

**BEFORE THE NATIONAL ADJUDICATORY COUNCIL
NASD REGULATION, INC.**

District Business Conduct Committee for
District No. 6,

Complainant,

v.

Frank J. Ingersoll
CRD No. 254926

Respondent.

Disciplinary Proceeding
No. C06950029

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: February 9, 1999

INTRODUCTION

Disciplinary Proceeding No. C06950029 was filed on January 16, 1996 by the District Business Conduct Committee for District No. 6 ("District Committee"). This matter went to hearing against Respondent Ingersoll on July 8, 1997, and the District Committee issued a decision on October 8, 1997. On October 30, 1997, the National Adjudicatory Council of NASD Regulation, Inc. ("NAC") called the matter for review and remanded it to the District Committee. The District Committee held a hearing on remand on January 6, 1998, and issued an Amended Decision on January 27, 1998. The NAC has accepted the Offer submitted by Respondent Frank J. Ingersoll. The findings, conclusions and sanctions set forth in this Order are those stated in the Offer and approved by the NAC.

Under the terms of the Offer, Respondent Ingersoll has consented for the purpose of this proceeding only, without admitting or denying the allegations of the Complaint, to the entry of findings of facts and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by the National Association of Securities Dealers.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:¹

At all times relevant to this Complaint, Respondent Ingersoll was employed by George E. Dullnig & Co., a member of the National Association of Securities Dealers, Inc. ("Association"), as a general securities representative. Respondent Ingersoll is not currently associated with any member firm.

The Complaint alleges as follows:

The First Cause of Complaint alleges that from October 1993 through January 1994, Respondent Ingersoll effected transactions in the securities of International Nursing Services and LatComm International, Inc. through an entity called KRI Growth Stocks, Inc., without providing prior written notice to George E. Dullnig & Co. The First Cause of Complaint further alleges that Respondent Ingersoll acted as an unregistered broker/dealer by failing to register either himself or KRI Growth Stocks, Inc. as a securities broker/dealer with the Securities and Exchange Commission or the Association, as required by Section 15 of the Securities Exchange Act of 1934.

The Second Cause of Complaint alleges that from January 1994 through January 1995, Respondent Ingersoll caused misleading sales literature in the form of research reports to be distributed to the public.

The Third Cause of Complaint alleges that from June 1994 through March 1995, Respondent Ingersoll failed to disclose a material adverse interest in connection with the sale of American Telesource, Inc. securities.

The Fourth Cause of Complaint alleges that from October 23, 1993 through January 1994, Respondent Ingersoll effected sales of shares of Rhonda Mining Corp. and Savanna Resources Ltd. and failed to disclose to customers the total remuneration he received in connection with those sales.

The Fifth Cause of Complaint alleges that Respondent Ingersoll failed to disclose to George E. Dullnig & Co. the total remuneration he received in connection with the sales of shares of Rhonda Mining Corp. and Savanna Resources Ltd.

Based on the foregoing, Respondent Ingersoll violated Article III, Sections 1, 18, 35, and 40 of the NASD Rules of Fair Practice ("Rules") (now Conduct Rules 2110, 2120, 2210, and 3040, respectively).

¹ The findings herein are pursuant to Respondent Ingersoll's Offer of Settlement and are not binding on any other person or entity named as a respondent in this or any other proceeding. The allegations against the other respondents named in this Complaint have been resolved through settlement.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by NASD Regulation, Inc., of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent Ingersoll be censured, fined \$388,535, ordered to make restitution to customers in the amount of \$301,088 as explained in the third cause of complaint, and barred in all capacities from association with any member of the Association. NASD Regulation, Inc. has agreed to suspend fine and restitution collection efforts unless and until Respondent Ingersoll seeks to affiliate with a broker/dealer. Should Respondent Ingersoll ever seek to return to the securities industry, the fine imposed shall be payable in full and Respondent will be required to show that he has made full restitution as a prerequisite to Respondent's application for NASD membership or association with a member.

SO ORDERED.

NASD Regulation, Inc.

By:

Alden S. Adkins, Senior Vice President and General Counsel