

BEFORE THE NATIONAL BUSINESS CONDUCT COMMITTEE

NASD REGULATION, INC.

In the Matter of
the Association

of

X

as a

Registered Representative

with

The Sponsoring Firm

Redacted Decision

Notice Pursuant to
Section 19h-1
Securities Exchange Act
of 1934

SD97008

This matter involves the association of X¹, a person subject to a statutory disqualification, as a registered representative with a member firm ("the Sponsoring Firm" or "the Firm") located in New York. A hearing on the matter was held in August 1997 before a subcommittee ("SD hearing panel") of the Statutory Disqualification Committee ("SD Committee") of NASD Regulation, Inc. ("NASD Regulation"). X appeared in person and was joined by the Managing Director and general securities principal, who participated telephonically.

X has not been previously employed in the securities industry.

X is subject to two statutory disqualifications as a result of two unrelated felony criminal convictions. In April 1991, X was convicted of aggravated battery in a State 1 Circuit Court. He was sentenced to six months incarceration in county jail (suspended), ordered to perform 100 hours of community service and placed on probation for two years. X's misconduct involved an altercation in a bar. X testified at the hearing that he was charged and convicted in the above matter because he was subject to an outstanding warrant for a speeding ticket.

¹ The names of the Statutorily Disqualified individual, the Sponsoring Firm, the Proposed Supervisor, and other information deemed reasonably necessary to maintain confidentiality have been redacted.

In July 1993, X was convicted of attempted grand larceny in the third degree in State 2 Supreme Court. He was sentenced to probation for five years, and was granted an early discharge from probation on June 19, 1997. X's misconduct involved aiding and abetting a friend who damaged the friend's ex-girlfriend's car. X testified at the hearing that the charge and conviction of "attempted grand larceny" was based on the fact that a window was broken. He testified that neither the car nor its contents were stolen, and that he (X) did not inflict damage to the car, but was with his friend when the friend damaged the automobile.

X testified at the hearing as to his employment history since his disqualification. He stated that he received a degree in finance from New York University in 1996. He is currently performing short-term clerical duties through a temporary employment agency.

The Sponsoring Firm has been a member of the NASD since 1996 and is engaged in a general securities business. The Firm clears on a fully disclosed basis, employs 30 registered principals and 120 registered representatives, and has no branch offices. The Firm proposes to employ X as a registered representative to work from the Firm's home office, which is located in New York. X will be directly supervised by the Managing Director ("the Proposed Supervisor"). The Proposed Supervisor has been a registered principal since 1992 and has no disciplinary history. X will also be supervised by a general securities principal ("Employee 1"). The other supervisor has been a general securities principal since 1992 and has no disciplinary history. (The hearing panel stressed that Employee 1 could be designated as a "back up" supervisor, but the Proposed Supervisor would maintain total supervisory responsibility over X.) It is proposed that X's primary duties will be to act as a registered representative with the firm.

At the hearing and in written submissions the Sponsoring Firm outlined the following supervisory plan:

1. The Proposed Supervisor and X will be located within the same office.
2. The Proposed Supervisor will review and initial all order tickets prior to execution. He will also approve all new account forms and outgoing customer correspondence.
3. The Proposed Supervisor will confirm all trades personally with the client.

The Sponsoring Firm employs no other individuals who are subject to a statutory disqualification and no familial relationship exists between X and his proposed supervisor. The 1993 routine examination was filed without action, as was the 1996 municipal examination. The 1997 routine examination is in progress.

After a careful review of the entire record in this matter, we conclude that the application of X to become associated with a Sponsoring Firm as a registered representative should be approved. We note that X's proposed supervisor has been employed as a general securities principal for five years and as a registered representative for 12 years and has no disciplinary history or customer complaints. The

Firm has proposed a thorough supervisory structure. In addition, we have considered that X was sentenced to probation only, and no amount of restitution was imposed. X was granted an early discharge from probation, and has had no intervening misconduct since his conviction five years ago. He has received a Bachelor of Science degree in Finance, and we do not believe X represents a threat to the protection of investors or public interest.

The NASD certifies that X meets all applicable qualification requirements for the proposed employment. The Sponsoring Firm is not a member of any other self-regulatory organization.

The application of X as a registered representative with a Sponsoring Firm will become effective upon notification to the NASD by the Commission.

On Behalf of the National Business Conduct Committee,

Joan C. Conley
Corporate Secretary