

DISCIPLINARY ACTIONS

Disciplinary Actions Reported For February

NASD Regulation, Inc. (NASD Regulation) has taken disciplinary actions against the following firms and individuals for violations of NASD® Rules; 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 18, 1997. The information relating to matters contained in this Notice is current as of January 24, 1997. Information received subsequent to January 24 is not reflected in this edition.

Firms Fined, Individuals Sanctioned

Excel Financial, Inc. (Salt Lake City, Utah), Gary R. Beynon (Registered Principal, Salt Lake City, Utah) and Robert Lamont Sperry (Registered Principal, Salt Lake City, Utah) were fined \$25,000, jointly and severally. In addition, Beynon and Sperry were suspended from association with any NASD member in any principal capacity for one month. The sanctions were based on findings that the firm, acting through Beynon and Sperry, failed to return investor funds when the terms of the contingency were not satisfied. The firm, acting through Beynon and Sperry, also made non-bona fide sales of securities in an offering in that a percentage of the offering was acquired for resale by a corporation that was affiliated with the issuer and counted such sales towards the satisfaction of the minimum sales contingency.

This matter has been appealed to the SEC.

Sentra Securities Corporation (San Diego, California), Joseph J. Hoenigman (Registered Principal, Lacosta, California) and Vaughn L. Woods (Registered Principal, San Diego, California) submitted a Let-

ter of Acceptance, Waiver and Consent pursuant to which the firm was fined \$13,500. Hoenigman and Woods were each fined \$5,000 and suspended from association with any NASD member in any principal capacity for one week. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm recommended and engaged in certain purchase and sale transactions in the account of a public customer without having reasonable grounds for believing that such recommendations were suitable for the customer on the basis of the customer's financial situation, investment objectives, and needs. The findings also stated that the firm, acting through Hoenigman and Woods, failed to exercise reasonable and proper supervision over an individual and failed to establish, maintain, and enforce proper supervisory procedures governing the review of options and equity transactions and the review of municipal securities transactions.

Firms And Individuals Fined

R. M. Duncan Securities, Inc. (Little Rock, Arkansas) and Randall M. Duncan (Registered Principal, Little Rock, Arkansas) submitted a Letter of Acceptance, Waiver and Consent pursuant to which they were fined \$10,000, jointly and severally. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Duncan, allowed a registered representative to recommend and engage in a purchase transaction of a limited partnership in the account of public customers without having reasonable grounds for believing that such recommendation and resultant transactions were suitable for the customers on the basis of their financial situation, investment objectives, and needs. The findings

also stated that the firm, acting through Duncan, failed to exercise reasonable and proper supervision over a registered representative in that they approved the aforementioned transaction before ascertaining that the investment was suitable for the customers.

State First Financial, Inc. (Lansing, Michigan), Jerry G. Sutton (Registered Principal, East Lansing, Michigan), and Karen S. Smelker (Registered Representative, Lansing, Michigan) submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm and Sutton were fined \$13,500, jointly and severally and Smelker was fined \$16,000. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Sutton, permitted Smelker to engage in the investment banking or securities business and function as a representative when she was barred and subject to disqualification.

Firms Fined

Knight Securities, L.P. (Jersey City, New Jersey) submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm was fined \$50,000 and required to pay \$166,230 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 executed day limit orders after such orders had expired. Furthermore, the NASD determined that the firm failed to establish, maintain, and enforce supervisory procedures that would detect and deter the above conduct.

Merrill Lynch, Pierce, Fenner & Smith Incorporated (New York, New York) submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm was fined

\$20,000. Without admitting or denying the allegations, the firm consented to the described sanction and to the entry of findings that it allowed officers to act in the capacity of a general securities principal and/or representative without appropriate registration. The findings also stated that the firm failed to establish, maintain, and enforce written supervisory procedures and failed to supervise adequately the registration status of individuals acting in the capacity of a general securities principal.

Individuals Barred Or Suspended

Jack A. Alexander (Registered Principal, Poway, California) submitted an Offer of Settlement pursuant to which he was suspended from association with any NASD member in any capacity for five days. Without admitting or denying the allegations, Alexander consented to the described sanctions and to the entry of findings that he purchased shares of a new issue that traded at a premium in the immediate aftermarket, in contravention of the NASD Board of Governors Free-Riding and Withholding Interpretation.

J. Richard Allison (Registered Representative, Palm Beach, 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, Allison consented to the described sanctions and to the entry of findings that he signed two customers' names to annuity change request forms that changed the broker/dealer and representative of record for the customers and submitted the forms without the knowledge or consent of the customers.

Anthony Joseph Amaradio (Registered Representative, Laguna Hills, California) submitted an Offer of Settlement pursuant to which he

was fined \$75,000, suspended from association with any NASD member in any capacity for 90 days, required to pay \$13,805.43 in restitution to customers, and must requalify by exam. Without admitting or denying the allegations, Amaradio consented to the described sanctions and to the entry of findings that he recommended to public customers the purchase of insurance products without having reasonable grounds for believing that such recommendations were suitable for the customers based upon their investment objectives, financial situations, and needs.

Amaradio's suspension began February 1, 1997.

Mathew William Baker (Registered Representative, Des Moines, Washington) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$49,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Mathew consented to the described sanctions and to the entry of findings that he participated in private securities transactions while failing to provide prior written notice of such activities to his member firm.

Donald G. Brown (Registered Representative, Naples, Florida) was fined \$35,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Brown sold a \$5,000 municipal bond to a public customer outside the scope of his employment with his member firm without giving prior written notice to or receiving prior written permission from his member firm to engage in the transaction. Moreover, Brown failed to return the customer's funds in a timely manner after he was unable to obtain delivery of the bonds.

Jeffrey T. Burrows (Registered Representative, Cave Creek, Arizona) was barred from association with any NASD member in any capacity. The sanction was based on findings that Burrows misappropriated \$155,000 from public customers by inducing them to send him funds purportedly for investment and then converting such funds to his own use and benefit. Burrows also failed to respond to NASD requests for information.

Kevin T. Cabell (Registered Principal, Peachtree, Georgia) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Cabell failed to provide information and testimony requested by the NASD in connection with an ongoing investigation.

Richard T. Clark, Jr. (Registered Representative, Tulsa, Oklahoma) submitted an Offer of Settlement pursuant to which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Clark consented to the described sanctions and to the entry of findings that he failed and neglected to notify his member firms in writing of his personal securities accounts that he opened at other member firms. The findings also stated that Clark failed to provide written notification to the other member firms of his employment with his member firms.

Micah C. Douglas (Registered Representative, Kingwood, Texas) was fined \$7,500 and suspended from association with any NASD member in any capacity for 45 days. The Securities and Exchange Commission (SEC) affirmed the sanctions following appeal of a September 1995 National Business Conduct Committee (NBCC) decision. The sanctions were based on findings that Douglas failed to give his member

firm prior written notice of outside business activities that consisted of securities transactions conducted in the name of a company with his name. Douglas also made misrepresentations to a public customer about himself and his company. Specifically, Douglas falsely represented that his company was registered with the SEC as a broker/dealer, was a full-service broker/dealer, had Securities Investor Protection Corporation coverage, and had never been the subject of any complaint or investigation by a self-regulatory organization. Douglas also falsely represented that all of the transactions effected by the firm were guaranteed by his member firm. In addition, Douglas made misrepresentations in connection with the sale of inverse floater notes in that he failed to disclose that the notes' yield would fluctuate inversely to prevailing interest rates.

Alan Bruce Dustal (Registered Representative, South River, New Jersey) was fined \$100,000, barred from association with any NASD member in any capacity, and required to pay restitution. The sanctions were based on findings that Dustal misappropriated customer funds totaling over \$600,000 for his own use and benefit. Dustal also failed to respond to NASD requests for information.

Paul D. Evanko (Registered Principal, Glen Gardner, New Jersey) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$150,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Evanko consented to the described sanctions and to the entry of findings that he gave or dictated scripts about recommended stocks to registered representatives for use in their sales presentations to customers that contained price predictions, material omissions, and material misrepresentations.

Timothy W. Fowler (Registered Representative, Metairie, Louisiana) was fined \$30,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Fowler made improper use of customer funds by forging a public customer's name to five documents without the customer's knowledge or consent.

Richard K. Frazier (Registered Representative, Tampa, Florida) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Frazier failed to respond to an NASD request for information about his termination from a member firm.

Michael R. French (Registered Representative, Scottsdale, Arizona) was fined \$1,000, suspended from association with any NASD member in any capacity for three months, and required to requalify by exam. The sanctions were based on findings that French failed to disclose a criminal conviction on his Form U-4.

James W. Gaskins, Jr. (Registered Representative, Wilmington, Delaware) was fined \$60,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Gaskins received a \$7,462.10 redemption check from the account of a public customer, negotiated the check, and failed to remit the funds for their intended purpose. Gaskins also failed to respond to NASD requests for information.

Robert J. Gilbert (Registered Principal, New York, New York) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$40,000 and barred from association with any NASD member in any capacity.

Without admitting or denying the allegations, Gilbert consented to the described sanctions and to the entry of findings that he purchased and sold securities for the accounts of public customers without the customers' knowledge or consent and in the absence of written or oral authorization to exercise discretion in said accounts. The findings also stated that Gilbert failed to respond to NASD requests to appear for an on-the-record interview.

James A. Goetz (Registered Representative, Dickinson, North Dakota) was fined \$2,500 and barred from association with any NASD member in any capacity. The NBCC imposed the sanctions following appeal of a Kansas City District Business Conduct Committee (DBCC) decision. The sanctions were based on findings that Goetz submitted applications to his member firm's matching gifts program requesting that \$1,600 be donated to a school and thereafter failed to contribute an equivalent amount of cash or property. Goetz knew or should have known that the funds were used to offset the tuition of his daughter at the designated school.

Goetz has appealed this action to the SEC and the sanctions, other than the bar, are not in effect pending consideration of the appeal.

Jeffrey L. Greene (Registered Principal, Greenville, South Carolina) 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, Greene consented to the described sanctions and to the entry of findings that he received a \$10,000 check from a public customer for investment purposes and instead, converted the proceeds for his own use and benefit. Furthermore, the NASD determined that, to

conceal his misconduct, Greene gave the customer a false confirmation statement showing that the customer's funds had been invested.

Stephen Gritzan (Registered Representative, Washington, DC) was barred from association with any NASD member in any capacity. The sanction was based on findings that Gritzan recommended and sold securities to public customers when he knew of negative material information as to the risks of the securities or was reckless in not knowing and omitted to disclose the negative information to the customers. Gritzan also recommended the purchase and sale of securities to public customers without having reasonable grounds for believing that such recommendations were suitable for them in light of the size and frequency of the transactions, the nature of the securities, and their financial situation, needs, and investment objectives. Furthermore, Gritzan exercised discretionary power over the accounts of public customers and used such authority to effect discretionary securities transactions in these accounts without first having such discretionary power reduced to writing and accepted by his member firms. Gritzan also executed unauthorized transactions in customer accounts.

Robert A. Grunburg (Registered Principal, Marina Del Rey, California) was fined \$5,000, suspended from association with any NASD member as a general securities principal for one month, and required to requalify by exam as a principal. The SEC affirmed the sanctions following appeal of a March 1996 NBCC decision. The sanctions were based on findings that Grunburg approved two newspaper advertisements that contained misleading or exaggerated statements concerning the ranking of mutual funds. Grunburg also failed to file the advertisements with the NASD within 10 days of the first use

of the advertisements as required. Furthermore, Grunburg entered into a special sales concession arrangement (a sales contest) with a member firm related to the sale of mutual funds on a oral basis with no written agreement executed and without proper disclosure of the arrangement in the prospectuses for each fund. In addition, Grunburg failed to establish and maintain adequate written supervisory procedures.

Felix Gurfink (Registered Representative, 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 Gurfink failed to respond to NASD requests for information.

James M. Hayes (Registered Representative, Suffolk, Virginia) was fined \$200,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Hayes received \$35,000 in checks from public customers for investment purposes and instead, deposited the checks and converted the funds for his own use. Furthermore, Hayes prepared and provided to public customers statements misrepresenting that \$30,000 had been used to purchase shares in a fund. Hayes also failed to respond to NASD requests for information.

Donald E. James (Registered Representative, Athens, Georgia) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that James failed to respond to NASD requests for information about his termination from a member firm.

Francis M. Kalitsi (Registered Representative, Washington, DC) 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 10 business days. Without admitting or denying the allegations, Kalitsi consented to the described sanctions and to the entry of findings that he mistakenly put in an order ticket to purchase 10,000 shares of stock for a public customer instead of 1,000 shares. According to the findings, rather than change the order to 1,000 shares, Kalitsi contacted seven other clients and recommended that they purchase the stock. The NASD found that by this time, the price had dropped and Kalitsi failed to advise his customers of this.

Kenneth N. Kleid (Registered Representative, Parkland, Florida) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Kleid failed to respond to NASD requests for information about his termination from a member firm.

Larry Ira Klein (Registered Representative, Oakland, California) was fined \$150,000, suspended from association with any NASD member in any capacity for six months, and required to requalify by exam. The SEC affirmed the sanctions following appeal of a June 1995 NBCC decision. The sanctions were based on findings that Klein, in connection with the sale of stock, omitted material facts and made material misstatements of fact to the customers. Furthermore, Klein made unsuitable recommendations to customers regarding the purchase of stock without having reasonable grounds for believing that the investment was suitable for the customers in light of the customers' other security holdings, financial situation, and needs.

Tibor Robert Komoroczy (Registered Representative, Laguna Niguel, California) submitted a Letter of Acceptance, Waiver and Con-

sent pursuant to which he was fined \$40,000, barred from association with any NASD member in any capacity, and required to pay \$168,000 in restitution to a member firm. Without admitting or denying the allegations, Komoroczy consented to the described sanctions and to the entry of findings that he executed transactions in the accounts of public customers without their prior authorization or consent. The findings also stated that Komoroczy exercised discretion in the accounts of public customers without obtaining prior written discretionary authorization from the customers and without written acceptance of such account by his member firm.

Daniel R. Lehl (Registered Representative, Littleton, Colorado) and **Thomas P. Meehan (Registered Representative, Thornton, Colorado)**. Meehan was fined \$45,000 and barred from association with any NASD member in any capacity and Lehl was fined \$10,000 and suspended from association with any NASD member in any capacity for five business days. The sanctions were based on findings that Meehan and Lehl failed to follow customer instructions to sell securities from their accounts. Lehl also made misrepresentations to a public customer in connection with the customer's request that his stock be sold. Furthermore, Meehan induced customers to purchase stock by representing that he would refund the purchase price if the customers lost money and engaged in unauthorized transactions in customer accounts. In addition, Meehan failed to respond to NASD requests for information and obtained from a public customer an agreement to settle the customer's complaint that contained undertakings by the customer not to initiate or pursue any regulatory complaint.

Oscar J. Leon (Registered Representative, Centreville, Virginia)

submitted a Letter of Acceptance, Waiver and Consent 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, Leon 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 Leon forged the signature of a public customer on 21 checks totaling \$19,300 and negotiated and converted \$7,600 of the proceeds for his own use and benefit.

David J. Leytze (Registered Representative, Cincinnati, Ohio) submitted an Offer of Settlement pursuant to which he was fined \$36,156, suspended from association with any NASD member in any capacity for five business days, and required to requalify by exam as a general securities representative. Without admitting or denying the allegations, Leytze consented to the described sanctions and to the entry of findings that he participated in the solicitation and sale of preferred stock to public customers on a private basis and failed to give prior written notice to and obtain prior written authorization from his member firm to engage in such activities.

Steven Wayne Love (Registered Representative, Eldorado, Kansas) 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 one year. Without admitting or denying the allegations, Love consented to the described sanctions and to the entry of findings that he signed the names of public customers on forms requesting loans or other disbursements from the customers' insurance policies without their knowledge or consent.

Grover C. McCall, III (Registered Representative, Kingsport, Tennessee) was fined \$7,651.84, suspended from association with any NASD member in any capacity for five days, and required to requalify by exam as a general securities representative. The sanctions were based on findings that McCall executed unauthorized transactions in the account of a public customer without the knowledge or consent of the customer. McCall also exercised discretion in a public customer's account without having obtained prior written authorization from the customer and prior written acceptance of the account as discretionary by his member firm.

Karl M. Meeks (Registered Representative, Lakewood, California) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$7,500 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Meeks consented to the described sanctions and to the entry of findings that he caused a \$1,510 check to be issued from the bank account of an affiliate of his former member firm and converted the funds for his own use and benefit without the affiliate's knowledge or consent.

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

Phillip L. Mosley (Registered Representative, Atlanta, Georgia) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Mosley failed to respond to NASD requests for information about his termination from a member firm.

Raymond P. Nauts (Registered Representative, Ocean Springs, Mississippi) 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, Nauts consented to the described sanctions and to the entry of findings that he disbursed five checks totaling \$17,863.31 from the accounts of a deceased public customer and converted these funds for his own use and benefit without the knowledge or consent of the customer's estate. Furthermore, the NASD found that Nauts forged the signature of the customer to four of the checks in order to facilitate the redemption of these funds. The findings also stated that Nauts failed and neglected to respond timely to NASD requests for information and failed to update his Form U-4 with his correct address of record.

Marc A. Nichols (Registered Representative, San Bruno, California) was fined \$10,000 and barred from association with any NASD member in any capacity. The NBCC affirmed the sanctions following appeal of a San Francisco DBCC decision. The sanctions were based on findings that Nichols forged the signatures of public customers on forms and submitted them to his member firm. In addition, Nichols persuaded a customer to sign a false notarized statement and submitted it to his member firm.

Robert Eugene Nixon (Registered Representative, Lincoln, Nebraska) 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 days. Without admitting or denying the allegations, Nixon consented to the described sanctions and to the entry of findings that he engaged in a pattern of recommend-

ing the sales of customers' mutual funds within the same mutual fund family without recommending that customers take advantage of a free exchange privilege.

Norman L. Patterson (Registered Representative, Pittsburgh, Pennsylvania) 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, Patterson consented to the described sanctions and to the entry of findings that he received \$1,008.47 from public customers in payment of insurance premiums and failed to remit the funds promptly to his member firm.

Ronald A. Perez (Registered Representative, East Brunswick, New Jersey) was fined \$30,000 and barred from association with any NASD member in any capacity. The NBCC affirmed the sanctions following appeal of a New York DBCC decision. The sanctions were based on findings that Perez failed to disclose criminal charges on a Form U-4 and failed to respond to NASD requests for information.

This action has been appealed to the SEC and the sanctions, other than the bar, are not in effect pending consideration of the appeal.

Rodney M. Phillips (Registered Representative, Morgantown, West Virginia) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$175,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Phillips consented to the described sanctions and to the entry of findings that he sought and obtained the issuance of loans by his member firm against the insurance policies of public customers.

The NASD also found that Phillips obtained possession of the loan checks totaling \$36,236 and converted the funds for his own use and benefit without the knowledge or consent of the customers.

Cecil W. Piper (Registered Representative, Washington, DC) was fined \$26,750, barred from association with any NASD member in any capacity, and required to pay \$25,000 plus interest in restitution to a customer. The sanctions were based on findings that Piper participated in a private securities transaction while failing to provide written notice of such transaction to his member firm. Piper also recommended the purchase of securities to a public customer without having reasonable grounds for believing such recommendation was suitable for the customer in light of the customer's financial circumstances, needs, and objectives.

John Romano (Registered Representative, Fort Salonga, New York) submitted an Offer of Settlement pursuant to which he was fined \$25,000, suspended from association with any NASD member in any capacity for 105 days, required to requalify by exam in all capacities, and must refrain from opening a brokerage account, either for himself or his spouse, at a firm other than that of his employer for five years. Without admitting or denying the allegations, Romano consented to the described sanctions and to the entry of findings that he opened a securities account in his wife's name at another member firm and neither notified his member firm in writing that he had opened the account nor advised the other firm of his association with his member firm. The findings also stated that Romano placed orders for the same account without giving prior written notice to his member firm of his intention to execute these transactions. Furthermore, the NASD found

that Romano, with an intent to defraud his member firm, knowingly or recklessly sold securities from his member firm's proprietary trading account at prices substantially below the prevailing market price, to the detriment of his member firm.

Mark T. Samples (Registered Representative, Orlando, Florida) 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, Samples consented to the described sanctions and to the entry of findings that he included false financial information on the new account form of a public customer. The NASD also found that Samples failed to execute purchase orders for a public customer and misrepresented to the customer that the purchase orders had been made, when in fact, no such purchase had been executed. Furthermore, the findings stated that Samples shared directly or indirectly in the profits and losses in the account of a public customer and failed to obtain written authorization from his member firm prior to sharing in a customer account. The findings also stated that Samples delivered a handwritten letter to a public customer without obtaining prior written approval of the correspondence from a principal of his member firm.

The NASD also determined that Samples recommended and engaged in securities trading in the account of a public customer without having reasonable grounds for believing that these recommendations and resultant transactions were suitable for the customer on the basis of the customer's financial situation, investment objectives, and needs. In addition, the NASD found that Samples failed to make reasonable efforts to obtain accurate information regarding the financial status, tax sta-

tus, and investment objectives of a public customer in that the new account form he completed contained inaccurate financial information for the customer.

Elmer G. Schuchmann, Jr. (Registered Representative, Red Bud, Illinois) 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, Schuchmann consented to the described sanctions and to the entry of findings that he participated in private securities transactions without giving written notice to and receiving written approval from his member firms to engage in such activities.

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

Kevin Todd Smith (Registered Representative, Dixon, Illinois) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$8,000 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 obtained a \$3,000 check from a public customer with instructions to use the funds to pay a loan against the customer's life insurance policy. The NASD found that Smith failed to follow the customer's instructions and used the funds for some purpose other than for the benefit of the customer.

Salvatore J. Spina (Registered Representative, McKee City, New Jersey) was fined \$5,000 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 Spina completed, signed, and submitted to his member firm applications for life insurance policies without the knowledge or consent of the applicants. Spina also received from insurance customers \$1,437.88 for automobile insurance coverage and failed to submit the funds to the proper entities.

Robert Charles Stamos (Registered Principal, Walnut Creek, California) was fined \$62,000, suspended from association with any NASD member in any capacity for 30 days, and barred from association with any NASD member in any principal capacity. In addition, Stamos is required to requalify by exam as a representative. The sanctions were based on findings that Stamos exercised effective control over the account of a public customer and recommended to the customer the purchase and sale of securities that were not suitable for the customer in light of the size and frequency of the trading and in light of the facts disclosed by the customer as to her other security holdings, financial situation, and needs.

Kevin J. Stelter (Registered Representative, Englewood, Colorado) was fined \$5,000, suspended from association with any NASD member in any capacity for three months, required to requalify by exam in any capacity, and ordered to disgorge \$3,900 in commissions to the NASD. The sanctions were based on findings that Stelter provided to a public customer a statement concerning recently purchased products that contained material misrepresentations about the products in the form of projected and guaranteed returns that were inaccurate and misleading.

Richard T. Sullivan, Jr. (Registered Representative, Staten Island, New York) submitted an Offer of Settlement pursuant to which he was fined \$5,000, suspended from association with any NASD member in any principal or supervisory capacity for one year, prohibited from serving as a director of compliance for a member firm for two years following his reemployment by any NASD member firm, and required to requalify by exam in any principal capacity. Without admitting or denying the allegations, Sullivan consented to the described sanctions and to the entry of findings that he failed to establish, maintain, and enforce reasonable supervisory procedures to prevent his member firm's retail customers from being charged fraudulently excessive markups.

Matthew Telesca (Registered Representative, Allentown, Pennsylvania) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Telesca failed to respond to NASD requests to appear for an on-the-record interview concerning a customer complaint.

Peter Kitti Usamanont (Associated Person, New York, New York) 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, Usamanont consented to the described sanctions and to the entry of findings that he failed to respond to NASD requests for information about his termination from a member firm.

Henry Edward Vail (Registered Representative, Houston, Texas) was fined \$20,000 and barred from association with any NASD member in any capacity. The U.S. Court of Appeals for the Fifth Circuit affirmed

the sanctions following appeal of a June 1995 SEC decision. The sanctions were based on findings that Vail made improper use of funds of a local political club by converting \$11,000 to his own use and benefit.

Michael Anthony Valenoti (Registered Representative, Lake Ariel, 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 a principal capacity for 30 days. Without admitting or denying the allegations, Valenoti consented to the described sanctions and to the entry of findings that he failed to establish, maintain, and enforce adequate supervisory procedures.

Francisco S. Velez (Registered Representative, San Juan, Puerto Rico) was fined \$25,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Velez engaged in business activities outside the scope of his employment with his member firm and failed to disclose to the firm his involvement in such activities.

Thomas Allyn Williams (Registered Representative, St. Charles, Missouri) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was suspended from association with any NASD member in any capacity. Without admitting or denying the allegations, Williams consented to the described sanction and to the entry of findings that he made untrue statements of material facts or omitted to state material facts necessary to make the statement not misleading in light of the circumstances in which they were made in connection with the sale of securities. The findings also stated that Williams recommended the purchase of securities to public customers by means of baseless performance pre-

dictions and without having a reasonable basis for the recommendations.

Barry C. Wilson (Registered Principal, Bloomfield, New Jersey) was fined \$10,000, suspended from association with any NASD member in any capacity for six months, and required to requalify by exam as a financial and operations principal. The SEC affirmed the sanctions following appeal of a January 1996 NBCC decision. The sanctions were based on findings that Wilson failed to respond completely and timely to NASD requests for information regarding an investigation of his member firm.

Jeffrey A. Wood (Registered Representative, Binghamton, New York) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$7,000, suspended from association with any NASD member in any capacity for 30 days, and required to requalify by exam as an investment company and variable contracts products representative. Without admitting or denying the allegations, Wood consented to the described sanctions and to the entry of findings that he participated in private securities transactions in which he offered and sold shares of registered investment companies to public customers outside the normal scope and course of his employment with his member firm.

Deborah A. Woodard (Registered Representative, Navarre, Florida) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Woodard failed to respond to an NASD request for information about her termination from a member firm.

Craig James Zavada (Associated Person, Boynton Beach, Florida) was fined \$20,000 and barred from association with any NASD member

in any capacity. The sanctions were based on findings that Zavada failed to respond to an NASD request for information about his termination from a member firm.

Individuals Fined

Walter Y. Hooper (Registered Representative, Montgomery, Alabama) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$25,000. Without admitting or denying the allegations, Hooper consented to the described sanction and to the entry of findings that, in connection with the offer and sale of interests in a mutual fund, Hooper made or caused to be made inaccurate statements about the fund in sales literature distributed to public customers. The NASD also found that Hooper failed to obtain prior written approval of sales literature by a firm principal and failed to submit the sales literature to the NASD. Furthermore, the NASD determined that Hooper failed and neglected to demonstrate an adequate basis on which to recommend the sale of such interests to public customers based on the customers' investment objectives, financial situations, and needs. The findings also stated that Hooper failed to demonstrate that he disclosed adequately the risks of investment in the funds.

Anthony J. Toscano (Registered Representative, Clearwater, Florida) was fined \$10,000 and required to requalify by exam as a general securities representative. The sanctions were based on findings that Toscano effected the purchase of securities in the account of a public customer without the customer's knowledge or authorization.

Timothy L. Voss (Registered Representative, Versailles, Kentucky) submitted an Offer of Settlement pursuant to which he was fined \$30,000.

Without admitting or denying the allegations, Voss consented to the described sanction and to the entry of findings that he exercised discretion in the account of a public customer without having obtained prior written authorization from the customer and prior written acceptance of the account as discretionary by his member firm. The findings also stated that Voss falsified trade order tickets to reflect that the trades were discussed with a public customer prior to execution, when in fact they were not, and marked order tickets to reflect that such trades were unsolicited, when in fact they were not, thus causing his member firm's books and records to be inaccurate. Furthermore, the NASD found that Voss executed options trades in the account of a public customer prior to approval of such trades by his member firm.

Firms Suspended

The following firms were suspended from membership in the NASD for failure to comply with formal written requests to submit financial information to the NASD. The 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 each entry. If the firm has complied with the requests for information, the listing also includes the date the suspension concluded.

Billington Ashton Corporation,
Palatine, Illinois (January 3, 1997)

Chase Global Securities, Inc.,
Cleveland, Ohio (January 3, 1997)

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

Mary E. Cumberland, Lakeland, Tennessee

Charles E. Kautz, Clearwater, Florida

Richard S. Lombardi, Barrington, Illinois

Winfield S. Long, III, Shorewood, Minnesota

James H. Petrantis, Oceanport, New Jersey

Charlene Pratt, Arvada, Colorado

Frank R. Rubba, Seabright, New Jersey

Jeffrey L. Streich, New York, New York

Richard T. Sullivan, Jr., Staten Island, New York

Richard W. Wells, Sr., Rockwall, Texas

Barry C. Wilson, Bloomfield, New Jersey

Keith Youngswick, New York, New York

NASD Regulation Announces Disciplinary Action Against Datek Securities

NASD Regulation announced the following disciplinary action against

Datek Securities, its President, and two brokers. This action is based on a settlement agreement between the parties and NASD Regulation.

Datek Securities Corp. (Brooklyn, New York) submitted an Offer of Settlement pursuant to which the firm was fined \$10,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that its registered representatives entered SOES orders for multiple customers that when aggregated exceeded the maximum order size limit.

Sheldon Maschler (Boca Raton, Florida) submitted an Offer of Settlement pursuant to which he was fined \$675,000 and suspended for one year from association with any NASD member in any capacity. Without admitting or denying the allegations, Mr. Maschler consented to the described sanctions and to the entry of findings that he entered SOES orders for multiple customers that when aggregated exceeded the maximum order size limit.

Aaron Elbogen (Brooklyn, New York) submitted an Offer of Settlement pursuant to which he was fined \$25,000. Without admitting or denying the allegations, Mr. Elbogen consented to the described sanctions and

to the entry of findings that he failed to adequately supervise two registered individuals so as to prevent the entry of SOES orders for multiple customers that when aggregated exceeded the maximum order size limit.

Jeffrey Citron (Brielle, New Jersey) submitted an Offer of Settlement pursuant to which he was fined \$20,000 and suspended for 20 calendar days from association with any NASD member in any capacity except as a computer consultant. Without admitting or denying the allegations, Mr. Citron consented to the described sanctions and to the entry of findings that he failed to adequately supervise a registered individual so as to prevent the entry of, and entered, SOES orders for multiple customers that when aggregated exceeded the maximum order size limit.

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