

DISCIPLINARY ACTIONS

Disciplinary Actions Reported For May

NASD Regulation, Inc. (NASD RegulationSM) has taken disciplinary actions against the following firms and individuals for violations of 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 Monday, May 19, 1997. The information relating to matters contained in this *Notice* is current as of April 24, 1997. Information received subsequent to April 24 is not reflected in this edition.

Firms Fined, Individuals Sanctioned

Alaron Securities Corporation (Chicago, Illinois), Henry J. Coleman, IV (Registered Principal, Chicago, Illinois), Michael A. Greenberg (Registered Principal, Chicago, Illinois), and Steven Greenberg (Associated Person, Winnetka, Illinois) submitted Offers of Settlement pursuant to which the firm was fined \$25,000. S. Greenberg was fined \$10,000 and suspended from association with any NASD member in any capacity for 30 days, and M. Greenberg was fined \$50,000, suspended from association with any NASD member in any capacity for five years, and barred from association with any NASD member in any principal capacity. Coleman was fined \$100,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Coleman and M. Greenberg, effected securities transactions while failing to maintain its minimum required net capital and allowed individuals to engage in the securities business without proper qualifications or registration. The NASD also found that the firm, acting through M. Greenberg and Cole-

man, failed to establish, maintain, and enforce adequate supervisory procedures. The findings also stated that the firm, acting through Coleman, maintained inaccurate net capital computations, filed inaccurate FOCUS Part I and II reports, and failed to abide by the terms of its restrictive agreement with the NASD in that the firm failed to receive approval from the NASD to change its clearing arrangements.

Furthermore, the NASD determined that the firm, acting through Coleman, failed to execute customers' orders to purchase or sell securities; failed to execute customers' trades at the prices, on the dates, or for the number of shares ordered by the customers; and falsely confirmed both verbally and in writing to the customers that their trades were executed as ordered. Moreover, the NASD found that the firm, acting through Coleman, charged customers commissions on trades that were not executed and margin interest calculated on money balances for trades that were not executed, misused customer funds by taking \$61,843.02 out of customers' accounts without their knowledge or consent, and used the funds for some purpose other than for the benefit of the customers. The findings also stated the firm, acting through Coleman, failed to comply with Securities and Exchange Commission (SEC) Rule 15c3-3 in that it accepted and held customer funds without setting up or making deposits in a special reserve bank account for the exclusive benefit of customers, and failed to notify the NASD or SEC of its failure to maintain such an account or to prepare a reserve computation. The NASD also determined that the firm, acting through Coleman, used letterhead that violated NASD standards and S. Greenberg engaged in the securities business without being qualified and registered.

Aragon Financial Services, Inc. (Brea, California), Douglas L. Lish (Registered Principal, Anaheim, California), and Thomas Cannon (Registered Representative, Pembroke Pines, Florida) submitted Offers of Settlement pursuant to which the firm and Lish were fined \$10,000, jointly and severally, and Lish was required to requalify by exam as a general securities principal. In addition, the firm was required to retain an independent consulting firm to conduct a review of its compliance and supervisory procedures to determine their adequacy. Cannon was suspended from association with any NASD member in any capacity for three months, required to requalify by exam as a general securities representative, and required to disgorge \$3,000 in commissions to a public customer. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that Cannon recommended securities transactions to a public customer without having reasonable grounds for believing such recommendations were suitable for the customer based on facts disclosed by the customer regarding her tax status, investment objectives, financial situation, and needs. The findings also stated that Lish failed to detect that Cannon had made a series of allegedly unsuitable recommendations to a public customer. Furthermore, the NASD determined that the firm, acting through Lish, failed to establish or maintain adequate written supervisory procedures pertaining to the oversight of sales practices involving unsuitable recommendations.

Duke & Co, Inc. (New York, New York), Lawrence A. Rosenberg (Registered Principal, Brooklyn, New York), and Salvatore Saporito (Registered Representative, Brooklyn, New York). The firm and Saporito submitted an Offer of Settlement pursuant to which the firm was fined

\$25,000 and ordered to implement supervisory procedures. Saporito was fined \$25,000 and suspended from association with any NASD member in any capacity for six months. In a separate decision, Rosenberg was fined \$5 million and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, the firm and Saporito consented to the described sanctions and to the entry of findings that the firm, acting through Saporito and Rosenberg, manipulated trading in a security that created actual and apparent active trading in the security and raised the price of the security for the purpose of inducing the purchase or sale of the security by others. The findings also stated that the firm, acting through Saporito and Rosenberg, actively bid for, purchased, and solicited securities while the firm was acting as broker or dealer participating in a distribution of securities. Furthermore, the NASD determined that the firm and Rosenberg failed to establish and maintain an effective supervisory system and failed to enforce supervisory procedures.

Jason MacKenzie Securities, Inc. (Atlanta, Georgia), J. Paul Jason (Registered Principal, Atlanta, Georgia) and James S. Heitzer (Registered Principal, Atlanta, Georgia) submitted an Offer of Settlement pursuant to which the firm and Jason were fined \$60,000, jointly and severally, and the firm, Jason, and Heitzer were ordered to offer refunds to customers of excess markups. Jason was barred from association with any NASD member in any principal or supervisory capacity, with the right to reapply after five years, and Heitzer was fined \$10,000. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Jason, conducted a securities business while failing to maintain its minimum required net

capital, failed to maintain complete, current, and accurate books and records, and filed materially inaccurate FOCUS reports. The NASD also determined that the firm, acting through Jason, prepared inaccurate net capital computations, filed late annual audited financial reports, and failed to give notice to the NASD and the SEC of its net capital deficiencies. The findings also stated that the firm, acting through Jason, made improper use of customer funds, failed to timely transmit payment for a customer's securities purchases, failed to transmit promptly customer payment of mutual fund shares, and failed to supervise the pricing of customer purchases adequately.

Furthermore, the NASD found that the firm, acting through Jason, failed to disclose on customer confirmations the markups charged to customers with respect to 35 principal transactions, failed to record on order tickets either the time of entry or the time of execution, or both, failed to prepare order memoranda, and participated in 58 firm commitment underwritings in contravention of the terms of its restriction agreement with the NASD. The findings also stated that the firm, acting through Jason, failed to supervise a registered representative who effected transactions in his personal account that were beyond his financial means and that resulted in substantial violations of Regulation T and NASD margin rules. The NASD also found that the firm, acting through Heitzer, effected sales of common stock to public customers at unfair prices.

Firms And Individuals Fined
World Equity Group, Inc. (Arlington Heights, Illinois) and John H. Mathues (Registered Principal, Lake Zurich, Illinois) submitted a Letter of Acceptance, Waiver and Consent pursuant to which they were fined \$18,000, jointly and severally.

Without admitting or denying the allegations, the respondents consented to the described sanction and to the entry of findings that the firm, acting through Mathues, engaged in sales of common stock to public customers, failed to obtain signed suitability statements from the customers, and failed to provide risk disclosure documents to customers. The findings also stated that the firm, acting through Mathues, failed to establish, maintain, and enforce written supervisory procedures to prevent a violation of SEC Rule 15g.

Firms Fined

Hamilton Investments, Inc. (Chicago, Illinois) was fined \$10,000. The National Business Conduct Committee (NBCC) imposed the sanction following appeal of a Chicago District Business Conduct Committee (DBCC) decision. The sanction was based on findings that the firm failed to supervise a registered representative properly.

Noble International Investments, Inc. (Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm was fined \$5,000 and ordered to pay \$24,167.33 in restitution to customers. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it effected 11 principal transactions with public customers involving foreign corporate bonds at prices, with markups ranging from 5.53 to 90 percent, that were unfair and excessive taking into consideration all relevant circumstances.

Phoenix Equity Planning Corporation (Enfield, Connecticut) submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm was fined \$100,000. Without admitting or denying the allegations, the firm consented to the described

sanctions and to the entry of findings that it failed to register at least three individuals who were functioning in a principal capacity.

Individuals Barred Or Suspended

Joshua A. Ader (Registered Representative, Long Beach, New York) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Ader failed to respond to NASD requests to provide documents, information, and testimony.

David A. Arnold (Registered Representative, Wexford, Pennsylvania) submitted an Offer of Settlement pursuant to which he was fined \$100,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Arnold consented to the described sanctions and to the entry of findings that he falsely represented to customers that a mailing address he had established was the business address of his employer. Furthermore, the NASD found that Arnold affixed to three withdrawal request forms a public customer's signature, without authorization, and thereafter submitted the requests to his member firm. The findings also stated that Arnold falsified a public customer's endorsement on checks totaling \$14,900 and deposited the checks in his personal bank account. Arnold also failed to respond to NASD requests for information.

James C. Arnold (Registered Representative, Starkville, Mississippi) was fined \$100,000, barred from association with any NASD member in any capacity, and required to pay \$50,957.93 in restitution. The NBCC imposed the sanctions following appeal of a New Orleans DBCC decision. The sanctions were based on findings that Arnold effected unauthorized transactions in cus-

tomers accounts and converted customer funds totaling \$50,957.93 to his own use and benefit without the knowledge or consent of the customers. Furthermore, Arnold misused \$2,000 in customer funds without the knowledge or consent of the customers.

Robert James Baptist, Jr. (Registered Representative, Southport, Connecticut) submitted an Offer of Settlement pursuant to which he was fined \$15,000 and suspended from association with any NASD member in any capacity for 20 business days. Without admitting or denying the allegations, Baptist consented to the described sanctions and to the entry of findings that he executed unauthorized transactions in the accounts of public customers.

Dale Lavern Bartz (Registered Representative, Marshall, Minnesota) submitted a Letter of Acceptance, Waiver and Consent pursuant to which she was fined \$42,500 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Bartz consented to the described sanctions and to the entry of findings that she received from a public customer three checks totaling \$8,500 made payable to her member firm with instructions to apply the proceeds of the checks to the purchase of single premium annuity contracts. The NASD found that Bartz did not apply the funds as directed by the customer, and instead, without the knowledge or consent of the customer, wrongfully deposited the checks into her business bank account until she repaid the funds in full with interest at a later date.

Glen Jeff Bennett (Associated Person, 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 Bennett arranged to have an imposter take the Series 7 exam on his behalf. Bennett also failed to respond to NASD requests for information.

DuSean Berkich (Registered Principal, Irvine, California) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$2,500 and suspended from association with any NASD member in any capacity for 30 business days. Without admitting or denying the allegations, Berkich consented to the described sanctions and to the entry of findings that a former member firm, acting through Berkich, determined that customer funds would be used to offset receivables from a general partner of an issuer instead of forwarding the funds promptly to the issuer. According to the findings, the funds were intended for investment in a limited partnership but instead, were deposited into the firm's general account.

Richard Michael Berlin (Registered Representative, West Bloomfield, Michigan) submitted an Offer of Settlement pursuant to which he was fined \$140,795, barred from association with any NASD member in any capacity, and required to pay \$24,159 in restitution. Without admitting or denying the allegations, Berlin consented to the described sanctions and to the entry of findings that he obtained customer checks totaling \$25,019.02 intended for the purchase of insurance policies, but retained the funds by signing the customers' names to the checks and deposited the funds in a bank account without their knowledge or consent. The findings also stated that Berlin failed to respond to NASD requests for information.

Brian Bond (Registered Representative, Woodbury, New York) submitted a Letter of Acceptance, Waiver and Consent pursuant to

which he was fined \$5,000, suspended from association with any NASD member in any capacity for five business days, and required to disgorge \$1,050 in commissions. Without admitting or denying the allegations, Bond consented to the described sanctions and to the entry of findings that he purchased warrants in a public customer's account without the customer's prior knowledge or consent.

J. Paul Boyle (Registered Principal, Bala Cynwyd, Pennsylvania) was fined \$30,000, suspended from association with any NASD member in all securities principal capacities for two years, and required to requalify by exam as a general securities principal. The NBCC imposed the sanctions following appeal of a Philadelphia DBCC decision. The sanctions were based on findings that Boyle failed to exercise reasonable care to verify his member firm's purported capital contributions and assets that resulted in the filing of inaccurate FOCUS Part I and IIA reports with the NASD. Moreover, Boyle failed to give timely notice of his firm's net capital deficiencies, failed to timely retain a financial and operations principal for his firm, and failed to file a Form U-5 for an individual within the required 30-day period.

Michael F. Burke (Registered Representative, Rye, New York) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$10,000, suspended from association with any NASD member in any capacity for 45 days, and required to requalify by exam as a general securities representative. Without admitting or denying the allegations, Burke consented to the described sanctions and to the entry of findings that he exercised discretion in the account of public customers without first obtaining written authorization from the customers. The findings also stated that

Burke failed to properly mark customer order tickets in that the tickets were marked "unsolicited" when they should have been marked "discretionary."

James M. Burness (Registered Representative, Dublin, Ohio) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$4,500 and suspended from association with any NASD member in any capacity for five days. Without admitting or denying the allegations, Burness consented to the described sanctions and to the entry of findings that knowing of a system problem which he did not report to his firm, he repeatedly placed orders for customers over his firm's proprietary trading system over a three-day period at limit prices that he knew, or had reason to believe, were extremely advantageous to the customers and extremely disadvantageous to the firm.

Robert E. Chason (Registered Representative, Orlando, Florida) was fined \$20,000 and suspended from association with any NASD member in any capacity for 90 days and thereafter suspended until he requalifies by exam. The sanctions were based on findings that Chason made representations to a public customer and on behalf of a public customer regarding the value of the customer's account without having a factual basis for such representations.

Twila Lee Cherry (Registered Representative, Littleton, Colorado) was fined \$15,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Cherry filed a Form U-4 with the NASD in which she failed to disclose a felony conviction.

Donald Eugene Childers (Registered Representative, Leawood, Kansas) was barred from association with any NASD member in any

capacity. The sanction was based on findings that he received a \$63,550 check from public customers made payable to a corporation he owned and controlled with instructions to invest the funds in securities products. Without the customers' knowledge and consent, Childers converted \$10,250 of the funds to his own use and benefit by paying various expenses of the corporation.

George W. Cole (Registered Representative, Oklahoma City, Oklahoma) submitted an Offer of Settlement pursuant to which he was fined \$15,000, suspended from association with any NASD member in any capacity for four weeks, and required to pay \$13,298 in restitution to a customer. Without admitting or denying the allegations, Cole consented to the described sanctions and to the entry of findings that he failed to exercise due diligence in the offering of certain non-rated municipal bonds to two public customers by failing to ensure that the price paid for the securities was fair and reasonable in relation to the prevailing market conditions. The findings also stated that Cole recommended and engaged in certain purchase and sale transactions in the account of a public customer without having reasonable grounds for believing that the recommendations and resultant transactions were suitable for the customer on the basis of the customer's financial situation, investment objectives, and needs. Furthermore, the NASD found that Cole sent sales literature to prospective customers that had not been approved by a principal of his firm.

Richard D. Collner (Registered Principal, Cape Canaveral, Florida) submitted an Offer of Settlement pursuant to which he was fined \$25,000, suspended from association with any NASD member in any capacity for 10 days, suspended from soliciting or effecting retail trades for

six months, and required to requalify by exam as a general securities representative. Without admitting or denying the allegations, Collner consented to the described sanctions and to the entry of findings that he recommended that public customers embark on a series of trades in their trust account without having reasonable grounds for believing that the recommendations were suitable based on the facts they disclosed as to their tax status, investment objective, financial situation, and needs.

Collner's suspensions began May 5, 1997. The 10-day suspension concluded May 14, 1997, and the 6-month suspension will conclude November 5, 1997.

Kerri A. Cox (Associated Person, Brooklyn, New York) was fined \$2,000 and suspended from association with any NASD member in any capacity for six months. The sanctions were based on findings that Cox failed to respond to NASD requests for information and to appear for an on-the-record interview.

Crisanto M. Delgado (Registered Representative, Alpharetta, Georgia) was fined \$108,000, barred from association with any NASD member in any capacity, and required to pay \$17,644.81 plus interest in restitution to a customer. The sanctions were based on findings that Delgado converted customer funds totaling \$17,644.81 to his own use and benefit. Delgado also failed to respond to an NASD request for information.

Mark H. A. Drucker (Registered Representative, Henderson, Nevada) was fined \$60,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Drucker converted \$8,000 in customer funds to his own use and benefit. Drucker also failed to respond to NASD requests for information.

David W. Dunlap (Registered Representative, Hammond, Indiana) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Dunlap failed to respond to NASD requests for information.

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

Ronald Flateau (Registered Representative, Phoenix, Arizona) was fined \$120,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Flateau obtained \$45,756.64 from public customers for investment purposes but only invested \$28,000 of these funds as directed by the customers. Furthermore, Flateau obtained \$1,500 from a public customer by stating that the customer owed him a service fee for his efforts in canceling the customer's annuity and investing the proceeds into another investment, when in fact, Flateau's member firm assessed no such charge for this service. Flateau also failed to respond to NASD requests for information.

Daniel F. Gallagher (Registered Representative, Joliet, Illinois) was fined \$30,500 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Gallagher received a \$2,100 check from a public customer with instructions to invest the funds in a mutual fund. Gallagher failed to purchase shares of the mutual fund and instead, deposited the funds in an account with his member firm in which he had a beneficial interest and used the funds for some purpose other than

for the benefit of the customer. Gallagher also failed to respond to an NASD request for information.

Samantha R. Gallant (Registered Representative, Ferndale, Michigan) was fined \$6,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Gallant participated in the offer and sale of securities to a public customer on a private basis and failed to give prior written notice to and obtain prior written authorization from her member firm to engage in such activities.

H. Richard Gibbs-Tompkins (Registered Representative, Pensacola, Florida) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Gibbs-Tompkins failed to respond to an NASD request for information.

Mark C. Goldner (Registered Representative, Larksville, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$125,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Goldner consented to the described sanctions and to the entry of findings that, without the authorization or consent of public customers, he caused his member firm to issue policy loan and dividend checks against the insurance policies of the customers, forged the purported endorsements of the customers on the checks, and deposited the checks in his bank account. The findings also stated that Goldner caused the address of record for the insurance policies of public customers to be changed to that of the office in which he was employed. The NASD also determined that Goldner forged the endorsement of a former employee of his member firm on commission

checks, and negotiated such checks without the employee's knowledge or authorization. Furthermore, the NASD found that Goldner forged a public customer's signature on applications for a life insurance policy and for the conversion of the customer's existing policies, without the authorization or consent of the customer.

Eliezer Gurfel (Registered Representative, Washington, DC) was barred from association with any NASD member in any capacity. The sanction was based on findings that Gurfel forged an individual's endorsement on four checks, negotiated the checks, and converted the proceeds to his own use and benefit.

David J. Hall (Registered Representative, Standish, Maine) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$100,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Hall consented to the described sanctions and to the entry of findings that he engaged in private securities transactions without giving prior written notice to his member firm describing in detail the proposed transactions, his role therein, and whether he received selling compensation in connection with the transactions.

Martin J. Heninger (Registered Representative, Atlanta, Georgia) was fined \$20,000, suspended from association with any NASD member in any capacity for 30 days, required to pay \$25,000 in restitution to a customer, and required to requalify by exam as a general securities representative. The sanctions were based on findings that Heninger made false representations to a customer in response to concerns raised by the customer about an investment Heninger had recommended in a private offering.

Richard Allen Hill (Registered Representative, St. Clair Shores, Michigan) was fined \$21,547.17 and barred from association with any NASD member in any capacity. The sanctions were based on findings that, without the knowledge or consent of public customers, Hill submitted to his member firm applications for life insurance in the customers' names and disbursement request forms authorizing his member firm to disburse funds in the form of loans from existing policies to pay premiums on new policies. Hill also failed to respond to NASD requests for information.

William J. Jakob, Jr. (Registered Principal, Marietta, Georgia) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Jakob failed to respond to an NASD request for information.

Seyed Hassan Jahanmiry (Registered Representative, Casselberry, Florida) was fined \$1,000, suspended from association with any NASD member in any capacity for 90 days, and ordered to requalify by exam as an investment company and variable contracts products representative. The sanctions were based on findings that Jahanmiry, during the course of taking the Series 7 exam, had in his possession unauthorized materials containing formulas and other information relating to the subject matter areas covered by the exam.

Gary Richard Keller (Registered Representative, Apple Valley, Minnesota) submitted an Offer of Settlement pursuant to which he was fined \$15,000 and suspended from association with any NASD member in any capacity for 30 days. Without admitting or denying the allegations, Keller consented to the described sanctions and to the entry of findings

that he failed to respond timely to NASD requests for information. The findings also stated that Keller engaged in private securities transactions without giving prior written notice to and/or receiving approval from his member firm. Furthermore, the NASD determined that Keller altered a document in response to an NASD request for information.

David B. Kistler (Registered Representative, Jacobus, Pennsylvania) submitted an Offer of Settlement 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, Kistler consented to the described sanctions and to the entry of findings that he forged signatures purporting to be those of a customer on two letters authorizing \$500 in payments to him by an insurance company.

David P. Kleber (Registered Principal, Miami, Florida); Helmut Meister (Registered Principal, Sands Point, New York); John P. McAuliffe (Registered Principal, Rochester, New York); Dennis J. Keohane (Registered Representative, San Francisco, California); Innocent K. Okeke (Registered Principal, Plano, Texas); Lindsey C. Riley (Registered Principal, Huntington Beach, California); Ignacio R. Failla (Registered Representative, Astoria, New York); Zeeshan S. Ali (Registered Representative, Iselin, New Jersey); Terry N. Johnson (Registered Representative, Forest Hills, New York); David N. Slavny (Registered Principal, Atlanta, Georgia); Victor S. Delucie (Registered Representative, San Francisco, California); Christopher S. Boggs (Registered Principal, San Francisco, California); Mark F. Reber (Registered Representative, West Chester, Pennsylvania); Thomas R. Garcia (Registered Representative,

Grand Prairie, Texas); and Sean P. Nevett (Registered Representative, LaJolla, California) submitted Offers of Settlement pursuant to which Kleber was fined \$10,000, suspended from association with any NASD member in any capacity for four months, barred from association with any NASD member in any principal or supervisory capacity with a right to reapply after one year, and undertakes that even if he successfully reapplies, he will never act as a supervisor of traders or trading at any member firm. Meister was fined \$8,000, suspended from association with any NASD member in any capacity for five business days, and required to requalify as a general securities principal. McAuliffe was fined \$7,500 and suspended from association with any NASD member in any capacity for five business days. Keohane was fined \$7,000 and suspended from association with any NASD member in any capacity for three business days. Okeke was fined \$5,000 and suspended from association with any NASD member in any capacity for five business days. Riley, Failla, Ali, Johnson, Slavny, Delucie, Garcia, and Boggs were each fined \$2,500 and suspended from association with any NASD member in any capacity for three business days. Reber was fined \$5,000 and suspended from association with any NASD member in any capacity for six months. Nevett was fined \$4,000 and suspended from association with any NASD member in any capacity for four business days.

Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that Meister, McAuliffe, Keohane, Okeke, Riley, Failla, Ali, Garcia, Johnson, Slavny, Delucie, Boggs, and Nevett charged certain retail customers unfair prices, that included excessive markups and gross commissions or sales credits in connection with sales of securities

and received gross commissions or sales credits exceeding 10 percent of the total dollar amount paid by the customers in the transactions. The findings also stated that Kleber and Meister failed to establish, implement, and enforce reasonable procedures designed to prevent the firm's retail customers from being charged unfair and fraudulently excessive markups and markdowns, and unfair and excessive gross commissions or sales credits in common stocks and warrants. Furthermore, the NASD determined that Reber failed to respond to NASD requests for information.

Donald D. LaCoste (Registered Representative, Lafayette, Louisiana) submitted an Offer of Settlement pursuant to which he was fined \$3,000,000, barred from association with any NASD member in any capacity, and required to pay \$593,377.67 in restitution. Without admitting or denying the allegations, LaCoste consented to the described sanctions and to the entry of findings that he converted \$421,451.69 in customer funds to his own use and benefit and forged customer names to checks, change of address forms, surrender request forms, and insurance policy change forms. The findings also stated that LaCoste sent to a public customer a false confirmation reflecting the purchase of municipal bonds and misleading correspondence falsely describing a purchase of municipal bonds by the customer. Furthermore, the NASD determined that LaCoste altered documents to falsely reflect that certain municipal bonds had been purchased for a public customer and failed to amend his Form U-4 to reflect his affiliation with three member firms.

Jay D. Lebowitz (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. Without admitting or denying the allegations, Lebowitz consented to the described sanctions and to the entry of findings that he participated in private securities transactions without providing written notice to his member firm describing the transactions, his role therein, and stating whether he would receive selling compensation. The findings also stated that Lebowitz failed to respond to NASD requests for information.

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

Jules L. Marx (Registered Representative, South Orange, New Jersey) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$7,500, suspended from association with any NASD member in any capacity for five business days, and required to pay \$27,750 plus interest in restitution to public customers. Without admitting or denying the allegations, Marx consented to the described sanctions and to the entry of findings that he effected private securities transactions with public investors without providing prior written notice to and receiving written approval from his member firm. The NASD also found that Marx used his member firm's stationery in connection with the private securities transactions without the firm's prior knowledge or approval.

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

Douglas W. Minshall (Registered Representative, Macon, Missouri) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$5,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Minshall consented to the described sanctions and to the entry of findings that he submitted fictitious applications for life insurance.

Patrick Blane Mueller (Registered Representative, Overland Park, Kansas) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Mueller failed to respond to NASD requests for information and to appear for an on-the-record interview.

Darryl M. Osler (Registered Representative, Palm Beach Gardens, Florida) submitted an Offer of Settlement pursuant to which he was fined \$3,500 and suspended from association with any NASD member in any capacity for three months. Without admitting or denying the allegations, Osler consented to the described sanctions and to the entry of findings that he failed to respond to NASD requests for information.

Frank S. Pellichino (Registered Representative, Augusta, Georgia) was fined \$10,000 and suspended from association with any NASD member in any capacity for six months. The sanctions were based on findings that Pellichino signed, without customer authorization, the signatures of public customers to forms that are used to evidence the customer's authorization for an agent to receive trailing commissions on property and casualty policies that had been assigned to but not initially sold by the agent.

Russell D. Perlmutter (Registered Representative, Flushing, New

York) 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 five business days. Without admitting or denying the allegations, Perlmutter consented to the described sanctions and to the entry of findings that he used a fictitious name when a customer called his member firm to complain about a trade.

Charles Eugene Porter (Registered Representative, Bloomington, Indiana) submitted an Offer of Settlement pursuant to which he was fined \$2,000,000, barred from association with any NASD member in any capacity, and required to pay \$389,891.95 in restitution. Without admitting or denying the allegations, Porter consented to the described sanctions and to the entry of findings that he obtained checks totaling \$299,891.95 made payable to public customers and without the authorization, knowledge, or consent of the customers, he signed or caused their names to be signed to the checks, deposited the checks in an account in which he had an interest or controlled, and used the funds for some purpose other than for the benefit of the customers. The findings also stated that Porter received \$114,874.95 from public customers for investment purposes and, instead, without the knowledge or consent of the customers, used the funds for some purpose other than for the benefit of the customers. Furthermore, the NASD found that Porter failed to respond to NASD requests for information.

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

John J. Puglisi (Registered Representative, New York, New York) submitted an Offer of Settlement pursuant to which he was fined \$30,000, suspended from association with any NASD member in any capacity for 30 business days, required to requalify by exam as a general securities representative, and required to pay \$15,000 to a public customer. Without admitting or denying the allegations, Puglisi consented to the described sanctions and to the entry of findings that he effected in the accounts of public customers purchase and sale transactions without the customers' knowledge, authorization, or consent.

Samuel Gordon Smith, Jr. (Registered Representative, Lincoln, Nebraska) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$93,974.45 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Smith consented to the described sanctions and to the entry of findings that he received five checks totaling \$18,794.89 from a public customer with instructions to apply the proceeds of the checks to the purchase of variable products. The NASD found that Smith failed to apply the funds as instructed, and instead, without the customer's knowledge or consent, deposited the checks into his personal bank account and misused the customer's funds.

Michael A. Solomon (Registered Representative, Tamarac, Florida) was fined \$30,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Solomon failed to pay an arbitration award and failed to respond to an NASD request for information.

Valentin V. Sotir (Registered Representative, Ridgewood, New York)

was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Sotir failed to respond to NASD requests to provide testimony in connection with an ongoing investigation.

Carl W. Spoerer, II (Registered Representative, Tolono, Illinois) was fined \$5,000, suspended from association with any NASD member in any capacity for one year, ordered to disgorge \$8,122.50 to the NASD, and required to requalify by exam. The sanctions were based on findings that Spoerer purchased for his account shares of stocks that traded at a premium in the immediate after-market in contravention of the Board of Governors' Interpretation on Free-Riding and Withholding. Spoerer also opened securities accounts with various member firms and began purchasing and selling securities in the accounts while failing and neglecting to give written notice to his member firms that he was opening the accounts and failed to give written notice of his association with his member firms.

Spoerer's suspension began January 1, 1995, and concluded December 31, 1995.

Nancy A. Swoffer (Registered Representative, Lake Orion, Michigan) submitted a Letter of Acceptance, Waiver and Consent pursuant to which she was fined \$50,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Swoffer consented to the described sanctions and to the entry of findings that she participated in private securities transactions and failed to give written notice to and receive written approval from her member firm prior to engaging in such activities.

Kenneth T. Tripoli (Registered Representative, Boca Raton, Florida) submitted an Offer of Settlement pursuant to which he was fined \$2,500 and suspended from association with any NASD member in any capacity for 30 days. Without admitting or denying the allegations, Tripoli consented to the described sanctions and to the entry of findings that he failed to respond timely to an NASD request for information.

Kathleen Vanhof (Registered Representative, Grand Rapids, Michigan) submitted a Letter of Acceptance, Waiver and Consent pursuant to which she was fined \$145,000, barred from association with any NASD member in any capacity, and required to pay \$24,820.05 in restitution. Without admitting or denying the allegations, Vanhof consented to the described sanctions and to the entry of findings that she wrongfully obtained \$24,820.05 from the accounts of a public customer by obtaining two completed certificate of deposit/withdrawal forms with the customer's signature without the customer's knowledge or consent. The NASD found that Vanhof thereafter deposited the funds in an account in which she had a beneficial interest and used the funds for some purpose other than for the benefit of the customer. The findings also stated that Vanhof failed to respond to NASD requests for information.

Kenneth Winston Wainscott (Registered Representative, Pflugerville, Texas) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Wainscott failed to respond to NASD requests for information.

David Duane White (Registered Representative, Black Earth, Wisconsin) submitted a Letter of Acceptance, Waiver and Consent pursuant

to which he was fined \$259,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, White consented to the described sanctions and to the entry of findings that he obtained \$51,828.38 from public customers by directing certain bank employees to issue to him or an investment club partnership of which he was a partner, and over whose funds he had control, cashier's checks or money orders from portions of customer funds entrusted to him for investment without the knowledge or consent of the customers.

Frederick M. Woolley (Registered Representative, Redlands, California) submitted an Offer of Settlement pursuant to which he was fined \$30,000, suspended from association with any NASD member in any capacity for six months, and required to requalify by exam as a general securities representative. Without admitting or denying the allegations, Woolley consented to the described sanctions and to the entry of findings that he forged his manager's signatures on six separate documents.

Individuals Fined

Christopher M. Finan (Registered Representative, McLean, Virginia) was fined \$10,000 and required to requalify by exam as a general securities representative. The sanctions were based on findings that Finan executed unauthorized transactions in the accounts of public customers.

Alfred E. Landolph, Jr. (Registered Representative, Los Angeles, California) submitted an Offer of Settlement pursuant to which he was fined \$20,455. Without admitting or denying the allegations, Landolph consented to the described sanction and to the entry of findings that, in contravention of the Board of Governors' Free-Riding and Withholding

Interpretation, Landolph purchased shares of stock in initial public offerings in accounts in which he had a beneficial interest that traded at a premium in the secondary market. The findings also stated that Landolph failed to notify his member firm in writing that he had established and maintained 30 securities accounts with 16 different member firms.

Robert W. Morris (Registered Representative, Birmingham, Alabama) submitted an Offer of Settlement pursuant to which he was fined \$10,000. Without admitting or denying the allegations, Morris consented to the described sanction and to the entry of findings that he sent correspondence to public customers that contained false and misleading information. The findings also stated that Morris disseminated misleading municipal securities offering sheets to various member firms that falsely indicated that he was a member of the municipal bond department of his member firm.

Michael G. Murphy (Registered Representative, Pine Hill, New Jersey) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$10,000 and required to requalify by exam as a general securities representative. Without admitting or denying the allegations, Murphy consented to the described sanctions and to the entry of findings that he recommended to public customers and effected in their account purchases of securities that were speculative in nature without having a reasonable basis to believe the securities were suitable for the customers. The findings also stated that Murphy failed to disclose various risks associated with the securities and made a statement regarding future appreciation in the price of a security for which there was no reasonable basis in fact.

Gregory J. Vislocky (Registered Representative, Lake Oswego, Oregon) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$3,500 and ordered to disgorge \$31,472.06. Without admitting or denying the allegations, Vislocky consented to the described sanctions and to the entry of findings that he violated of the Board of Governors' Interpretation on Free-Riding and Withholding by failing to notify the insurer of an offering that he was associated with his member firm, by failing to notify his member firm that he had purchased shares in the conversion offering, and by selling half of his shares and transferring the other half within 150 days of the conclusion of the conversion offering. The findings also stated that Vislocky bought and sold shares in three other conversion offerings through privately negotiated transactions with a public customer and other parties and repaid personal loans made to him by the customer from the profits that resulted when those shares were later sold.

Mark Wallace (Registered Representative, Ballwin, Missouri) was fined \$10,000 and required to requalify by exam. The sanctions were based on findings that Wallace effected purchases of stock in the accounts of public customers without their authorization.

Firm Expelled For Failure To Pay Fines, Costs And/Or Provide Proof Of Restitution In Connection With Violations

Nationwide Securities Corporation, Valrico, Florida

Firms Suspended

The following firms were suspended from membership in the NASD for failure to comply with formal written requests to submit financial informa-

tion to the NASD. The actions were based on the provisions of NASD Rule 8210 and Article VII, Section 2 of the NASD By-Laws. The date the suspensions 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.

AGS Financial Services, Inc., Chicago, Illinois (April 4, 1997)

A.T.A.P. Financial Services, Inc., Leesburg, Florida (April 4, 1997 to April 17, 1997)

Burlington Securities Corp., Chatham, Massachusetts (April 4, 1997)

Cygnit Securities, Inc., Waldwick, New Jersey (April 4, 1997)

Donaldson Securities Incorporated, New York, New York (April 4, 1997 to April 15, 1997)

East Hill Capital Corp., New York, New York (April 4, 1997)

Fimark Securities, Inc., Woodland Hills, California (April 4, 1997)

Genoa Financial Group, Inc., Tampa, Florida (April 16, 1997)

Hartman Securities, Inc., Houston, Texas (March 10, 1997)

Hornblower & Weeks, Inc., New York, New York (April 4, 1997)

International Credit Brokerage Co., Inc., New York, New York (April 4, 1997)

Jess Kent Capital Markets, Inc., Los Angeles, California (April 4, 1997)

Lord & Kendyll Investments, Inc., Irving, Texas (April 17, 1997)

North Star Financial Services, Inc., Dallas, Texas (April 4, 1997)

Pierce & Company, L.P., Chicago, Illinois (April 4, 1997)

The Richman Group Incorporated, Colleyville, Connecticut (March 10, 1997 to April 10, 1997)

Tilden Partners, Inc., Great Neck, New York (April 4, 1997)

William & Co. Capital Markets, New York, New York (April 4, 1997)

Suspensions Lifted

The NASD has lifted the suspensions from membership on the dates shown for the following firms because they have complied with formal written requests to submit financial information.

Value Line Securities, New York, New York (March 3, 1997)

Wm. B. Austin & Associates, Moulins, France (April 18, 1997)

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

Micah C. Douglas, Kingswood, Texas

Michael R. French, Phoenix, Arizona

Edward Guy, Eastlake, Ohio

Gregory J. Hilsenrath, Bethesda, Maryland

Ajay R. Joshi, Winnetka, Illinois

Howard D. Liebreich, Beaverton, Oregon

Manus P. MacLean, Bethlehem, Pennsylvania

Grover C. McCall, III, Kingsport, Tennessee

Patrick T. Montague, Washington, DC

Kevin J. Stelter, Lakewood, Colorado

Dan Scott Taylor, Portland, Oregon

Anthony J. Toscano, Clearwater, Florida

Kevin B. Williams, Fort Worth, Texas

Individual Whose Registration Was Canceled/Suspended Pursuant To NASD Rule 9622 For Failure To Pay Arbitration Award

Thomas Garrett Chenoweth, Lexington Park, Maryland

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