

Disciplinary Actions

Disciplinary Actions Reported For February

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 January 22, 2001.

Firms Fined, Individuals Sanctioned

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)**

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)**

Firms And Individuals Fined

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)**

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)**

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)**

Firms Fined

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 ServiceSM (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[®] (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)**

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)**

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)**

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 presentment, 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)**

Individuals Barred Or Suspended

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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 rep-

resented 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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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 sanc-

tions 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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

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)**

Individuals Fined

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)**

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)**

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 unadjudicated, you may wish to contact the respondents before drawing any conclusions regarding the allegations in the complaint.

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)**

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)**

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)**

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)**

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)**

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)**

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, autho-

zation, or consent. The complaint also alleges that Oh failed to respond to NASD requests for information. **(NASD Case #C10010009)**

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)**

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)**

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.

James W. Twohig & Company, Princeton, West Virginia (January 16, 2001)

Firm Suspended

The following firm was suspended 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 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.

Rockcrest Securities, LLC, Duncanville, Texas (January 16, 2001)

Firms Expelled For Failure to Pay Fines/Costs And/OR Provide Proof Of Payment In Connection With Violations

First Associated Securities Group, Chico, California (December 22, 2000)

Sharpe Capital, Inc., New York, New York (December 22, 2000)

Suspension Lifted

The NASD has lifted the suspension from membership on the date shown for the following firm because it has complied with formal written requests to submit financial information.

First International Capital LTD, Hamilton, Bermuda (December 18, 2000)

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

Crute, John M.W., Jr., Fort Stockton, Texas (December 22, 2000)

Dannenberg, Marc Jason, Thornwood, New York (December 22, 2000)

Liu, Husheng, Woodside, New York (December 22, 2000)

Martellaro, Carl, Chico, California (December 22, 2000)

Nemeth, Marc S., Brooklyn, New York (December 22, 2000)

Noland, Samuel T., Villa Rica, Georgia (December 22, 2000)

Onyejiaka, Nelson C., Southbound Brook, New Jersey (December 22, 2000)

Rogan, Steve J., Pagosa Spring, Colorado (December 22, 2000)

Individuals Suspended Pursuant To NASD Rule 9540 Series For Failure To Provide Information Requested Under NASD Rule 8210. (The date the suspension began is listed after the entry.)

Bailey, Richard Eugene, Cedar Rapids, Iowa (January 3, 2001)

Coleman, Monica L., Pasadena, Maryland (December 14, 2000)

Crookshank, Richard, Las Vegas, Nevada (December 14, 2000)

Cullen, Michael K., Fairview Heights, Illinois (January 3, 2001)

Fernandez, Roger Hannim, Vancouver, Washington (December 13, 2000)

Goodman, Barry, North Andover, Massachusetts (January 8, 2001)

Nonaka, Douglas Takeshi, Aiea, Hawaii (December 22, 2000)

St. Myer, Bradley David, Wexford, Pennsylvania (December 29, 2000)

Individual Suspended Pursuant To NASD Rule 9514(g) For Failure To Pay An Arbitration Award

(The date the suspension commenced is listed after the entry. If the individual has complied, the listing also includes the date the suspension concluded.)

Armijo, Anthony, San Mateo, California (December 12, 2000 - December 21, 2000)

NASD Regulation Bars John Fiero, Expels Fiero Brothers, Inc., and Imposes \$1 Million Fine For Illegal Short Sales, Market Manipulation and Extortion

NASD Regulation announced that an NASD Regulation Hearing Panel barred John Fiero, expelled his firm, Fiero Brothers, Inc. and ordered a fine of \$1 million for engaging in a fraudulent short selling, extortion and manipulation scheme.

On Feb. 6, 1998, NASD Regulation filed a complaint against Fiero and other co-conspirators alleging that they colluded to drive down the price of 10 Nasdaq securities underwritten by now-defunct Hanover Sterling & Co. during January 1995, and February 1995, through illegal short selling of those securities. This "bear raid" scheme involved Fiero and others obtaining nearly 1 million shares, units, and warrants from Hanover Sterling at below market prices through the use of threats and coercion to cover their illegally-created short positions. Ultimately, the short selling scheme led to the

failure of Hanover Sterling on Feb. 24, 1995, which was quickly followed by the collapse of its clearing firm, Adler, Coleman Clearing Corp., and the appointment of a Security Investors Protection Corporation trustee for Adler Coleman.

In the decision, the Hearing Panel found that Fiero participated in an extortion scheme by purchasing \$12.1 million of securities from Hanover, at prices \$866,500 below the then-prevailing market price. Fiero used these securities to cover his firm's short positions, and resold the rest, primarily to other short sellers involved in the scheme. Hanover agreed to sell the discounted securities to Fiero in attempt to end the shorting of the stocks.

The Hearing Panel also found that Fiero violated short selling rules from Jan. 20 through Feb. 23, 1995 by failing to make the required affirmative determinations prior to engaging in short sales of the Hanover Sterling stocks. NASD rules restrict "naked" short sales, that is selling a stock short without ensuring that the stock can be borrowed or otherwise provided for by settlement date, also known as an affirmative determination. The Hearing Panel concluded that Fiero was not entitled to the market maker exemption from the affirmative determination rule during the time his firm was registered as a market maker because it was not engaged in bona fide market-making transactions. Fiero manipulated the market for the Hanover securities through his purchases and resale of the extorted stock and his illegal, naked short selling.

The respondents have appealed this matter to NASD Regulation's National Adjudicatory Council (NAC) as of January 3, 2001.