Howard Charles Zelin (CRD #1616516, Registered Principal, Boynton Beach, Florida)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Zelin failed to respond to NASD requests to appear for on-the-record interviews and failed to respond truthfully to an NASD request for information. (NASD Case #CAF000026)

## March Actions

**Jerold Carl Judkowitz (CRD #1025166, Registered Principal, Coral Springs, Florida)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in a principal capacity and suspended from association with any NASD member in any capacity for one year. Without admitting or denying the allegations, Judkowitz consented to the described sanctions and to the entry of findings that, in his capacity as Director of Compliance for a former member firm, he failed to address properly customer complaints and take appropriate disciplinary action against offending registered representatives.

Judkowitz' suspension began March 5, 2001, and will conclude at the close of business on March 4, 2002. (NASD Case #CAF010001)

**David Eric Niederkrome (CRD #2220569, Registered Principal, Kirkland, Washington)** submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 10 days. Without admitting or denying the allegations, Niederkrome consented to the described sanctions and to

the entry of findings that he actively solicited the opening of accounts to be used solely as lending accounts and solicited customers with trading accounts to make margin loans and misrepresented the actual or potential risk associated with the loans. The findings also stated that Niederkrome failed to disclose material information to the customers in that they were unaware their funds could be unavailable for longer than they intended or that they might not get repaid at all.

Niederkrome's suspension began March 19, 2001, and will conclude at the close of business on March 28, 2001. (NASD Case #CAF00028)

**Richard Alexander Preisig, Jr. (CRD #2372868, Registered Representative, Pelham Manor, New York)** submitted an Offer of Settlement in which he was fined \$25,000 and barred from association with any NASD member in any capacity with the right to reapply in five years. The fine must be paid before reassociating with a member firm or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Preisig consented to the described sanctions and to the entry of findings that he trained registered representatives to aggressively telemarket low-priced, speculative securities underwritten and/or recommended by his member firm to the public. The findings also stated that Preisig directed the representatives to engage in abusive sales practices including making baseless price predictions, making material misrepresentations, omitting material negative information during sales presentations, and discouraging representatives from processing net customer sell orders in the member firm's house stocks. (NASD Case #CAF990045)

**Stock USA, Inc. (CRD #40687, San Diego, California)** submitted an Offer of Settlement in which the firm was censured and fined \$5,000, jointly and severally with three respondents. The firm was fined an additional \$15,000 and ordered to retain a consultant to review its supervisory procedures and to adopt and implement all recommendations made by the consultant. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it allowed an unregistered person to engage in its securities business and allowed a statutorily disqualified person to associate with the firm. The findings also stated that the firm, acting through an individual, failed to exercise adequate, meaningful supervision over the operation of a branch office and failed to establish or implement the level of supervision required by the absence of an experienced manager. The NASD also found that the firm's supervisory procedures manual failed to adequately address the various types of business conducted by the firm and to address the need to separate functions so as to prevent unregistered individuals from providing brokerage services to public customers. (NASD Case #CAF000029)

## Market Regulation Committee

### January Actions

**Bishop, Rosen & Co., Inc. (CRD #1248, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed, within 90 seconds after execution, to transmit through Automated Confirmation Transaction Service<sup>SM</sup> (ACT<sup>SM</sup>), last sale reports of transactions in Nasdaq National Market (NNM), Nasdaq SmallCap<sup>SM</sup>, eligible securities, and OTC Equity securities, and failed to designate through ACT such last sale reports as late. The findings also stated that the firm failed to transmit through ACT last sale reports of transactions in ACT eligible securities within 90 seconds of execution. (NASD Case #CMS000241)

**Cantor Fitzgerald & Co. (CRD #134, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$10,000, and ordered to revise its written supervisory procedures relating to the SEC and NASD firm quote rules. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that, as a registered market maker in securities, it failed to execute orders presented at the firm's published bid or offer in an amount up to its published quotation size and, thereby, failed to honor its published quotation. The findings also stated that the firm's supervisory system failed to provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations concerning the SEC and NASD firm quote rules. (NASD Case #CMS000230)

**First Security Van Kasper, Inc. (CRD #7665, San Francisco, California)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$16,500, and required to revise its written supervisory procedures. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed, within 90 seconds after execution, to transmit through ACT last sale reports of transactions in NNM securities, failed to designate through ACT such last sale reports as late, failed to accept or decline to ACT transactions in eligible securities within 20 minutes of execution, and failed to report transactions to ACT within 90 seconds after execution. In addition, the NASD determined that the firm reported transactions in high yield corporate debt securities to the Fixed Income Pricing System<sup>SM</sup> (FIPS) that it was not required to report, and executed short sale transactions and failed to report each of these transactions to ACT with a short sale indicator. The NASD also found that the firm's supervisory system failed to provide for supervision to ensure compliance with applicable security laws, regulations, and NASD rules concerning ACT reporting, trade reporting, short sales, and books and records. (NASD Case #CMS000245)

**Garban Corporates LLC (CRD #2762, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed, within 90 seconds after execution, to transmit through ACT last sale reports of transactions in NNM and eligible securities and to designate them as late. The findings also stated that the firm failed to transmit within 90 seconds last sale reports of transactions in ACT eligible securities. (NASD Case #CMS000232)

**Pond Equities, Inc. (CRD #30934, Brooklyn, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which it was censured and fined \$10,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed, within 90 seconds after execution, to transmit through ACT, last sale reports of transactions in NNM, SmallCap, eligible, and OTC Equity securities, and failed to designate through ACT such last sale reports as late. The NASD also found that the firm failed to transmit last sale reports of transactions in ACT eligible securities within 90 seconds after execution. (NASD Case #CMS000236)

**Robert David Ross (CRD #404593, Registered Principal, Boca Raton, Florida)** submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for six months. In light of the financial status of Ross, no monetary sanction has been imposed. Without admitting or denying the allegations, Ross consented to the described sanction and to the entry of findings that he effected the purchase of shares of stock in the accounts of public customers without their prior knowledge, authorization, or consent.

Ross' suspension began December 11, 2000, and will conclude on June 10, 2001. (NASD Case #CMS000237)

**Wien Securities Corporation (CRD #10467, Jersey City, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$15,000, and required to revise its written supervisory procedures. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that, as a registered market maker in securities, the firm failed to execute orders presented at its published bid or offer in an amount up to its published quotation size and, thereby, failed to honor its published quotation. The findings also stated that the firm's supervisory system failed to provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations concerning the SEC and NASD firm quote rules. (NASD Case #CMS000228)

**Wien Securities Corporation (CRD #10467, Jersey City, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which it was censured and fined \$12,500. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed, within 90 seconds after execution, to transmit through ACT last sale reports of transactions in NNM, Nasdaq

SmallCap, and eligible securities and to designate through ACT such last sale reports as late. The findings also stated that the firm failed to transmit through ACT transactions in ACT eligible securities. (NASD Case #CMS000235)

### February Actions

**Banc of America Securities LLC (CRD #26091, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$19,000, and required to pay \$922.88, plus interest, in restitution to public customers. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it executed customer buy and sell orders of stocks, and failed to use reasonable diligence to ascertain the best inter-dealer market for the stocks, and to buy and sell in such a market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. Moreover, the NASD determined that the firm failed to report to the Automated Confirmation Transaction Service<sup>SM</sup> (ACTSM) the correct symbol indicating whether transaction reports relating to orders in eligible securities were as principal or agent and failed to accept or decline in ACT transactions in eligible securities within 20 minutes after execution. Furthermore, the findings stated that the firm failed to show the time of execution on the memorandum of brokerage orders; failed to show the correct time of execution on the memorandum of brokerage orders; failed to show the time of entry on the memorandum of brokerage orders; and failed to show the terms and conditions on the memorandum of a brokerage order. The NASD also found that the firm failed to provide written notification disclosing to its customer the correct reported trade price on customer transactions in which it acted as principal for its own account. And the firm failed to immediately display customer limit orders in its public quote, where each such order was at a price better than its public quote, or at a price equal to its public quote when such quote was priced equal to the national best bid or offer in such security and that order represented more than a de minimis change in relation to the size associated with the firm's bid or offer. (NASD Case #CMS000260)

**Credit Lyonnais Securities (USA), Inc. (CRD #190, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$15,000, and required to revise its written supervisory procedures concerning transaction reporting and compliance. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed, within 90 seconds after execution, to transmit to ACT last sale reports of transactions in Nasdaq National Market<sup>®</sup> (NNM) and eligible securities. The findings also stated that the firm failed to transmit through ACT, last sale reports of transactions in NNM securities and eligible securities, and failed to designate through ACT, the last sale reports as late, and failed to designate as ".T" through ACT, last sale reports of transactions in NNM securities executed during normal market hours. In addition, the NASD found that the firm's

supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations concerning transaction reporting and ACT compliance. (NASD Case #CMS000259)

**GKN Securities Corp. (CRD #19415, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$40,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to contemporaneously or partially execute limit orders in Nasdaq securities after it traded each subject security for its own market-making account at a price that would have satisfied each customer's limit order. The findings also stated that the firm failed to display immediately customer limit orders in Nasdaq securities in its public quotation, when each such order was at a price that would have improved the firm's bid or offer for each such security, or when the order was priced equal to the firm's bid or offer and the national best bid or offer for each such security, and the size of the order represented more than a de minimis change in relation to the size associated with the firm's bid or offer in each such security. (NASD Case #CMS000247)

**International Assets Advisory Corporation (CRD #10645, Winter Park, Florida)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed, within 90 seconds after execution, to transmit to ACT last sale reports of transactions in NNM, OTC Equity securities, and failed to designate through ACT such last sale reports as late. The findings also stated that the firm failed to designate as ".T" through ACT, last sale reports of transactions in OTC equity securities executed outside normal market hours. (NASD Case #CMS000246)

**Wayne Mills (CRD #1055303, Registered Representative, Edina, Minnesota)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Mills consented to the described sanction and to the entry of findings that he failed to respond to an NASD request to appear for an on-the-record interview. (NASD Case #CMS000256)

**Oscar Gruss & Son, Inc. (CRD #2091, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that as a market maker in securities, without making reasonable efforts to avoid a locked or crossed market by executing transactions with all market makers whose quotations would be locked or crossed, entered bid or ask quotations in The Nasdaq Stock Market which caused a locked or crossed market condition to occur in each instance. (NASD Case #CMS000255)

**Prime Charter LTD. (CRD #25668, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$10,000, and required to revise its written supervisory procedures relating to firm quote compliance. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that an order was presented to the firm at the firm's published bid or published offer in an amount up to its published quotation size. The NASD found that the firm failed to execute the orders upon presentation, and thereby failed to honor its published quotation. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations concerning firm quote compliance. (NASD Case #CMS000248)

#### March Actions

**AM Capital LLC (CRD #44351, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$10,000, and required to revise its supervisory procedures concerning the Securities and Exchange Commission (SEC) and NASD firm quote rules. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that, as a registered market maker in securities, it failed to execute orders presented at the firm's published bid or published offer in an amount up to its published quotation size and, thereby, failed to honor its published quotation. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations concerning the SEC and NASD firm quote rules. (NASD Case #CMS010002)

**Asiel & Co., LLC (CRD #1112, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to report to the FIPS transactions in FIPS securities within five minutes after execution. (NASD Case #CMS010008)

**Comprehensive Capital Corp. (CRD #6215, Westbury New York)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that, as a registered market maker in securities, it failed to execute orders presented at the firm's published bid or published offer in an amount up to its published quotation size and, thereby, failed to honor its published quotation. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws and regulations concerning the SEC and NASD firm quote rules. (NASD Case #CMS010011)

**John G. Kinnard and Company (CRD #466, Minneapolis, Minnesota)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$10,000, and required to revise its written supervisory procedures relating to the SEC and NASD firm quote rules. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that, as a registered market maker in securities, it failed to execute orders presented at the firm's published bid or published offer in an amount up to its published quotation size and, thereby, failed to honor its published quotation. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws and regulations concerning the SEC and NASD firm quote rules. (NASD Case #CMS010007)

**Austin Francis Mitchel, Jr. (CRD #336780, Registered Representative, Westfield, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which he was censured and fined \$10,000. Without admitting or denying the allegations, Mitchel consented to the described sanctions and to the entry of findings that he failed to display immediately customer limit orders in his member firm's public quotation, when each such order was at a price that would have improved the firm's bid or offer in each such security. (NASD Case #CMS010003)

**Rom-Bo Trading Co. (CRD #37554, Chicago, Illinois)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$10,000, and required to revise its supervisory procedures with respect to SEC and NASD firm quote rules. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that, as a registered market maker in securities, it failed to execute orders presented at the firm's published bid or published offer in an amount up to its published quotation size and, thereby, failed to honor its published quotation. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws and regulations concerning the SEC and NASD firm quote rules. (NASD Case #CMS010006)

**The Fleet Trading Division of Fleet Securities (CRD #13071, Jersey City, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$55,000, and required to revise its supervisory procedures concerning the SEC and NASD firm quote rules. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that, as a registered market maker in securities, it failed to execute orders presented at the firm's published bid or published offer in an amount up to its published quotation size and, thereby, failed to honor its published quotation. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws and regulations concerning the SEC and NASD firm quote rules. (NASD Case #CMS010005)

**Vector Securities International, Inc. (CRD #22010, Deerfield, Illinois)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$10,000, and required to revise its written supervisory procedures with respect to short sales. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it executed short sale transactions and a long sale transaction and failed to report each of these transactions through ACT with the correct short or long sale modifier. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws and regulations concerning short sales. (NASD Case #CMS000231)

**Wall Street Equities, Inc. (CRD #18432, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$10,000, and required to revise its supervisory procedures concerning the SEC and NASD firm quote rules. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that, as a registered market maker in securities, it failed to execute orders presented at the firm's published bid or published offer in an amount up to its published quotation size and, thereby, failed to honor its published quotation. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws and regulations concerning the SEC and NASD firm quote rules. (NASD Case #CMS010004)

**WIEN Securities, Inc. (CRD #10467, Jersey City, New Jersey)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$17,500, and required to pay \$150, plus interest, in restitution. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to use reasonable diligence to ascertain the best inter-dealer market for the subject security and buy or sell in such market so that the resultant price to each customer was as favorable as possible under prevailing market conditions. The findings also stated that the firm failed to report to ACT the contra side executing broker in transactions in eligible securities, failed to accept or decline in ACT transactions in eligible securities within 20 minutes after execution, and to report to ACT the correct symbol indicating whether transactions in eligible securities were as principal or agent. Furthermore, the NASD determined that the firm failed to immediately display customer limit orders in its public quote, when each such order was at a price better than its public quote, or at a price equal to its public quote when such quote was priced equal to the national best bid or offer in such security and that order represented more than a de minimis change in relation to the size associated with its bid or offer. The NASD also determined that the firm failed to show the correct time of entry, the time of execution, and the correct time of execution on the memorandum of brokerage orders, and failed to provide written notification to its customers that the price to each of its customers was an average price. In

addition, the NASD found that the firm failed to provide written notification disclosing to its customers the reported trade price and whether it was a market maker in the security when it acted as principal for its own account, and failed to provide written notification disclosing to its customers its correct capacity. (NASD Case #CMS010013)

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If you have further questions or comments, please contact either the individual listed at the conclusion of an item or Rosa A. Maymi, Editor, *Regulatory & Compliance Alert (RCA)*, 1735 K Street, NW, Washington, DC 20006-1500, (202) 728-8981.

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