

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. Unless otherwise indicated, suspensions will begin with the opening of business on Tuesday, February 17, 1998. The information relating to matters contained in this *Notice* is current as of the end of January 23.

Firm Suspended, Individuals Sanctioned

Sound Advice Investments, (Danville, California), Gray Emerson Cardiff (Registered Representative, Moraga, California), and Harley Neal Hill (Registered Principal, Orinda, California) submitted an Offer of Settlement pursuant to which the respondents were fined \$10,000, jointly and severally. The firm and Cardiff were fined \$5,000, jointly and severally, and the firm was suspended from membership in the NASD for 15 business days. Cardiff was suspended from association with any NASD member in any capacity for 15 business days, and Hill was suspended from association with any NASD member in any capacity for 10 business days. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Hill and Cardiff, participated in the sales of a limited partnership offering and received customer funds without depositing the funds into an escrow account or otherwise treating them in accordance with Securities and Exchange Commission (SEC) Rule 15c2-4.

The findings also stated that the firm, acting through Hill and Cardiff in connection with the offering, failed to

return investor funds when terms of the contingency were not met and failed to provide investors with disclosure as to the financial ability of the issuer to purchase the remaining securities. In addition, the NASD found that the firm, acting through Cardiff, permitted an individual to act as a registered representative, and sell securities to public customers on behalf of the firm, without being registered with the NASD in any capacity.

Firms Fined, Individuals Sanctioned

Andover Securities, Inc. (Kansas City, Missouri), Kent Warren Miller (Registered Principal, Leavenworth, Kansas), and Tarlton Snead Gosney (Registered Principal, Ridgefield, Washington) submitted an Offer of Settlement pursuant to which the firm was fined \$20,000. Miller was fined \$5,000, suspended from association with any NASD member in any principal capacity for five business days, and Gosney was fined \$1,500 and suspended from association with any NASD member in any capacity for one business day. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that, in connection with a private placement offering, the firm, acting through Miller, failed to deposit investor funds in a separate bank account or an escrow account, and conducted a securities business while failing to maintain its minimum required net capital. In addition, the NASD found that the firm, acting through Miller and Gosney, defrauded investors by omitting to state material facts necessary to make the statements made in the offering not misleading.

The NASD also determined that Miller failed to supervise the firm's activities adequately and properly, and failed to take additional steps to ensure that a private placement

memorandum contained no misstatements or omissions of material fact. The findings also stated that the firm, acting through Miller, failed to establish and maintain adequate written supervisory procedures.

Investors Associates, Inc. (Hackensack, New Jersey) and **George Bradley Taylor (Registered Principal, Wheaton, Illinois)** submitted Offers of Settlement pursuant to which the firm was fined \$10,000 and Taylor was suspended from acting in a supervisory or managerial capacity for 30 days. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Taylor, failed to establish, maintain or enforce written supervisory procedures regarding unsuitable and excessive trading in a customer's account.

Schneider Securities, Inc. (Denver, Colorado), Thomas J. O'Rourke (Registered Principal, Denver, Colorado), S. Peter Duray-Bito (Registered Principal, Littleton, Colorado), Keith A. Koch (Registered Representative, Littleton, Colorado), and Scott B. Olson (Registered Representative, Aurora, Colorado) submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm was fined \$10,000 and ordered to disgorge \$9,145 in commissions, fined \$5,000, jointly and severally, with Duray-Bito, and fined \$10,000, jointly and severally, with O'Rourke and Duray-Bito. Furthermore, O'Rourke was suspended from association with any NASD member in any supervisory capacity for five business days and required to requalify by exam as a general securities principal, and Koch and Olson were fined \$10,000, jointly and severally, and ordered to disgorge \$3,996 in commissions, jointly and severally. Without admitting or denying the allegations, the respon-

dents consented to the described sanctions and to the entry of findings that the firm, acting through Koch and Olson, sold securities to public customers that were neither registered nor exempt from registration.

The findings also stated that the firm, acting through Duray-Bito, received checks from customers in payment for securities in a private placement offering and failed to forward such checks within the required time period to an established bank escrow account. Furthermore, the NASD found that the firm, acting through O'Rourke and Duray-Bito, failed to establish, maintain and/or enforce written supervisory procedures, and the firm, acting through O'Rourke, failed to supervise Koch and Olson properly in connection with the public offering.

Firm And Individual Fined American Investment Services (East Peoria, Illinois) and Lisa J. Strong (Registered Principal, Peoria, Illinois) submitted an Offer of Settlement pursuant to which they were fined \$24,000, jointly and severally. In addition, Strong must requalify by exam as a financial and operations principal. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Strong, failed to establish, maintain or enforce written supervisory procedures to prevent or detect a registered representative's use of unauthorized wire transfers from a customer's accounts. The findings also stated that the firm, acting through Strong, conducted a securities business while failing to maintain its minimum required net capital and prepared inaccurate net capital computations. Furthermore, the NASD found that the firm, acting through Strong, prepared and submitted inaccurate FOCUS IIA reports to the

NASD and failed to comply with the terms of its Restrictive Agreement. The NASD also determined that the firm failed to file promptly with the NASD information about the settlement of one customer complaint, and statistical and summary information regarding customer complaints against registered representatives of the firm.

Firms Fined

Barron Chase Securities, Inc. (Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm was fined \$15,000, ordered to pay restitution to customers, and required to retain an independent consultant to review the firm's policies, practices and procedures. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to notify the NASD of secured demand note deficiencies, and failed to make accurate net capital calculations. The findings also stated that the firm effected principal sales of securities to public customers at prices that were not reasonably related to the prevailing market price and were unfair taking into consideration all relevant circumstances. Furthermore, the NASD determined that the firm failed to maintain and preserve the memoranda of principal purchases and sales of stock with retail customers and broker/dealers, and failed to maintain and preserve confirmation of customer transactions.

Mayer & Schweitzer, Inc. (Jersey City, New Jersey) submitted an Offer of Settlement pursuant to which the firm was fined \$29,000. Without admitting or denying the allegations, the firm consented to the described sanction and to the entry of findings that it entered or maintained quotations in The Nasdaq Stock MarketSM (Nasdaq[®]) during normal business hours that caused a locked market

condition to occur in 10 securities and a crossed market condition to occur in two securities.

Nash, Weiss & Company (Jersey City, New Jersey) submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm was fined \$16,000. Without admitting or denying the allegations, the firm consented to the described sanction and to the entry of findings that it reported 150 transactions to the Automated Confirmation Transaction ServiceSM (ACTSM) in violation of applicable securities laws and regulations regarding trade reporting and limited orders. The finding also stated that the firm failed to establish, maintain, and enforce written supervisory procedures reasonably designed to achieve compliance with the applicable rules.

Troster Singer Corporation (Jersey City, New Jersey) submitted an Offer of Settlement pursuant to which the firm was fined \$40,000 and required to pay \$158,361.85 plus interest in restitution. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to fulfill its obligation when executing customer limit orders into an automated execution system. The findings also stated that the firm failed to establish, maintain, and enforce written supervisory procedures reasonably designed to ensure that customer limit orders were accepted and executed in accordance with NASD rules.

Individuals Barred Or Suspended

Anthony Keith Adams (Registered Representative, San Diego, California) was fined \$58,375 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Adams made misrepresenta-

tions to a public customer concerning the purchase and sale of stocks. Relying on the misrepresentations, the customer delivered funds to Adams, and in an attempt to conceal the fact that the purchase had been liquidated for non-payment, Adams recommended that the customer sell the stock and later misrepresented to the customer that he had sold the stock without the customer's consent because of falling prices. Adams then terminated his employment with his member firm, became employed with another member firm, instructed the customer to transfer the account to his new member firm, and misrepresented to the customer that the check should be made out in Adams' name. Adams received a \$5,000 check from the customer and misused the funds. Adams also failed to respond to NASD requests for information.

Carl C. Baggs (Registered Representative, Merion Station Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on finding that Baggs failed to respond to NASD requests for information.

David A. Blech (Registered Principal, New York, New York) was fined \$20,000 and barred from association with any NASD member in any capacity. The National Business Conduct Committee (NBCC) affirmed the sanctions following appeal of a New York District Business Conduct Committee (DBCC) decision. The sanctions were based on findings that Blech failed to respond to NASD requests for information.

Peter A. Bocchino (Registered Representative, Kissimmee, Florida) was fined \$15,000 and barred from association with any NASD

member in any capacity. The sanctions were based on findings that Bocchino made misrepresentations to public customers regarding investments they had made at the recommendation of Bocchino.

John Lawrence Bridges, Jr. (Registered Representative, New York, New York) was fined \$1,012,000, barred from association with any NASD member in any capacity, and required to pay \$198,400 in restitution. The sanctions were based on findings that Bridges caused wire transfers totaling \$198,400 to be issued from the securities accounts of a public customer and directed to his personal bank account without the authorization, knowledge, or consent of the customer. Bridges also failed to respond to NASD requests for information.

Gregory S. Campbell (Registered Representative, Birmingham, Alabama) submitted an Offer of Settlement pursuant to which he was fined \$50,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Campbell consented to the described sanctions and to the entry of findings that he forged the signature of a public customer to a customer agreement with a member firm. The findings also stated that Campbell executed unauthorized transactions in the account of a public customer, and recommended and engaged in speculative, excessive purchase and sale transactions, on margin, that were unsuitable. Furthermore, the NASD found that Campbell caused his member firm's books and records to be inaccurate in that he marked "unsolicited" on order tickets and indicated on new account documentation for the public customer that the customer had 10 years of prior experience trading stocks and bonds when, in fact, the customer had only six months of experience.

Daniel Cevallos (Registered Representative, Brooklyn, New York) was fined \$75,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Cevallos executed unauthorized securities transactions in the account of a public customer without the customer's knowledge or consent. Also, Cevallos falsified records to prevent detection and to camouflage his failure to execute a customer's order.

Steven R. Cloyes (Registered Representative, Glenville, Connecticut) submitted an Offer of Settlement pursuant to which he was fined \$25,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Cloyes consented to the described sanctions and to the entry of findings that he failed to respond to NASD requests for information. The findings also stated that Cloyes failed to pay a \$24,300 arbitration award.

Charles C. Cronin, Jr. (Registered Representative, Winston-Salem, North Carolina) was fined \$45,000, barred from association with any NASD member in any capacity, and required to pay \$5,618.08 plus interest in restitution to a member firm. The sanctions were based on findings that Cronin accepted a \$5,000 cashier's check from a public customer intended for the purchase of mutual fund shares and converted the funds to his own use and benefit. Cronin also failed to respond to NASD requests for information.

Christopher K. Cutchens (Registered Representative, Pace, Florida) was fined \$20,000 and barred from association with any NASD member in any capacity. The NBCC affirmed the sanctions following appeal of an Atlanta DBCC decision.

The sanctions were based on findings that Cutchens failed to respond to NASD requests for information.

Alan S. Daniel (Registered Representative, Holland, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent pursuant to 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, Daniel consented to the described sanctions and to the entry of findings that, while associated with member firms, he opened and maintained securities accounts with other member firms without obtaining pre-approval or disclosing the existence of those accounts. Furthermore, the NASD found that, in conjunction with the opening of accounts at various member firms, Daniel failed to disclose his status as an associated person and provided those member firms with incomplete and incorrect information. Moreover, the NASD determined that Daniel failed to advise the member firms that he was associated with that he was opening and/or maintaining accounts away from the member firm with which he was licensed.

Priyantha DeSilva (Registered Representative, New York, New York) was fined \$50,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that DeSilva submitted false insurance applications on behalf of public customers and submitted falsified applications to his member firm that caused the transfer of funds from the customers' bank accounts without authorization. In addition, DeSilva failed to deliver refund checks to public customers and instead, cashed the checks and converted the proceeds to his own use and benefit. DeSilva also failed to respond to NASD requests to appear at an on-the-record interview.

Tina R. Diaz (Registered Representative, Appleton, Wisconsin) submitted an Offer of Settlement pursuant to which she was fined \$5,000, barred from association with any NASD member in any capacity, and ordered to pay \$150 in restitution to her member firm. Without admitting or denying the allegations, Diaz consented to the described sanctions and to the entry of findings that she took \$100 to \$150 from self-service boxes her member firm maintained and used the funds for her own benefit without the knowledge or consent of the member firm.

Edward C. W. Donner, III (Registered Principal, Palm Beach, Florida) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Donner, acting on behalf of a member firm, filed erroneous trade reports on transactions in securities listed on Nasdaq. Donner also failed to respond to an NASD request for information.

James Michael Duncan (Registered Representative, Brunswick, Missouri) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$1,500 and suspended from association with any NASD member in any capacity for one business day. Without admitting or denying the allegations, Duncan consented to the described sanctions and to the entry of findings that he engaged in an outside business activity without providing prior written notification to his member firm. Duncan also shared in a customer's securities account without obtaining prior written authorization from his member firm.

Herschel E. Dwellingham, II (Registered Representative, New York, New York) was fined \$35,000 and barred from association with any NASD member in any capacity. The

sanctions were based on findings that Dwellingham caused warrants to be purchased in the account of a public customer without the customer's knowledge, authorization or consent. Dwellingham also failed to respond to NASD requests for information.

Michael D. Farkas (Registered Representative, Miami Beach, Florida) submitted an Offer of Settlement pursuant to which he was fined \$4,000 and suspended from association with any NASD member in any capacity for three business days. Without admitting or denying the allegations, Farkas consented to the described sanctions and to the entry of findings that he effected unauthorized transactions in the accounts of public customers.

Henry Raoul Fisher (Registered Representative, Coronado, California) was fined \$40,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Fisher failed to pay two arbitration awards for \$850,500 and \$10,000. Fisher also failed to respond to NASD requests for information.

William H. Gerhauser (Registered Principal, Surrey, Great Britain) and **William C. Gerhauser (Registered Principal, Tampa, Florida)** were fined \$15,000, jointly and severally. In addition, W.H. Gerhauser was required to requalify by exam as a financial and operations principal and W.C. Gerhauser was required to requalify by exam as a general securities principal. The NBCC imposed the sanctions following appeal of an Atlanta DBCC decision. The sanctions were based on findings that the Gerhausers, acting on behalf of a member firm, conducted a securities business while failing to maintain adequate net capital. The firm, acting through W.H. Gerhauser, filed inaccurate FOCUS Part I and IIA reports,

failed to maintain accurate books and records, and failed to give telegraphic notice of a net capital deficiency.

W.H. Gerhauser and W. C. Gerhauser have appealed this action to the SEC and the sanctions are not in effect pending consideration of the appeal.

August Ghilarducci (Registered Representative, Bensenville, Illinois) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$42,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Ghilarducci consented to the described sanctions and to the entry of findings that he received funds totaling \$8,001.38 from public customers for the purchase of insurance policies and deposited the funds into his account, using only \$3,607.91 to purchase an insurance policy, and using the remaining funds for some purpose other than the benefit of the customers. Ghilarducci also failed to respond to NASD requests for information.

Mark A. Goldman (Registered Principal, Roslyn Heights, New York) was barred from association with any NASD member in any capacity. The sanction was based on findings that Goldman failed to cooperate in an NASD investigation.

Ashton N. Gowadia (Registered Representative, Newport Beach, California) was fined \$10,000, suspended from association with any NASD member in any capacity for one year, and required to requalify as a general securities representative. The NBCC affirmed the sanctions following appeal of a San Francisco DBCC decision. The sanctions were based on findings that Gowadia failed to respond to NASD requests for information.

Gowadia has appealed this action to the SEC and the sanctions are not in effect pending consideration of the appeal.

Harry Matthew Grey (Registered Representative, Denver, Colorado) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was suspended from association with any NASD member in any capacity for 30 days. Without admitting or denying the allegations, Grey consented to the described sanction and to the entry of findings that he recommended to public customers numerous purchases and sales of securities without having reasonable grounds for believing that such recommendations were suitable for the customers in view of the size and frequency of the transactions, and the nature of the accounts.

John W. Hardin (Registered Representative, Columbia, South Carolina) was fined \$15,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Hardin induced a public customer to purchase an insurance policy, falsified information on the application, and forged the customer's signature on the application form that he submitted to his member firm. Hardin also switched two insurance policies of public customers into another product and changed the customers' address on the policies to his personal address without the knowledge or authorization of the customers.

Ronald W. Howell (Registered Representative, Atlanta, Georgia) was fined \$35,000, barred from association with any NASD member in any capacity, and ordered to pay \$3,000 plus interest in restitution to a member firm. The sanctions were based on findings that Howell failed to respond to NASD requests for information. Howell also converted \$3,000 received from a public cus-

tomer for investment purposes to his own use and benefit.

Donald L. Huber (Registered Representative, Cherry Hill, New Jersey) submitted an Offer of Settlement pursuant to which he was fined \$15,000, suspended from association with any NASD member in any capacity for 10 days, and required to requalify by exam as a general securities representative. Without admitting or denying the allegations, Huber consented to the described sanctions and to the entry of findings that he recommended and effected unsuitable transactions in the accounts of public customers. The NASD found that Huber failed to conduct a reasonable and adequate investigation into the investment to comprehend fully the nature of the units and the risks associated with the investment. Furthermore, the NASD determined that, in inducing and effecting the purchases of securities, Huber engaged in deceptive and/or fraudulent devices or practices and failed to disclose material facts regarding the securities.

David J. Karrass (Registered Representative, New York, New York) was fined \$26,096.85 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Karrass effected unauthorized transactions in the securities accounts of public customers. Karrass also failed to respond to NASD requests for information.

Robert Neal Kent, Jr. (Registered Representative, Stevens Point, Wisconsin) submitted an Offer of Settlement pursuant to which he was fined \$60,000, barred from association with any NASD member in any capacity, and required to pay \$8,000 in restitution to a member firm. Without admitting or denying the allegations, Kent consented to the described sanctions and to the entry

of findings that he obtained an \$8,000 check from a public customer with instructions to transfer a limited partnership interest to her, failed to follow these instructions, and used the proceeds for some purpose other than the benefit of the customer. Kent also failed to respond to NASD requests for information.

Mohammed L. Khan (Registered Representative, Apopka, Florida) was fined \$10,000, suspended from association with any NASD member in any capacity for 30 days, and ordered to requalify by exam by taking and passing the Series 6 exam. The sanctions were based on findings that Khan participated in outside business activities without disclosing his participation in such activities to his member firm.

Larry Ira Klein (Registered Principal, Walnut Creek, California) submitted an Offer of Settlement pursuant to which he was fined \$160,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Klein consented to the described sanctions and to the entry of findings that he permitted an individual to act as a registered representative and sell securities when the individual was not registered with the NASD in any capacity. The findings also stated that Klein recommended to public customers the purchases of collateralized mortgage obligations (CMOs) without having reasonable grounds for believing the recommendations were suitable for the customers based upon the facts disclosed by the customers concerning their other security holdings and their financial situation and needs. Furthermore, the NASD found that, in connection with the sale of CMOs to public customers, Klein failed to disclose to the customers that the CMOs' market value and terms could vary significantly with fluctuations in interest rates.

Darren L. Klemp (Registered Representative, Clearwater, Florida) was fined \$25,000 and barred from association with any NASD member in any capacity. The NBCC affirmed the sanctions after appeal of an Atlanta DBCC decision. The sanctions were based on findings that Klemp failed to notify his member firm of an outside business activity and failed to respond to NASD requests for information.

Ilana Abby Knapp (Registered Principal, Basking Ridge, New Jersey) was fined \$20,000 and barred from association with any NASD member in any capacity. The NBCC imposed the sanctions following appeal of a New York DBCC decision. The sanctions were based on findings that Knapp failed to respond to NASD requests for information.

Robert J. Koester, Jr. (Associated Person, Clarks Summit, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$10,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Koester consented to the described sanctions and to the entry of findings that, after taking and failing the Series 63 exam, he subsequently created a document purporting to show a passing test grade that he presented to his member firm as being authentic.

Joseph James Labuz (Associated Person, Brooklyn, New York) was fined \$59,625.17 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Labuz received a \$10,925.15 check from a public customer and converted the funds for his own use and benefit without the customer's knowledge or consent. Labuz also failed to respond to NASD requests for information.

Terrence P. Larkin (Registered Representative, Blue Bell, Pennsylvania) submitted an Offer of Settlement pursuant to which he was fined \$17,500 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Larkin consented to the described sanctions and to the entry of findings that he came into possession of checks issued by a life insurance agency to policyholders or applicants for insurance totaling \$3,490.24 for the purpose of delivering the checks to the payees. The NASD found that Larkin failed to deliver such checks to the payees, affixed the purported endorsements of the payees to the checks without their authorization or consent, affixed his own second endorsement upon such checks, and deposited the checks into his own bank account.

Robert Dennis Larsen (Registered Representative, Linden, Wisconsin) submitted an Offer of Settlement pursuant to which he was fined \$20,000 and suspended from association with any NASD member in any capacity for one year. Without admitting or denying the allegations, Larsen consented to the described sanctions and to the entry of findings that he created false and misleading suitability documents and altered tax return documents for public customers who purchased limited partnership units. Furthermore, the NASD found that Larsen recommended the purchase of limited partnership units to public customers when he did not have a reasonable basis for believing that such recommendations were suitable for the customers in light of their financial situation and needs.

Mark A. Lefkowitz (Registered Representative, Parlin, New Jersey) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$20,000 and

suspended from association with any NASD member in any capacity for two weeks. Without admitting or denying the allegations, Lefkowitz consented to the described sanctions and to the entry of findings that he executed unauthorized transactions in the securities accounts of public customers.

Norman Martin Lescht (Registered Principal, East Brunswick, New Jersey) submitted an Offer of Settlement pursuant to which he was fined \$20,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Lescht consented to the described sanctions and to the entry of findings that he failed to respond to NASD requests for information.

Albert C. Levesque (Registered Representative, Assonet, Massachusetts) was fined \$950,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Levesque received \$230,586 intended to be invested in a mutual fund account and a bank account and he misappropriated \$190,478 of the funds to his own use and benefit.

Craig R. Lodge (Registered Representative, San Diego, California) was fined \$120,000, barred from association with any NASD member in any capacity, and ordered to pay \$110,324.85 in restitution to public customers. The sanctions were based on findings that Lodge received \$110,324.85 from public customers for deposit in a pension plan account. Lodge failed to open the account for the customers and misused the funds. Lodge also failed to respond to NASD requests to appear for an on-the-record interview.

Michael Joseph Lomec (Registered Representative, Hazel Crest, Illinois) was fined \$50,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Lomec recommended and effected securities transactions for the account of a public customer and engaged in such activities without having a reasonable basis for believing that such recommendations were suitable for the customer. Lomec also failed to respond to NASD requests for information.

Anthony A. Luisi (Registered Representative, Marlboro, New Jersey) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$7,500 and suspended from association with any NASD member in any capacity for five days. At the conclusion of the suspension, for 35 days thereafter, Luisi must not engage in any activities for which registration with the NASD would be required and must not engage in the creation, review, approval or dissemination of advertisements or sales literature. Without admitting or denying the allegations, Luisi consented to the described sanctions and to the entry of findings that he accepted the title of compliance officer of his member firm, signed letters, and sent advertising and sales literature to the NASD at a time when he had no experience in compliance matters.

Joseph T. Lyons (Registered Representative, Oldsmar, Florida) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Lyons failed to respond to NASD requests for information.

Brandon J. Mader (Registered Representative, Hauppauge, New York) was fined \$72,820 and barred from association with any NASD

member in any capacity. The sanctions were based on findings that Mader executed unauthorized trades in public customer accounts without the customers' prior knowledge or consent. Mader also failed to respond to NASD requests for information.

Lavonn M. Mahar (Registered Representative, Cassville, New York) submitted an Offer of Settlement pursuant to which she was fined \$287,000, barred from association with any NASD member in any capacity, and ordered to pay \$53,338.73 in restitution to customers. Without admitting or denying the allegations, Mahar consented to the described sanctions and to the entry of findings that she received \$53,338.73 from public customers for investment purposes and used the funds for her own use and benefit. Mahar also failed to respond to NASD requests for information.

Frank Anton Malinowski (Registered Principal, El Macero, California) was fined \$75,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Malinowski participated in private securities transactions without providing prior written notification to his member firm.

Michael T. Mancusi (Registered Principal, Brooklyn, New York) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Mancusi failed to respond to NASD requests for information.

Michael L. Maxwell (Registered Representative, New Martinsville, West Virginia) submitted an Offer of Settlement pursuant to which he was fined \$20,000 and barred from association with any NASD member in any capacity. Without admitting or

denying the allegations, Maxwell consented to the described sanctions and to the entry of findings that he failed to respond to NASD requests for information.

Brooks S. McClary (Registered Representative, Tujunga, California) was fined \$45,000, barred from association with any NASD member in any capacity, and ordered to reimburse a member firm \$990. The sanctions were based on findings that McClary purchased shares of stock for the account of a public customer without the customer's authorization or consent. McClary also failed to respond to NASD requests for information.

Richard C. McDavitt (Registered Representative, Nashville, Tennessee) was fined \$10,000, suspended from association with any NASD member in any capacity for six weeks, required to requalify by exam by taking and passing the Series 6 exam, and required to pay restitution to his member firm. The sanctions were based on findings that McDavitt received a \$5,000 check from a public customer intended for the purchase of stock. McDavitt failed to execute such purchase and, instead, deposited the check into his personal account.

David W. McKellin (Registered Representative, Minneapolis, Minnesota) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 10 business days. Without admitting or denying the allegations, McKellin consented to the described sanctions and to the entry of findings that he recommended a series of securities transactions to a public customer that were unsuitable for the customer based upon the frequency of the transactions, and the customer's

age, investment experience, and financial resources.

James P. Minsky (Registered Representative, Aventura, Florida) submitted an Offer of Settlement pursuant to which he was fined \$30,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Minsky consented to the described sanctions and to the entry of findings that he effected trades in the public customers' accounts without the customers' knowledge or authorization. The findings also stated that Minsky failed to execute a customer's order to sell stock.

Leandro J. Obenauer (Registered Representative, Boynton Beach, Florida) was fined \$46,045, barred from association with any NASD member in any capacity, and ordered to pay \$5,209 in restitution to a public customer. The sanctions were based on findings that Obenauer recommended to a public customer that he wire the balance in a securities account maintained with a firm to a new member applicant firm, of which Obenauer was president, so that additional investments could be made on behalf of the customer. Instead, Obenauer failed to make the additional investments as represented and misused these funds without the customer's knowledge or consent. Obenauer also failed to respond to NASD requests for information.

Vincent A. Padulo, Jr. (Registered Representative, New York, New York) submitted an Offer of Settlement pursuant to which he was fined \$5,000 and suspended from association with any NASD member in any capacity for one week. Without admitting or denying the allegations, Padulo consented to the described sanctions and to the entry of findings that he executed unauthorized transactions in the accounts of public cus-

tomers. The findings also stated that Padulo failed to follow a customer's instructions to sell stock.

Edwin Perez, Jr. (Registered Representative, Malverne, New York) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Perez failed to respond to NASD requests for information.

Brian S. Psaila (Registered Representative, Kingston, Pennsylvania) was fined \$25,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Psaila failed to respond to NASD requests for information. Psaila also received \$7,000 from a public customer in connection with an application for a variable annuity and failed to remit the funds and application to his member firm.

Onofre Edrozo Ranchez (Registered Representative, Aiea, Hawaii) was fined \$50,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Ranchez collected insurance premiums from insurance customers and did not promptly forward the premiums to his member firm. In addition, Ranchez signed customers' names to policy reinstatement applications and submitted them to his member firm. Ranchez also failed to respond to NASD requests for information.

Lawrence J. Rozanski (Registered Representative, Pittsburgh, Pennsylvania) submitted an Offer of Settlement pursuant to which he was fined \$30,000 and barred from association with any NASD member in any capacity, with the right to reapply with the NASD after 10 years. Without admitting or denying the allegations, Rozanski consented to the described sanctions and to the entry

of findings that he engaged in a course of conduct intended to deceive a public customer about the status of the customer's account at his member firm and about the profitability, in aggregate, of the trading activity in the account. Rozanski also failed to respond to NASD requests for information.

Jeffrey Todd Sandifer (Registered Representative, Edwardsville, Illinois) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$20,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Sandifer consented to the described sanctions and to the entry of findings that he failed to respond to NASD requests for information.

Thomas Michael Savich (Registered Representative, North Hollywood, California) was fined \$64,812.35 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Savich arranged to have an impostor take the Series 7 exam on his behalf. Savich also failed to respond to NASD requests to give testimony during an on-the-record interview.

Gerald M. Shapiro (Registered Representative, Haverhill, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$10,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Shapiro consented to the described sanctions and to the entry of findings that he converted \$1,500 and misused \$3,000 in a public customer's funds.

Brian L. Shegon (Registered Representative, Mohnton, Pennsylvania) was fined \$100,000 and barred from association with any NASD

member in any capacity. The NBCC affirmed the sanctions following appeal of a Philadelphia DBCC decision. The sanctions were based on findings that Shegon received checks from public customers and converted the funds to his own use and deposited the funds into his own account. Shegon also failed to respond to NASD requests for information.

Gary Sherman (Registered Principal, Scottsdale, Arizona) was fined \$10,000 and suspended from association with any NASD member in any capacity for 10 business days. The sanctions were based on findings that Sherman failed to supervise a registered representative in a manner reasonably designed to prevent suitability violations.

Jeffrey L. Streich (Registered Representative, New York, New York) was fined \$65,500 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Streich made fraudulent and material misrepresentations and material omissions to public customers in the recommendation of purchases in an offering.

Elliot B. Tabron (Registered Representative, Detroit, Michigan) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Tabron failed to respond to NASD requests for information.

George Thompson (Registered Principal, Toms River, New Jersey) submitted an Offer of Settlement pursuant to which he was fined \$407,500.68 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Thompson consented to the described sanctions and to the entry of findings that, in his capacity as his member firm's cashier,

Thompson prepared and issued 24 checks totaling \$68,000 that were drawn on his member firm's principal cash account and converted the funds for his own use and benefit without the permission or authority of his member firm. The findings also stated that Thompson filed a Form U-4 that failed to report his employment with a member firm. Furthermore, the NASD found that Thompson failed to respond to NASD requests to appear for an on-the-record interview.

Leonardo Edward Townsend (Registered Representative, Oak Park, Illinois) submitted an Offer of Settlement pursuant to which he was fined \$5,000 and suspended from association with any NASD member in any capacity for one year. Without admitting or denying the allegations, Townsend consented to the described sanctions and to the entry of findings that he recommended and effected the purchase of stock for the account of a public customer without having a reasonable basis for believing that the recommendations were suitable for the customer based upon the facts known to him concerning the nature of the securities purchased for the account, and the customer's investment objectives, financial situation and needs.

Bill Warren Travis (Registered Representative, Burleson, Texas) submitted an Offer of Settlement pursuant to which he was fined \$5,000, jointly and severally with a member firm, and suspended from association with any NASD member in any capacity for three business days. In addition, Travis must requalify as a financial and operations principal as a prerequisite for future association with an NASD member firm in any capacity. Without admitting or denying the allegations, Travis consented to the described sanctions and to the entry of findings that a member firm, acting through Travis, failed to comply with Regulation T in that, with

respect to customer transactions, the firm failed to obtain full cash payment for customer purchases within one payment period of the date on which non-exempted securities were purchased, and failed to cancel or otherwise liquidate such transactions promptly. The findings also stated that the firm, acting through Travis, effected transactions in securities after it failed to make a required deposit to its reserve bank account and failed to deposit promptly monies received from offerings into a separate bank account.

Kenneth T. Tripoli (Registered Representative, Fort Lauderdale, Florida) submitted an Offer of Settlement pursuant to which he was fined \$20,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Tripoli consented to the described sanctions and to the entry of findings that he failed to respond to an NASD request for information.

Fenton B. Turck, III (Registered Representative, Cliffside Park, New Jersey) was barred from association with any NASD member in any capacity and required to pay \$775,000 plus interest in restitution to customers. The sanctions were based on findings that Turck furnished a false and misleading offering memorandum to investors. Furthermore, Turck engaged in outside business activities and failed to provide prior written notice to, and obtain prior written approval from, either of his member firms. Turck also failed to respond to NASD requests for information.

Charles R. Weeks (Registered Representative, Dunwoody, Georgia) was fined \$50,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Weeks participated in private securi-

ties transactions while failing to provide his member firm written notice of these transactions. Weeks also participated in business activities outside the scope of his employment with his member firm and failed to disclose such activities to his member firm.

Darnell Alexander Willis (Registered Representative, Chicago, Illinois) was fined \$25,000, barred from association with any NASD member in any capacity, and required to disgorge \$900 to public customers. The sanctions were based on findings that Willis engaged in unauthorized transactions in the accounts of public customers. Willis also failed to respond to NASD requests for information.

Individuals Fined

Russell M. Bartlett (Registered Principal, Lilburn, Georgia) submitted an Offer of Settlement pursuant to which he was fined \$10,000. Without admitting or denying the allegations, Bartlett consented to the described sanction and to the entry of findings that, in connection with a promotion of mutual funds to the investing public, he failed to disclose adequately his association with his member firm in correspondence and other communications.

Steven Michael Gerstel (Registered Representative, Matawan, New Jersey) submitted an Offer of Settlement pursuant to which he was fined \$11,542.10. Without admitting or denying the allegations, Gerstel consented to the described sanction and to the entry of findings that he opened a securities account at a member firm, placed an order to purchase securities, and failed to provide written notification to the executing firm that he was associated with another firm. Furthermore, the NASD determined that Gerstel failed to provide written notification to his member firm of his intention to

open such account. The findings also stated that Gerstel purchased shares of stock that traded at a premium in the immediate aftermarket in contravention of the NASD Board of Governors' Free-Riding and Withholding Interpretation.

Peter F. Scribner (Registered Representative, Melrose, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$12,000. Without admitting or denying the allegations, Scribner consented to the described sanction and to the entry of findings that he made an unsuitable securities recommendation to a public customer.

Decisions Issued

The following decisions have been issued by the NBCC and have been appealed to the NBCC as of January 31, 1998. The findings and sanctions imposed in the decision may be increased, decreased, modified, or reversed by the NBCC. Initial decisions whose time for appeal has not yet expired will be reported in the next *Notice to Members*.

Timothy C. Adams (Registered Representative, Cambridge, Massachusetts) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Adams failed to respond to NASD requests for information.

Adams has appealed this action to the NBCC and the sanctions are not in effect pending consideration of the appeal.

Essodina Adolph Atchade (Registered Representative, Santa Clara, California) was fined \$200,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Atchade received \$28,000 from

a public customer for the purchase of securities and misappropriated the funds to his own use and benefit. Atchade also provided a customer with fictitious account statements that falsely reflected that the customer had securities accounts with Atchade as well as the value of the accounts.

Atchade has appealed this action to the NBCC and the sanctions are not in effect pending consideration of the appeal.

Joseph G. Chiulli (Registered Principal, Lynbrook, New York) was fined \$35,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Chiulli failed to preserve his member firm's books and records and failed to respond to an NASD request for information.

Chiulli has appealed this action to the NBCC and the sanctions are not in effect pending consideration of the appeal.

Herbert L. Davis, Jr. (Associated Person, Milwaukee, Wisconsin) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Davis obtained a check payable to a public customer and without the customer's authorization, knowledge or consent, signed the customer's name to the check and used the proceeds for some purpose other than for the benefit of the customer. Davis also failed to respond to NASD requests for information.

Davis has appealed this action to the NBCC and the sanctions are not in effect pending consideration of the appeal.

Andrew Fensmark Harris (Registered Representative, Bronx, New York) was fined \$5,000, suspended from association with any NASD

member in any capacity for two months, and required to requalify by exam as a general securities representative. The sanctions were based on findings that Harris failed to return one of five sheets of NASD scratch paper to the testing staff after completing the morning session of the Series 7 exam.

This action has been called for review by the NBCC and the sanctions are not in effect pending consideration of the review.

Daniel S. Hellen (Registered Representative, Selden, New York) was fined \$7,000, suspended from association with any NASD member in any capacity for 15 business days, ordered to requalify by exam in all capacities, and ordered to pay \$18,000 in restitution to customers. The sanctions were based on findings that Hellen effected transactions in customer accounts without obtaining the prior authorization of the customers.

Hellen has appealed this action to the NBCC and the sanctions are not in effect pending consideration of the appeal.

Steven A. Kirschbaum (Registered Representative, Coral Spring, Florida) was fined \$50,000 and barred from association with any NASD member in any capacity, with the right to reapply after three years. The sanctions were based on findings that Kirschbaum forged the signatures of customers on "Change of Dealer" or new account forms.

Kirschbaum has appealed this action to the NBCC and the sanctions are not in effect pending consideration of the appeal.

Gerald Cash McNeil (Registered Representative, North Bergen, New Jersey) was fined \$20,000, suspended from association with any

NASD member in any capacity for 20 days, and required to requalify by exam in all capacities. In addition, McNeil must pay \$3,712.50 plus interest in restitution to a public customer. The sanctions were based on findings that McNeil executed unauthorized trades in the accounts of public customers.

McNeil has appealed this action to the NBCC and the sanctions are not in effect pending consideration of the appeal.

Allen R. Prewitt (Registered Representative, Bradenton, Florida) was fined \$10,000, suspended from association with any NASD member in any capacity for three years, and required to requalify by exam by taking and passing the Series 7 exam. The sanctions were based on findings that Prewitt failed to complete his Form U-4 accurately.

This action has been called for review by the NBCC and the sanctions are not in effect pending consideration of the review.

Andrew D. Schiff (Registered Representative, New York, New York) was fined \$57,292.62 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Schiff executed transactions in customer accounts without the customers' knowledge, authorization or consent.

Schiff appealed this action to the NBCC and the sanctions are not in effect pending consideration of the appeal.

Cenk Levent Yurtzel (Registered Principal, Woodhaven, New York) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Yurtzel failed

to respond to NASD requests for information.

Yurtzel has appealed this action to the NBCC and the sanctions are not in effect pending consideration of the appeal.

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.

James J. Farren, Jr. (Registered Representative, Kingston, Pennsylvania) was named as a respondent in a complaint alleging that he sent a customer information that contained intentional material misrepresentations and omissions about the account. The complaint alleged that this information purported to show that options trading in the account had generated a profit, but omitted reference to certain transactions that had generated losses, thus failing to disclose the significant overall losses in the options trading.

Robert E. Ligowski (Registered Representative, Matawan, New Jersey) and **Louis C. Marchione, Jr. (Registered Representative, N. Massapequa, New York)** were named as respondents in an NASD complaint alleging that, while acting as registered representatives at a member firm, they charged unfair prices to certain retail customers in connection with the sale of three securities. According to the complaint, Ligowski and Marchione were

on notice that the commissions charged to their customers could be excessive, and by proceeding without further inquiry, they bear responsibility for the resulting unfair prices.

Duane Lee McBride (Registered Principal, Escondido, California)

was named as a respondent in a complaint alleging that he converted funds from customers who intended to invest in two general partnerships formed for the purpose of investing in securities. The complaint alleges that, during the period from on or about January 5, 1993, through on or about November 14, 1995, McBride converted funds from public customers without their knowledge or consent.

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.

Maclaren Securities, Inc.,
Marblehead, Massachusetts
(November 25, 1997)

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, HM, Bermuda
(December 17, 1997)

NASD Regulation Charges Monroe Parker Securities, Inc., Principals With Manipulation, Fraud, And Excessive Markups

NASD Regulation announced that it issued a complaint on December 23, 1997, charging Monroe Parker Securities, Inc., its Vice President, Bryan Herman, and its Head Trader, Ralph Angeline, with price manipulation and excessive markups in the trading of Steven Madden, Ltd. Class A Warrants. The firm and Herman, together with Monroe Parker's President, Alan Lipsky, were also charged with fraud in connection with the sale of common stock of United Leisure Corporation.

The complaint alleges that, during late 1994 and early 1995, Monroe Parker, acting through Herman and Angeline, acquired approximately 94 percent of the Steven Madden warrants available for public trading. The significant majority of these warrants were acquired from Stratton Oakmont Securities, Inc.—Herman's and Lipsky's former employer. After acquiring this dominant position, Monroe Parker allegedly manipulated the warrants' price and, within six days, sold its entire inventory to its retail customers at fraudulently excessive markups.

More than \$3 million in profits were made from these fraudulent trades—more than \$2 million was made by the firm, while Herman and Lipsky personally profited by an additional \$1.1 million. Once these profits were made, Monroe Parker no longer had an interest in artificially supporting the price, and reduced its bid for the security. Within a week, the price of the warrants fell from \$3.625 to \$1.50 and the firm's customers lost millions of dollars.

The complaint also charges Monroe Parker, Herman, and Lipsky with fraud in the sale of a second security, United Leisure common stock. As

alleged in the complaint, customers who purchased United Leisure stock upon the firm's recommendation, were not told that the stock came from the personal accounts of Herman and Lipsky (who were previously given the stock at no cost by Monroe Parker). Herman and Lipsky personally profited by more than \$1.3 million.

In the complaint, NASD Regulation asks that the respondents give up the profits that were illegally obtained and make restitution to defrauded investors. Other potential sanctions include a fine, suspension, individual bar, or firm expulsion from the NASD. Under NASD Regulation rules, the individuals and the firms named in the complaint can file a response and request a hearing before an NASD Regulation disciplinary panel.

The 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 this complaint is unadjudicated, you may wish to contact the respondents before drawing any conclusion regarding the allegations in the complaint.

NASD Regulation Issues Complaint Against Monitor Investment Group, Inc., And 17 Principals, Brokers

NASD Regulation, Inc., issued a complaint against Monitor Investment Group, Inc., and 17 principals and brokers alleging fraud and other violations of NASD rules and federal securities laws in connection with the sale of common shares of Accessible Software (ASWI), an OTC Bulletin Board® security, and other activities. The complaint alleges that Monitor and others made more than

\$600,000 in illegal profits. Monitor, which was headquartered in New York City, withdrew its membership from the NASD in October 1996.

In addition to the firm, the complaint names Monitor's owner and Chief Executive Officer, William Palla; President, John Montelbano; and Compliance Director, Emanuel Genuso. Also named are Jeffrey Pokross and Salvatore Piazza who, according to the complaint, are believed to have secretly controlled Monitor by participating in the day-to-day operations of the firm, infusing capital into the firm, directing brokers' activities, and bringing investment banking transactions to the firm.

The complaint alleges that Monitor—acting through Palla, Piazza and Pokross—engaged in a scheme to manipulate the price of Accessible Software, Inc. The complaint also alleges that Monitor exploited its position as Accessible Software's only market maker to illegally raise the per share price from \$1 to \$6 3/4 over a two-hour period. As a result of its sales of previously acquired stock, Monitor, its principals, and others are alleged to have illegally profited by more than \$600,000 in two days.

The complaint further alleges that Monitor used concerted and high-pressure sales tactics to sell a large volume of Accessible Software's shares during the two-day period. Specifically, investors were subjected to false and deceptive sales pitches. In addition, Monitor and its employees ignored the suitability of this particular investment, a speculative and low-priced security with a history of operating losses, in sales presentations to prospective investors.

The complaint alleges that brokers at Monitor were told that they would receive compensation of up to 33 percent of the proceeds as compen-

sation for selling Accessible Software, which would not be disclosed to investors. Customers were charged undisclosed mark-ups of at least 14 to 33 percent on purchases of Accessible Software, according to the complaint. Generally, NASD Regulation considers mark-ups in excess of 10 percent to be fraudulent.

The complaint also alleges that Monitor permitted at least one unregis-

tered individual to act as a broker. The firm is charged with lying to regulators about the use of unregistered personnel and with creating false and fictitious records in an attempt to conceal its misconduct. NASD supervision rules were also allegedly violated by the failure to implement, maintain and enforce supervisory systems and adequate written supervisory procedures that would have detected and prevented the violations.

Accessible Software continues to be traded on the OTC Bulletin Board. In the complaint, NASD Regulation does not allege that Accessible Software knew that the price of its shares was being manipulated.

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