

BEFORE THE NATIONAL ADJUDICATORY COUNCIL

NASD REGULATION, INC.

In the Matter of the Association

of

X

as a

General Securities Representative

with

The Sponsoring Firm

Redacted Decision

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

SD99017

On November 18, 1998, a member firm ("the Sponsoring Firm" or "the Firm") submitted an MC-400 application ("Application") to permit X¹, a person subject to a statutory disqualification, to associate with the Sponsoring Firm as a general securities representative. In March 1999, a subcommittee of the Statutory Disqualification Committee of NASD Regulation, Inc. ("NASD Regulation") held a hearing on the matter. X appeared and was accompanied by her attorney, her proposed supervisor, ("the Proposed Supervisor"), and the firm's attorney. BA appeared on behalf of the Department of Member Regulation ("Member Regulation").

X is subject to a statutory disqualification because of a 1992 vehicular manslaughter conviction. X pleaded no contest in 1992 to the felony charge of vehicular manslaughter in the Superior Court of State 1. She was sentenced to: three years of probation; six months in jail (with credit for time served (two days) and the remainder of the sentence suspended and served on a work-release program); 250 hours of community service; fines and fees of approximately \$400; court-ordered psychological and substance-abuse treatment; and a six-month suspension of her driver's license.

X's conviction resulted from 1991 motor vehicle accident. X was 23 years old at the time. She was driving while intoxicated, lost control of her motor vehicle and caused an automobile accident in which her passenger was killed.

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

Since the events surrounding her disqualification, X completed the terms of her probation and was discharged from probation in 1995. She has not engaged in any intervening misconduct. X received psychological and substance-abuse treatment and subsequently earned an MBA in 1998. She worked as a Summer 1997 intern at the Sponsoring Firm and participated in a student exchange program with the Firm's Singapore affiliate.

X seeks to work as an investment banking associate in the Sponsoring Firm's main office in New York. X does not intend to sell securities or interact with the public. She will provide support for the Firm's investment banking business. Since X will not interact with the public and will not sell securities, the Firm does not plan to place any special restrictions on X's activities and does not intend to implement supervisory procedures in addition to the standard supervision that it employs for all investment banking associates.

The Sponsoring Firm has five offices of supervisory jurisdiction and 11 branch offices. It employs 165 principals, 1,625 registered representatives, and 1,826 employees. The Firm has been a member firm since 1987 and has been a member of the Chicago Stock Exchange since 1992. The Firm runs a general securities business, engaged predominantly in underwriting, trading, and selling fixed income products to institutional clients. In 1997, the Firm received one Letter of Caution regarding SEC Rule 15c3-1 reporting requirements. The Firm does not employ any other statutorily disqualified individuals.

The Sponsoring Firm proposes that a Vice President of the Firm and the director of the investment banking associate program, supervise X. The Proposed Supervisor has been registered as a principal since 1997 and as a general securities representative since 1993. He has no disciplinary history.

Member Regulation recommends that the Application be approved without a requirement for additional supervision. Member Regulation notes that the incident that resulted in the statutory disqualification occurred seven years ago and was not securities related; that X has become a productive member of society; that she has exhibited remorse for her prior conduct; and that there has been no recurrence of misconduct.

Discussion

After careful review of the entire record in this matter, we conclude that the Sponsoring Firm's application to employ X as a general securities representative should be approved.

The misconduct that resulted in the statutory disqualification, while tragic and regrettable, occurred when X was only 23 years old and recently had graduated from college. Since the occurrence, she has endeavored to better her life, has been forthright and honest in her discussions of the incident, and has expressed true remorse for her actions. We note that her misconduct was not securities related and that she appears to understand the importance of integrity on the part of participants in the securities industry. Additionally, X has no record of any other misconduct and has

engaged in numerous acts of community service beyond that required as part of her probation. X has become a productive member of society. We therefore conclude that it is in the public interest to allow her entry into the securities industry. Furthermore, since X will not interact with the public and will not sell securities, we do not believe that supplemental supervisory procedures are necessary.

NASD Regulation certifies that X meets all applicable requirements for the proposed employment, and that X and the Proposed Supervisor have represented that they are not related by blood or marriage. NASD Regulation provided the Chicago Stock Exchange with notice of this proceeding and will provide it with a copy of this decision.

Accordingly, X's association as a general securities representative with the Sponsoring Firm will become effective within 30 days of the Securities and Exchange Commission's receipt of this decision, unless otherwise notified by the Securities and Exchange Commission.

On Behalf of the National Adjudicatory Council

Joan C. Conley
Senior Vice President and Corporate Secretary