

Disciplinary Actions

Disciplinary Actions Reported For November

NASD Regulation, Inc. (NASD RegulationSM) has taken disciplinary actions against the following firms and individuals for violations of National Association of Securities Dealers, Inc. (NASD[®]) rules; federal securities laws, rules, and regulations; and the rules of the Municipal Securities Rulemaking Board (MSRB). The information relating to matters contained in this *Notice* is current as of the end of October 23, 2000.

Firm Expelled, Individual Sanctioned

Del Mar Financial Services, Inc. (CRD #34638, Irvine, California) and **Kevin Conway Dills (CRD #1901792, Rancho Santa Fe, California)** were fined \$10,000, jointly and severally. In addition, the firm was expelled from NASD membership, and Dills was barred from association with any NASD member in any capacity. The fine must be paid before any application for reentry into the securities industry will be considered. The sanctions were based on findings that the firm, acting through Dills, failed to respond to an NASD request for information and conducted a securities business without having sufficient minimum net capital. **(NASD Case #C02000010)**

Firms Fined, Individuals Sanctioned

American Investment Services, Inc. (CRD #21111, East Peoria, Illinois), Gordon Scott Crosson (CRD #1068512, Registered Representative, Peoria, Illinois), and Lisa June Strong (CRD #1837281, Registered Principal, Peoria, Illinois) submitted Offers of Settlement in which the firm was censured and fined \$30,000, which includes disgorgement of

commissions of \$15,000. Crosson was fined \$7,500 and suspended from association with any NASD member in any capacity for 20 business days, and Strong was fined \$10,000 and suspended from association with any NASD member in any principal capacity for 10 days. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm and Strong accepted subscription agreements from a registered representative of the firm for the purchase of securities by members of the public which, in fact, had been solicited by individuals not registered with the firm in any capacity. The findings also stated that the firm paid, and Strong failed to prevent the payment of, securities transactions compensation to individuals or entities not registered with the firm.

The NASD also determined that Crosson signed, as the selling representative, customer subscription agreements for the purchase of securities by public customers even though he was not involved in the offer and sale of the securities and he knew that the sales were made by individuals who were not associated with his member firm. Furthermore, the NASD found that Crosson opened a securities account in which he had a financial interest at a member firm, failed to notify his member firm, in writing, of this account or the execution of trades with the firm's account, and failed to notify the executing firm, in writing, that he was a registered representative with a member firm.

Crosson's suspension began November 6, 2000, and will conclude at the close of business on December 4, 2000. Strong's suspension began November 6,

2000, and will conclude at the close of business on November 15, 2000. **(NASD Case #C8A000019)**

RBG Investments, Inc. (CRD #36528, Chicago, Illinois), Robert Samuel Goldfine (CRD #224230, Registered Principal, Chicago, Illinois), and Bernard Martin Marcus (CRD #319586, Registered Principal, Chicago, Illinois) submitted a Letter of Acceptance, Waiver, and Consent in which they were fined \$10,000, jointly and severally. Goldfine and Marcus were suspended from association with any NASD member in any capacity for 60 days, and the firm was censured and fined \$2,000, jointly and severally, with an 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 Goldfine and Marcus, received funds for the sale of unit offerings which was made on the basis that the contemplated payment would not be made to the issuers until the required number of units was sold. The findings also stated that the firm, acting through Goldfine and Marcus, withdrew funds from the accounts for the offering before selling the required number of units in bona fide transactions of the offerings, deposited funds into the account net of commissions, and failed to properly escrow funds for the sales until the last units were sold. In addition, the NASD found that the firm filed FOCUS Part IIA Reports that were inaccurate in that, among other things, the reports overstated the firm's net capital.

Goldfine's and Marcus' suspensions began November 6, 2000, and will conclude at the close of business on January 4, 2001. **(NASD Case #C8A000027)**

Firm And Individual Fined

Sharpe Capital, Inc. (CRD #18452, New York, New York) and Husheng Liu (CRD #2315508, Registered Representative, Woodside, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$10,000, and Liu was censured and fined \$13,000. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that Liu executed securities transactions for public customers of the firm, and the firm allowed Liu to conduct a securities business, despite the fact that his securities registration had become inactive based on his failure to timely complete the Regulatory Element of the NASD Continuing Education Program. **(NASD Case #C8A000053)**

Firms Fined

Dominick & Dominick, LLC (CRD #7344, 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 honor its published quotation at its published bid or published offer in an amount up to its published quotation size. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with the Securities and Exchange Commission (SEC) and NASD firm quote rules. **(NASD Case #CMS000201)**

Donaldson, Lufkin & Jenrette Securities Corp. (CRD #7560, Jersey City, New Jersey) 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 engaged in a pattern or practice of late trade reporting in that it failed to report to the Fixed Income Pricing SystemSM (FIPS[®]) transactions in FIPS securities within five minutes after execution. **(NASD Case #CMS000196)**

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 \$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 execute 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 the SEC and NASD firm quote rules. **(NASD Case #CMS000200)**

Schneider Securities, Inc. (CRD #16434, Denver, Colorado) submitted a Letter of Acceptance, Waiver, and Consent (AWC) in which the firm was censured, fined \$22,500, and required to conduct and complete a comprehensive internal review of the supervisory and compliance structure of the firm under the guidance and supervision of an independent, outside consultant within 180 days of acceptance of the AWC. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that the firm, acting through an individual, failed to adequately supervise a former registered representative in order to

prevent and detect alleged excessive trading, unauthorized trading, and the improper use of discretion. The findings also stated that the firm's written supervisory procedures and supervisory system failed to provide procedures in sufficient detail to detect and prevent excessive trading/churning, unauthorized trading, and improper use of discretion. **(NASD Case #C3A000032)**

Sharpe Capital, Inc. (CRD #18452, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured; fined \$131,000; required to pay \$456.25, plus interest, in restitution to public customers; 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 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. The findings also stated that the firm failed to use reasonable diligence to ascertain the best inter-dealer market, failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions, and failed to obtain quotations from dealers to determine the best inter-dealer market for the non-Nasdaq securities. In addition, the NASD determined that the firm reported transactions to the Automated Confirmation Transaction ServiceSM (ACTSM) in violation of applicable securities laws and regulations regarding trade reporting. The firm also failed to immediately display customer limit orders in Nasdaq securities in its public quotation when each order was at a price that

would have improved the firm's bid or offer for 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 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 security. The NASD also found that the firm failed to maintain accurate books and records, and 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 designation of supervisory personnel, ACT compliance, and best execution. Furthermore, the findings stated that following the conclusion of suspension periods for non-Nasdaq securities, the firm published quotations for securities or directly or indirectly submitted such quotations for publication in a quotation medium in violation of SEC Rule 15c2-11 and failed to timely file Form 211 with the NASD. **(NASD Case #CMS000197)**

Individuals Barred Or Suspended

For individuals who have been both barred and suspended, only the date that the bar became effective is included.

Jafar Amirahmadi (CRD #1837176, Registered Principal, Boca Raton, Florida) was barred from association with any NASD member in any capacity. The sanction was based on findings that Amirahmadi failed to respond to an NASD request for information. **(NASD Case #C07000026)**

Henry Barskie (CRD #2088099, Registered Representative, Staten Island, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he

was fined \$13,500, which includes \$8,500 in disgorgement, 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 or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Barskie consented to the described sanctions and to the entry of findings that he accepted checks totaling \$8,500 from a public customer as payment for investment advice given on a securities account that the customer held at another firm and failed to notify his member firm of his outside business activity and the compensation received.

Barskie's suspension began November 6, 2000, and will conclude at the close of business on December 5, 2000. **(NASD Case #C10000182)**

Candace Ann Bloodsworth (CRD #2339201, Registered Representative, Columbia, Maryland) submitted an Offer of Settlement in which she was suspended from association with any NASD member in any capacity for six months. In light of the financial status of Bloodsworth, no monetary sanction has been imposed. Without admitting or denying the allegations, Bloodsworth consented to the described sanction and to the entry of findings that she effected offers and sales of securities, for compensation, outside of the normal course or scope of her association with a member firm and failed to provide the firm with prior written notice of the securities transactions.

Bloodsworth's suspension began November 6, 2000, and will conclude on May 5, 2001. **(NASD Case #C9A000018)**

Donald Brasfield, Jr. (CRD #719643, Registered Representative, Pompano Beach, Florida) submitted an Offer of Settlement in which he was fined \$40,000; ordered to pay \$41,340, plus interest, in restitution to public customers; and barred from association with any NASD member in any capacity. The fine must be paid before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Brasfield consented to the described sanctions and to the entry of findings that he made false representations to a public customer in order to induce the customer to purchase shares of stock. The findings also stated that Brasfield effected the purchase of shares of stock in the joint account of public customers without their prior knowledge or authorization. Brasfield also failed to respond to NASD requests for information. **(NASD Case #C07990019)**

Leon Wilman Brooks, Sr. (CRD #1064259, Registered Representative, New Orleans, Louisiana) was barred from association with any NASD member in any capacity. The sanction was based on findings that Brooks received \$2,209 from public customers as payment for insurance premiums and converted \$1,564 of the funds to his own use and benefit without the customers' knowledge or consent. The findings also stated that Brooks failed to respond to NASD requests for information. **(NASD Case #C05000010)**

Jeffrey Calvin Buck (CRD #2290116, Registered Representative, Apple Valley, Minnesota) 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 90 days. 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, Buck consented to the described sanctions and to the entry of findings that he participated in private securities transactions and an outside business activity without providing prior written notice to, or obtaining written approval from, his member firm.

Buck's suspension will begin November 20, 2000, and will conclude on February 17, 2001. **(NASD Case #C04000026)**

Douglas Irwin Cerny (CRD #854046, Registered Representative, North Royalton, 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, Cerny consented to the described sanction and to the entry of findings that he received a \$100,000 check representing a cash distribution from a public customer's IRA account, deposited the funds in an account he controlled, and held the funds until a later date at which time he effected the purchase of securities in the name of the customer's mother. The findings also stated that Cerny provided materially false, inaccurate, and misleading information in a written response to an NASD request for information. **(NASD Case #C8B000014)**

Lee Michael Ciancio (CRD #1385851, Registered Representative, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$100,000,

barred from association with any NASD member in any capacity, ordered to disgorge \$14,000 for net commissions generated, and ordered to pay \$100,000 in restitution to a public customer. The fine, restitution, and disgorgement, plus interest, must be paid before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Ciancio consented to the described sanctions and to the entry of findings that he traded excessively in the account of a public customer for the sole purpose of generating commissions for himself. The NASD also found that Ciancio made unsuitable recommendations to a public customer and exercised discretion over the customer's account without prior written authorization. **(NASD Case #C10000171)**

Louis Cohen (CRD #853507, Registered Representative, Delray Beach, 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, Cohen consented to the described sanction and to the entry of findings that he failed to respond to NASD requests to appear for testimony. **(NASD Case #C9A000036)**

Charles Dorman Corbett (CRD #1203894, Registered Representative, Greenwood, Mississippi) 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, Corbett consented to the described sanction and to the entry of findings that he received approximately \$250,863.88 from public customers

to be invested into real estate unit investment trusts or municipal bonds. The findings also stated that, without the customers' knowledge or consent, Corbett failed to purchase the investments and, instead, converted the funds to his own use and benefit by endorsing the checks and depositing them into his personal bank account, or by using the funds to repay other customers who had requested payment of their investments. **(NASD Case #C05000053)**

Gerard Joseph D'Amaro (CRD #2385619, Registered Representative, Boca Raton, Florida) was barred from association with any NASD member in any capacity. The sanction was based on findings that D'Amaro provided correspondence in the form of letters, facsimile transmissions, and telexes to an institutional customer that contained false and misleading representations. The findings also stated that D'Amaro failed to obtain prior approval of correspondence from a firm principal. **(NASD Case #C05990019)**

Eli Dinov (CRD #2633778, Registered Representative, Brooklyn, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was censured, fined \$5,000, and suspended from association with any NASD member in any capacity for 10 business days. Without admitting or denying the allegations, Dinov consented to the described sanctions and to the entry of findings that he purchased shares of stock for his personal account on margin and failed to pay for these trades or, at a minimum, deposit 50 percent of the cost or market value of the securities. The findings also stated that Dinov failed to pay the subsequent house call and that the securities were sold out of his account, resulting in an unsecured debt of \$15,086.

Dinov's suspension began November 6, 2000, and will conclude at the close of business on November 17, 2000. **(NASD Case #C10000169)**

David Jerome Edwards, Sr. (CRD #1455043, Registered Principal, Moreno Valley, California) was barred from association with any NASD member in any capacity. The sanction was based on findings that Edwards failed to respond to an NASD request for information. **(NASD Case #C02000007)**

Andrew James Finnegan (CRD #1398403, Registered Representative, Philadelphia, Pennsylvania) was barred from association with any NASD member in any capacity and ordered to pay \$5,625, plus interest, in restitution to public customers. The sanctions were based on findings that Finnegan received a \$5,625 check from public customers to purchase stock and, instead, converted the funds for his own use and benefit without their authorization. The findings also stated that Finnegan failed to respond to NASD requests for information. **(NASD Case #C9A000015)**

Veronica Jeanne Floyd (CRD #3186940, Registered Representative, Brockton, Massachusetts) 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, Floyd consented to the described sanction and to the entry of findings that, in her capacity as a bank teller, she embezzled funds totaling \$23,066.22 from a bank. During the latter months of her embezzlement scheme, Floyd was registered with the NASD as an investment company products/variable annuities limited representative with a member firm. **(NASD Case #C11000023)**

David Lloyd Foran (CRD #861746, Registered Principal, Royal Oak, Michigan) was fined \$35,000, suspended from association with any NASD member in any capacity for two years, and required to requalify before acting in any capacity requiring qualification. The fine must be paid before any application for reentry into the securities industry will be considered. The NAC imposed the sanctions following an appeal of a December 1999 Office of Hearing Officers decision. The sanctions are based on findings that Foran misappropriated more than \$5,000 in commissions from his firm's commission account and misapplied the funds, thereby converting the funds to his own use and benefit.

Foran has appealed this decision to the SEC, and the sanctions are not in effect pending consideration of the appeal. **(NASD Case #C8A990017)**

Marlyn Custodio Fularon (CRD #2351523, Registered Representative, San Jose, California) submitted an Offer of Settlement in which she was fined \$25,000 and suspended from association with any NASD member in any capacity for two years. The fine must be paid before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Fularon consented to the described sanctions and to the entry of findings that certain individuals, acting under her direction in attempting to reach higher sales of variable life insurance at her member firm, signed as writing agent and/or witness attesting to information concerning the applications for variable life insurance policies that were submitted to an insurance company; however, the individuals

were neither agents nor witnesses, and they did not know if the information on the applications was correct, but were merely provided the applications for their signatures.

Fularon's suspension began October 16, 2000, and will conclude at the close of business on October 15, 2002. **(NASD Case #C01990022)**

Tyrone Gallishaw (CRD #2931933, Registered Representative, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$1,000 and suspended from association with any NASD member in any capacity for one month. Without admitting or denying the allegations, Gallishaw consented to the described sanctions and to the entry of findings that he submitted to his member firm an employment application and letter that fictitiously stated that he had received a college degree.

Gallishaw's suspension began November 6, 2000, and will conclude at the close of business on December 5, 2000. **(NASD Case #C06000021)**

Henry Carter Gillespie, III (CRD #849154, Registered Principal, Denver, Colorado) submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity and required to demonstrate, prior to any application requesting relief from statutory disqualification, that \$90,000 in restitution has been paid to a public customer. Without admitting or denying the allegations, Gillespie 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 his member firm. The

NASD also found that Gillespie failed to respond to NASD requests for information. **(NASD Case #C3A000018)**

Paul Anthony Golub (CRD #1001665, Registered Representative, Middlefield, Connecticut) 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, Golub consented to the described sanction and to the entry of findings that he failed to respond to NASD requests for information. **(NASD Case #C11000019)**

George Michael Greco, Jr. (CRD #2044300, Registered Representative, Lattingtown, New York) was barred from association with any NASD member in any capacity. The sanction was based on findings that Greco failed to appear for an NASD on-the-record interview. **(NASD Case #C02000024)**

Michael Lewis Hancock (CRD #1949866, Registered Principal, Raymond, Maine) 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, Hancock consented to the described sanction and to the entry of findings that he failed to respond to NASD requests for information. **(NASD Case #C11000020)**

Barrett Trent Hill (CRD #2712469, Registered Representative, Charlotte, North Carolina) was barred from association with any NASD member in any capacity. The sanction was based on findings that Hill converted for his own use and benefit \$625 that he received from

a customer to open a retirement account. **(NASD Case #C07000034)**

Barry James Hyde (CRD #2554782, Registered Representative, Itta Bena, Mississippi) 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 disgorge \$20,000 of unjust profits to public customers. The disgorgement must be paid before requesting relief from statutory disqualification. Without admitting or denying the allegations, Hyde consented to the described sanctions and to the entry of findings that he participated in private securities transactions totaling \$171,000 without providing prior written notice to his member firm describing in detail the proposed transactions, his proposed role, and any past or future selling compensation he would receive in connection with the transactions. **(NASD Case #C05000048)**

Leslie Jay Jacobson (CRD #1892452, Registered Principal, Woodbury, New York) was barred from association with any NASD member in any capacity. The sanction was based on findings that Jacobson failed to disclose on a Form U-4 that he had plead guilty to petit larceny and that he had been charged with grand larceny. **(NASD Case #C10000073)**

Charles Biszeal Jenkins (CRD #854243, Registered Principal, New York, New York) was barred from association with any NASD member in any capacity. The sanction was based on findings that Jenkins failed to respond to NASD requests for information. **(NASD Case #C10000067)**

Ralph Edgar Joksch (CRD #1200406, Registered Representative, Oakland, California) 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, Joksch consented to the described sanction and to the entry of findings that he participated in the purchase of a \$100,000 promissory note for a public customer without providing prior written notification to his member firm. Joksch also failed to respond to NASD requests for information. **(NASD Case #C01000021)**

Van Carl Kirchoff (CRD #2238732, Registered Principal, Voorhees, New Jersey) was barred from association with any NASD member in any capacity for failing to provide testimony; fined \$5,000 for failing to renew his firm's fidelity bond; and fined \$5,000 and suspended from association with any NASD member in any capacity for 10 days for failing to maintain his firm's minimum required net capital. The fines must be paid before reentering the securities industry. The sanctions were based on findings that Kirchoff failed to respond to an NASD request to provide testimony. The findings also stated that Kirchoff, acting as his member firm's financial and operations principal, failed to renew his firm's fidelity bond upon its expiration or at any time of his employment at the firm and failed to maintain his firm's minimum required net capital.

Kirchoff's bar became effective September 20, 2000. **(NASD Case #C9A000020)**

Richard Daniel Kushnir (CRD #1324068, Registered Principal, Deerfield, Illinois) submitted a

Letter of Acceptance, Waiver, and Consent in which he was fined \$25,000 and barred from association with any NASD member in any principal or supervisory position. Without admitting or denying the allegations, Kushnir consented to the described sanctions and to the entry of findings that he failed to establish and maintain written supervisory procedures or otherwise take steps reasonably designed to prevent an individual from effecting unsuitable transactions. **(NASD Case #C8A000058)**

Bernard Ladetsky (CRD #1030549, Registered Representative, Valley Stream, 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 a statutory disqualification. Without admitting or denying the allegations, Ladetsky consented to the described sanctions and to the entry of findings that he allowed his son to sign life insurance applications falsely indicating that his son was the agent who had sold the subject policies when, in fact, the policies had been sold by Ladetsky.

Ladetsky's suspension began October 16, 2000, and will conclude at the close of business on October 15, 2001. **(NASD Case #C9B000025)**

Alfonso Meneses, Jr. (CRD #2328486, Registered Representative, Teaneck, New Jersey) 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

and ordered to requalify by examination. In light of the financial status of Meneses, no monetary sanction has been imposed. Without admitting or denying the allegations, Meneses consented to the described sanctions and to the entry of findings that he received a \$2,760.60 check from a public customer to be deposited into his personal checking account to open a new brokerage account for the customer at his member firm. The findings also stated that Meneses' firm refused to accept a third party check in connection with the opening of a new customer account, returned the check to him, and Meneses failed to deposit the funds promptly into the customer's new brokerage account.

Meneses' suspension began November 6, 2000, and will conclude at the close of business on December 5, 2000. **(NASD Case #C10000176)**

Adnan Ali Mirza (CRD #2953565, Registered Representative, Lomita, California) was barred from association with any NASD member in any capacity and ordered to pay \$336,620.85, plus interest, in restitution to public customers. The sanctions were based on findings that Mirza failed to respond to NASD requests to appear for an on-the-record interview and acted in a principal capacity when not registered properly. Mirza also had public customers execute blank account funds transfer forms under false pretenses and thereafter transferred funds out of the customers' account for some purpose other than for the benefit of the customers; in addition, he had a customer wire funds into another account at a member firm with the understanding that the funds would be transferred immediately to the customer's account. The customer

wired the funds, but the funds were never received into his account. **(NASD Case #C02000009)**

John Francis Murphy, Jr. (CRD #1923459, Registered Representative, Hopkinton, Massachusetts) 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, Murphy consented to the described sanction and to the entry of findings that he failed to respond to NASD requests for information. **(NASD Case #C11000016)**

Gregory Oliver (CRD #2032856, Registered Representative, Milford, Ohio) submitted a Letter of Acceptance, Waiver, and Consent 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 an NASD member. Without admitting or denying the allegations, Oliver consented to the described sanctions and to the entry of findings that he participated in private securities transactions, for compensation, without prior written notice to, or prior approval from, his member firm.

Oliver's suspension began November 6, 2000, and will conclude at the close of business on November 5, 2002. **(NASD Case #C3A000040)**

Dominick Palermo (CRD #1986601, Registered Principal, Massapequa Park, New York) was barred from association with any NASD member in any capacity. The sanction was based on findings that Palermo failed to respond to NASD requests for information. **(NASD Case #C10000057)**

Steven Pantelis (CRD #2314147, Registered Representative, Merrick, New York) was barred from association with any NASD member in any capacity. The sanction was based on findings that Pantelis failed to respond to NASD requests to appear for on-the-record interviews. **(NASD Case #C10000048)**

Todd Christopher Perry (CRD #2808632, Registered Representative, Baldwin, 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, Perry consented to the described sanction and to the entry of findings that he participated in private securities transactions and failed to provide his member firm with prior written notification. **(NASD Case #C10000183)**

Mark Edward Pollachek (CRD #2204151, Registered Representative, Califon, New Jersey) and **Judith Ann Pollachek (CRD #3070874, Registered Representative, Califon, New Jersey)** submitted Letters of Acceptance, Waiver, and Consent in which Mark Pollachek was fined \$24,000, which represents disgorgement of improperly obtained commissions, and barred from association with any NASD member in any capacity. Judith Pollachek was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that Mark Pollachek pled guilty to the charge of assisting in the structuring of transactions, a felony violation, in that he caused the issuance of money orders for

the purpose of evading currency reporting requirements. The findings also stated that the money orders were used to pay for securities transactions involving a customer. The NASD also found that Mark Pollachek sold securities and received commissions of approximately \$24,000 from these transactions although he was not registered and was subject to a statutory disqualification. According to the findings, Mark Pollachek accomplished this by allowing his wife, Judith Pollachek, a registered representative of a member firm, to take credit for the subject sales by falsely signing all of the transaction documents as the registered representative of record, as if she were the person responsible for the sales. **(NASD Case #C9B000026)**

David Michael Rubin (CRD #1497235, Registered Representative, Bloomingdale, 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, Rubin consented to the described sanction and to the entry of findings that he misrepresented that a new variable life insurance policy could be acquired for little or no additional cash payments by using cash values and/or future dividends from existing policies when, in fact, the customers would have been required to make payments to keep the insurance in force. **(NASD Case #CAF000039)**

Marie Lynn Sychowski (CRD #2437628, Registered Representative, Glendale, Arizona) submitted a Letter of Acceptance, Waiver, and Consent in which she was suspended from association with any NASD member in any capacity for one year. In light of the financial status

of Sychowski, no monetary sanction has been imposed. Without admitting or denying the allegations, Sychowski consented to the described sanction and to the entry of findings that she participated in private securities transactions, for compensation, without providing prior written notice to, or receiving written permission from, her member firm.

Sychowski's suspension will begin November 20, 2000, and conclude at the close of business on November 19, 2001. **(NASD Case #C3A000037)**

Andres Eduardo Telleria (CRD #2827808, Registered Representative, Miami, Florida) submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for 30 business days. In light of the financial status of Telleria, no monetary sanction has been imposed. Without admitting or denying the allegations, Telleria consented to the described sanction and to the entry of findings that he willfully failed to disclose a material fact on his Form U-4.

Telleria's suspension began November 6, 2000, and will conclude at the close of business on December 18, 2000. **(NASD Case #C05000055)**

John Robert Van (CRD #2102824, Registered Principal, Corinth, New York) and **Michael Edward Murphy (CRD #1528815, Registered Principal, Clifton Park, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which they were each fined \$10,000 and suspended from association with any NASD member for 15 business days. Without admitting or denying the allegations, the respondents

consented to the described sanctions and to the entry of findings that they recommended unsuitable trading to public customers that resulted in excessive and inappropriate use of margin. The findings also stated that Van and Murphy recommended transactions in which the customers borrowed against existing stock positions to purchase additional shares of, among other things, "high-risk" over-the-counter stocks. The NASD found that Van and Murphy acted in disregard of their customers' interests when they disregarded the impact of use of margin and the concentration levels of certain securities, excessive trading, and the risks incurred in their recommendations that resulted in a total loss of approximately \$211,000 and margin interest of approximately \$15,300.

Van's suspension began September 28, 2000, and concluded at the close of business on October 18, 2000. Murphy's suspension began October 19, 2000, and concluded at the close of business on November 8, 2000. **(NASD Case #C11000018)**

Kevin James Wallace (CRD #1511219, Registered Representative, Singapore, Singapore) was barred from association with any NASD member in any capacity. The sanction was based on findings that Wallace failed to respond to NASD requests to appear for an on-the-record interview. **(NASD Case #C10000033)**

Joseph Stanley Williams (CRD #1455909, Registered Representative, College Park, Georgia) was fined \$20,000 and suspended from association with any NASD member in any capacity for two years for making material

misrepresentations and material omissions, fined \$20,000 and suspended from association with any NASD member in any capacity for one year for making unsuitable recommendations to customers, and barred from association with any NASD member in any capacity for failing to respond to NASD requests for information. The fine must be paid before any application for reentry into the securities industry will be considered. The sanctions were based on findings that Williams knowingly or recklessly made misrepresentations and omissions to public customers regarding the future price, nature, and financial condition of a speculative security and its common stock. The findings also stated that Williams made risky investment recommendations to public customers that were incompatible with their financial situations and that exposed them to substantial risk. The NASD also found that Williams failed to respond to NASD requests for information.

Williams' bar became effective September 20, 2000. **(NASD Case #C07000032)**

Charles Albert Woods, Jr. (CRD #3171744, Registered Representative, Philadelphia, Pennsylvania) was barred from association with any NASD member in any capacity. The sanction was based on findings that Woods failed to respond to NASD requests for information. **(NASD Case #C9A000017)**

Michael Scott Woods (CRD #2945561, Registered Representative, Greenback, Tennessee) was barred from association with any NASD member in any capacity. The sanction was based on findings that Woods willfully failed to disclose on

his Form U-4 that he had been charged with felonies or misdemeanors involving false statements or the wrongful taking of property and that he had been convicted of at least one felony or misdemeanor involving false statements. The findings also stated that Woods failed to respond to NASD requests for information. **(NASD Case #C05000022)**

Alexander Yarnall (CRD #3078282, Registered Representative, Boca Raton, 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 two years. Without admitting or denying the allegations, Yarnall consented to the described sanctions and to the entry of findings that, in an effort to meet the requirements of a sales contest at his member firm, Yarnall journaled funds from one customer's account into other customers' accounts, without their knowledge. The findings also stated that Yarnall later restored the funds to the initial customer's account by signing, without customer authorization, the names of the customers whose accounts received the funds on transfer authorization forms.

Yarnall's suspension began November 6, 2000, and will conclude at the close of business on November 5, 2002. **(NASD Case #C07000066)**

William Jay Zubick (CRD #2462565, Registered Representative, Carmel Valley, California) 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, Zubick consented to

the described sanction and to the entry of findings that he engaged in private securities transactions without providing written notification to, and receiving approval from, his member firm. The findings also stated that Zubick opened a joint account with a public customer at another member firm without informing the executing firm of his association with a member firm, and without notifying his member firm of his intention to open the account with the executing firm. **(NASD Case #C01000014)**

Complaints Filed

The following complaints were issued by the NASD. Issuance of a disciplinary complaint represents the initiation of a formal proceeding by the NASD in which findings as to the allegations in the complaint have not been made, and does not represent a decision as to any of the allegations contained in the complaint. Because these complaints are adjudicated, you may wish to contact the respondents before drawing any conclusions regarding the allegations in the complaint.

David Stephen Adams (CRD #1450961, Registered Representative, Bloomington, Illinois) was named as a respondent in an NASD complaint alleging that he caused a letter to be sent to a life insurance company requesting that \$7,000 be liquidated from the account of a public customer and sent to Adams' business address. The complaint alleges that Adams received a \$7,318.06 check from the insurance company, endorsed the check, and used the funds for either his benefit or for some purpose other than the benefit of the customer without the customer's knowledge or consent. In addition, the complaint alleges

that Adams failed to respond to NASD requests for information. **(NASD Case #C8A000057)**

Kester Eugene Hood (CRD #2509848, Registered Representative, York, Pennsylvania) was named as a respondent in an NASD complaint alleging that he withdrew \$2,890 from general ledger accounts belonging to a bank affiliated with his member firm and converted these funds to his own use and benefit without the authorization or consent of the bank. The complaint also alleges that Hood failed to respond to NASD requests for information. **(NASD Case #C9A000035)**

Gregory Paul Maggipinto (CRD #1042789, Registered Representative, San Jose, California) was named as a respondent in an NASD complaint alleging that he engaged in unauthorized trading in the account of a deceased customer. The complaint also alleges that Maggipinto fraudulently induced the customer's survivors to allow him to continue trading in the account by falsely representing that the deceased customer had given him discretionary authority. In addition, the complaint alleges that Maggipinto failed to appear for on-the-record testimony. **(NASD Case #C01000026)**

Deborah Faye Morones (CRD #1779396, Registered Principal, Bowling Green, Kentucky) was named as a respondent in an NASD complaint alleging that she engaged in the sale of unregistered securities in connection with an offering of units to non-accredited investors in which the offering was not otherwise exempt from registration. The complaint also alleges that Morones published and distributed a public communications

piece in connection with an offering of units that lacked balanced presentation of the risks of the security, contained unwarranted and misleading statements, omitted material facts, and included exaggerated statements and claims. The complaint further alleges that Morones failed to enforce customer suitability requirements on offerings of securities and accepted subscriptions tendered by public customers who did not provide sufficient information to determine suitability and who did not meet suitability standards. **(NASD Case #C05000051)**

Becky Maria Nunez (CRD #2313048, Registered Representative, Brooklyn, New York) was named as a respondent in an NASD complaint alleging that she executed unauthorized trades 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 in the account. The complaint also alleges that Nunez failed to respond to NASD requests for information. **(NASD Case #C10000174)**

Peter Gerard Olton (CRD #1967551, Registered Principal, Parlin, New Jersey) was named as a respondent in an NASD complaint alleging that he converted, misappropriated, or improperly used a public customer's funds for his own use and benefit by effecting a wire transfer of \$13,000 from the customer's account at a member firm to his personal bank account, without the knowledge, authorization, or consent of the customer. The complaint also alleges that Olton failed to respond

to NASD requests for information. **(NASD Case #C10000168)**

William Joseph Shaughnessy (CRD #870259, Registered Supervisor, Tucson, Arizona) was named as a respondent in an NASD complaint alleging that he made investment recommendations to public customers that were unsuitable in light of their financial circumstances and needs and caused a loss of approximately \$19,400 in their investments. The complaint also alleges that Shaughnessy submitted new account information concerning the public customers to a member firm that was materially inaccurate in that it overstated their net worth, set forth misleading employment information, included speculation in the customers' investment objectives that was inconsistent with their true objectives, and overstated their prior investment experience. **(NASD Case #C3A000036)**

Robert Walter White (CRD #2118340, Registered Representative, Winston-Salem, North Carolina) was named as a respondent in an NASD complaint alleging that he received wire transfers totaling \$10,000 from a public customer to be deposited into the customer's investment account, failed to deposit the funds, and, instead, converted the funds to his own use and benefit by having the funds wire transferred to an account he controlled without the customer's knowledge or consent. The complaint also alleges that White failed to respond to NASD requests for information. **(NASD Case #C05000052)**

Firm Canceled

The following firm was canceled from membership in the NASD for failure to comply with formal written requests to submit financial information to the NASD. The action was based on the provisions of NASD Rule 8210 and Article VII, Section 2 of the NASD By-Laws. The date the cancellation commenced is listed after the entry.

Phoenix Financial Services Corp., New York, New York (October 11, 2000)

Firms Suspended

The following firms were suspended from membership in the NASD for failure to comply with formal written requests to submit financial information to the NASD. The actions were based on the provisions of NASD Rule 8210 and Article VII, Section 2 of the NASD By-Laws. The date the suspension commenced is listed after the entry. If the firm has complied with the requests for information, the listing also includes the date the suspension concluded.

Bell Investment Group, Inc., New York, New York (September 26, 2000)

First International Capital LTD., Hamilton, Bermuda (October 9, 2000)

Lloyd G. Wilson Securities, Inc., Mount Hermon, California (September 26, 2000)

Phoenix Financial Services Corp., New York, New York (October 5, 2000)

**Firm Expelled For Failure to
Pay Fines, Costs, And/Or
Provide Proof Of Payment In
Connection With Violations**

King Management Company
(a.k.a. Tally King & Co., Inc.),
Irvine, California (October 2, 2000)

**Individuals Whose
Registrations Were Revoked
For Failure To Pay Fines,
Costs, And/Or Provide Proof
Of Payment In Connection
With Violations**

Petitta, William L., Draper, Utah
(October 2, 2000)

Solomon, Dave A., Plainview, New
York (October 2, 2000)

Wernick, Judah L., Woodmere,
New York (October 2, 2000)

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