

Regulatory & Compliance Alert

A PUBLICATION OF NASD REGULATION, INC.

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SEC Approves New Rules For Certain Day-Trading Accounts

As of October 16, 2000, any NASD® member firm that is promoting a day-trading strategy will be required to furnish a risk disclosure statement to a non-institutional customer prior to opening a brokerage account. In addition, the firm will have to: (1) approve the customer's account for a day-trading strategy, or (2) obtain from the customer a written agreement that the customer does not intend to use the account for day-trading purposes. As part of the account approval process, the firm will be required to make a threshold determination that day trading is appropriate for the customer. These requirements will not apply to a firm's existing customer, unless an existing customer opens a new account at a firm that is subject to the rules. These requirements are contained in new NASD Rules 2360 and 2361. For the complete text of these rules, as well as regulatory guidance regarding their implementation, please see *NASD Notice to Members 00-62*, September 2000.

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NASD Rule 2360

In brief, NASD Rule 2360, Approval Procedures for Day-Trading Accounts, requires firms that promote a day-trading strategy to: (1) approve the customer's account for a day-trading strategy; or (2) obtain from the customer a written agreement that the customer does not intend to use the account for day-trading purposes.

To approve an account for day trading, the firm must make a threshold determination that day trading is appropriate for the customer. A firm makes this determination by exercising reasonable diligence to ascertain the essential facts relative to the customer, including his or her: investment objectives; investment and trading experience and knowledge; financial situation; tax status; employment status; marital status and number of dependents; and age. The firm also is required to prepare and maintain a record noting the rationale for approving the customer's account for day trading.

As referenced above, a firm is not required to approve a customer's account for a day-trading strategy if the customer provides a written agreement stating that the customer does not intend to use the account for day-trading purposes. Reliance on such an agreement is not justified if the firm knows that the customer intends to use the account for day trading. In addition, if a customer signs such an agreement, but the firm later discovers that the customer is using the account for day-trading activities, the firm will be required to approve the customer's account for day trading in accordance with the rule as soon as practicable, but in no event later than 10 days from the date of discovery.

NASD Rule 2361

In brief, NASD Rule 2361, Day-Trading Risk Disclosure Statement, requires firms that promote a day-trading strategy to deliver a disclosure statement to the customer discussing the unique risks posed by day trading. The day-trading rules require firms to deliver the disclosure statement to each customer individually, by mail or electronic means, prior to the opening of the account. Customers will not be required to sign the disclosure statement.

The disclosure statement must contain several factors that a customer should consider before engaging in day trading. (See *NASD Notice to Members 00-62* for the complete Disclosure Statement.) These factors include:

- ❖ Day trading can be extremely risky.
- ❖ Be cautious of claims of large profits from day trading.
- ❖ Day trading requires knowledge of securities markets.
- ❖ Day trading requires knowledge of a firm's operations.
- ❖ Day trading will generate substantial commissions, even if the per trade cost is low.

In addition, the Disclosure Document must contain a notice that persons providing investment advice for others or managing securities accounts for others may need to be registered as either an "Investment Advisor" under the Investment Advisors Act of 1940 or as a "Broker" or "Dealer" under the Securities Exchange Act of 1934. Such activities may also trigger state registration.

Firms will have the choice of using the Disclosure Statement contained in Rule 2361, or may choose to develop an alternative risk disclosure statement. The alternative statements must be substantially similar to the mandated statement and filed with, and approved by, NASD Regulation's Advertising Department.

Questions/Further Information

Questions regarding this article may be directed to Eric Moss, Assistant General Counsel, Office of General Counsel, NASD Regulation, Inc., at (202) 728-8982, or Daniel M. Sibears, Senior Vice President & Deputy, NASD Regulation, Inc., Member Regulation, at (202) 728-6911.

NASD Regulation Prepares To Launch IARD

The Investment Adviser Registration Depository (IARDSM) is an electronic filing system for investment advisers sponsored by the SEC and NASAA. NASD RegulationSM is the developer and operator of the IARD system, and in this role, is responsible for the design and implementation of the system according to the requirements provided by the SEC, NASAA, and an Industry Advisory Council, comprised of investment adviser firms. The Web-based registration system will benefit both the investment adviser industry and the investing public by streamlining the registration process and providing the public with the means to view adviser filing information via the Internet. The registration system will also benefit regulators by providing a database to aid in the registration and regulation of investment advisers.

The development of IARD leverages the technology of Web CRDSM, and it is anticipated that IARD will deliver the efficiencies and cost savings for its investment adviser community, as experienced by the broker/dealer firms with the centralized processing of the Web CRD system. The new IARD system will support the electronic filings of 8,100 SEC-regulated investment advisers and 15,000 state-regulated firms. IARD is composed of four critical components:

Investment Adviser (IA) Firm Registration, IA Firm Public Disclosure, Investment Adviser Representative (IAR) Registration for individuals associated with investment advisers, and IAR Public Disclosure. The Firm Registration component will go into production with the first release. This will allow investment adviser firms to file the revised Form ADV and/or Form ADV-W electronically with the SEC and states. This release will also provide the ability to view the information contained on the filings, collect and disburse fees associated with these filings, request reports, and allow firms that are both broker/dealers and investment advisers to share filing information between Web CRD and IARD.

The SEC mandated that federally regulated advisers use the system to make all filings with the Commission beginning next year. Full implementation of all federally regulated investment adviser firms will be a phased approach. SEC-regulated investment advisers should expect to receive instructional information regarding their transition to the IARD system in late Fall of this year. State-regulated investment advisers should check with the states in which they are registered regarding IARD participation.

There is an IARD Pilot Program as well, with participation by the SEC, all state regulators, and approximately 125 investment adviser firms. As part of the Pilot Program, participating firms will be making live filings on the system and will provide feedback on their filing experience.

NASD Regulation does not have regulatory authority over investment advisers; therefore, questions related to investment advisory policy, interpretation, or regulatory requirements should be directed to the SEC IARD Hotline

at (202) 942-0691 for federally regulated firms or the NASAA IARD Hotline at (202) 737-0460 for state-regulated firms. Questions regarding the status of filings are to be directed to the SEC or to the appropriate state(s), depending upon which entity regulates the investment adviser firm. The NASD Regulation Gateway Call Center will be available at (240) 386-4848 to assist with questions regarding IARD system navigation and usage. Additional information regarding the IARD system may be obtained on its Web Site, www.iard.com.

Annual Audit Filings - Address Change

SEC Rule 17a-5 requires all broker/dealers to submit an annual audit (for a calendar or fiscal year basis). As of July 28, 2000, the new address for submitting annual audits to NASD Regulation is:

**NASD Regulation, Inc.
Member Regulation Programs
Attention: Sherry Lawrence
9509 Key West Avenue, 3rd Floor
Rockville, MD 20850**

Should you need to contact Member Regulation Programs, the new telephone number regarding annual audits is (240) 386-5162.

Please do not send reports to 1390 Piccard Drive, Rockville, MD.

NASD members are advised to inform their respective auditors of the new address in order to avoid delays in the receipt of annual audit filings.

Members that fail to file their annual audit reports on time are subject to suspension and ultimately cancellation of their NASD membership.

TRADING AND MARKET MARKING

Publishing Of Quotations For Non-Nasdaq Securities

NASD Regulation continues to pursue disciplinary actions against those members that publish or submit a quotation for publication in any quotation medium without complying with SEC Rule 15c2-11 or NASD Marketplace Rule 6740. Quotation mediums include Electronic Communication Networks (ECNs), the OTC Bulletin Board, and Electronic Pink Sheets, among others. (See *Regulatory & Compliance Alert*, March 1999.) SEC Rule 15c2-11 requires that, before a broker or dealer publishes quotes on a quotation medium, it must gather, review, and retain certain information about the issuer. Rule 6740(a) provides that before a member initiates or resumes the quotation of a non-Nasdaq security in any quotation medium, the member must demonstrate compliance with the information maintenance requirements of Rule 15c2-11(a), unless an exemption or exception exists. Particular attention should be given to compliance with these rules following any trading suspensions imposed by the SEC. Following a suspension, members must ensure that they are in full compliance with the requirements of these rules before entering quotations into any "quotation medium."

One such exception to the rule is the "Unsolicited Customer Order" exception. To avail itself of this exception to SEC Rule 15c2-11, a member firm must ensure that the quotation published or submitted: (1) is solely on behalf of a customer; (2) represents the customer's

indication of interest; and (3) does not involve the solicitation of the customer's interest. The staff continues to find instances in which member firms, in reliance on this exception, improperly publish, or submit for publication, quotations on the behalf of a broker and/or dealer. Such violations may be addressed through the imposition of disciplinary action.

A broker and/or dealer is not a customer for the purposes of this rule. If a member does publish a quotation on behalf of another dealer, including a non-NASD member dealer, the order must represent an unsolicited **customer** order. To demonstrate compliance with this exception, a member publishing or submitting for publication a quotation representing an unsolicited customer order is required to produce documentation demonstrating its knowledge that the underlying order was unsolicited and entered on behalf of a customer. A member may seek to comply with this exception by obtaining the name of the individual at the other dealer that informed it that the order was an unsolicited customer order and the date and time of such conversation. Both the member and the other dealer are required, pursuant to NASD and SEC rules, to create and maintain a memorandum of such customer order regardless of whether the order is ultimately executed.

Questions regarding SEC Rule 15c2-11 and NASD Rule 6740 may be directed to the OTC Compliance Unit at (240) 386-5100.

questions

Financial Operations Focus

Financial Operations Focus is a regular feature that NASD Regulation will present in the *Regulatory & Compliance Alert* highlighting questions and answers about members' financial operations.

Subordination Loan Forms

Q: Where does a broker/dealer that wants to enter into a subordinated loan agreement obtain the NASD's standard Subordinated Loan Forms?

A: These forms are available from NASD Regulation's District Offices. NASD Regulation encourages all firms entering into subordinated loans to use the forms provided by NASD Regulation as they generally reduce the amount of time required to process and approve subordinated loans.

SEC Rule 17a-4 (f) (2) (i)

Q: If a broker/dealer intends to store records using electronic storage media, can a third-party vendor provide services to a broker/dealer if the third-party vendor is an affiliated company?

A: The staff of the SEC Division of Market Regulation has informed NASD Regulation that the third-party vendor required under Rule 17a-4 (f) (2) (i) should be independent. As a result, an affiliate or parent of the broker/dealer would not be able to provide third-party services under this rule.

Clearing Agreements

Q: Must clearing agreements entered into between clearing and introducing firms contain language permitting the return of a clearing deposit within 30 days after termination of the clearing agreement?

A: In a letter from the staff of the SEC Division of Market Regulation to the New York Stock Exchange and NASD Regulation, dated November 3, 1998, the Division stated that clearing deposits that are maintained with a registered broker or dealer pursuant to a written clearing agreement need to provide for the return of the deposit within 30 days after cancellation of the agreement. Further, the clearing agreement needs to state that the deposit does not represent an ownership interest in the clearing firm. Absent such language, the clearing deposit is a non-allowable asset.

Questions regarding this article may be directed to Susan DeMando, Member Regulation, NASD Regulation, Inc., at (202) 728-8411.

REGULATORY SHORT TAKES

Update On OATS Rules

On August 30, 2000, NASD Regulation filed with the SEC for immediate effectiveness a rule proposal that extends the implementation date of Phase III of the Order Audit Trail SystemSM (OATSSM) to **December 15, 2000**. As provided under NASD Rule 6957, Phase III applies the recording and reporting requirements under the OATS Rules to all manual orders. Since the implementation of OATS, NASD Regulation has been closely reviewing OATS activities with the goal of identifying ways in which to improve OATS by enhancing its effectiveness as a regulatory tool, while reducing the burdens it imposes. In this regard, on April 13, 2000, NASD Regulation filed a proposed rule change with the SEC which, if approved, would affect certain requirements that will become effective as part of Phase III under current OATS Rules. (See SR-NASD-00-23 on the NASD Regulation Web Site's Rule Filings Web Page at http://www.nasdr.com/filings/rf00_23.htm)

As described in more detail in the rule filing, the proposed changes to the OATS Rules generally would: (1) provide that the time of order origination and receipt for an electronic order is the time the order is captured by a member's electronic order-routing or execution system; for a manual order that is fewer than 10,000 shares, the time of order origination and receipt is the time the order is received by the member's trading desk or trading department for execution or routing purposes; and for a manual order that is 10,000 shares or greater, the time of order origination

and receipt is the time the order is received by the member from the customer; (2) exclude certain members from the definition of "Reporting Member" for those orders that meet specified conditions and are recorded and reported to OATS by another member; (3) require any receiving reporting member, including ECNs, that receive, electronically or manually, routed orders, to capture and report a routed order identifier; and (4) permit NASD Regulation to grant exemptive relief from the OATS reporting requirements to members that meet specified criteria.

The SEC has published the proposed rule change for comment in the *Federal Register*. See Securities Exchange Act Release No. 43344 (September 26, 2000), 65 Fed. Reg. 59038 (October 3, 2000) (File No. SR-NASD-00-23).

Those interested in commenting on the proposed rule change should submit comments directly to the SEC prior to October 24, 2000. Before becoming effective, the proposed rule change must be approved by the SEC.

General questions concerning OATS may be directed to the OATS Help Desk at 1-800-321-NASD. Questions concerning the proposed rule change may be directed to Stephanie M. Dumont, Associate General Counsel, Office of General Counsel, NASD Regulation, Inc., at (202) 728-8176.

Failure Of Persons Who Are Acting In A Principal Capacity To Register As Principals

In recent months, NASD Regulation has initiated a number of disciplinary actions against firms and individuals involving the failure to properly register persons in a principal capacity. This is a reminder that NASD Membership and Registration Rule 1021 requires all persons associated with a member, including sole proprietors, officers, partners, managers of offices of supervisory jurisdiction, and directors of corporations, who are actively engaged in the management of the member's investment banking or securities business, including supervision, solicitation, conduct of business or the training of persons, to be registered as principals in the category of registration that is appropriate to their function. A registered representative whose duties are changed so as to require registration in a principal classification has 90 calendar days following the change in his or her duties to pass the appropriate qualification examination. No person may function as a principal beyond the initial 90-calendar-day period following the change in his or her duties without having successfully passed the appropriate qualification examination.

It is the responsibility of both the member firm and the individual to determine whether an individual's responsibilities in the firm require specific registrations. As in the past, if an individual functions as a principal without having been properly registered as such, NASD Regulation may take disciplinary action against both the firm and the individual. Depending upon the circumstances, significant sanctions, including a suspension, may be warranted against the individual, particularly where the individual has not taken reasonable steps to determine whether registration is required or to become registered, the registration violation has lasted a long time, or the individual was on notice from the firm or the NASD that registration is required.¹ In assessing possible sanctions for such violations, NASD Regulation will not consider as mitigation an individual's claim that he or she did not understand or was not informed by the firm that registration was required.

Questions regarding this reminder may be directed to Shirley H. Weiss, Office of General Counsel, NASD Regulation, Inc., at (202) 728-8844.

¹ NASD Regulation mentions these factors because they have been present in various recent disciplinary cases; however, other circumstances also may suggest significant sanctions.

What's New On The NASD Regulation Web Site

The NASD Regulation Web Site, www.nasdr.com, continues to grow in size, usage, and types of content. For example, the Site receives 1.5 million 'hits' per week, is comprised of over 5,000 individual Web Pages, and has 5,000 e-mail broadcast subscribers. In response to user suggestions, NASD Regulation is redesigning its Site, with special attention to organizing information for its various constituents.

The updated Web Site, to be completed by year end, will not only have a new look, but will be organized into five different audience tracks – Investors, Brokers, Securities Firms, Regulators, and the Media. An overall Home Page will remain, and, in addition, each of the five audience areas will have its own Home Page with information appropriate to that highlighted audience. For example, the Investor area of the Web Site will group all of the investor-based information currently on the Site together in one place. Such information includes education and guidance for investors about margin, decimalization, and online investing, as well as safer investing tips in general. The Brokers area of the Site, similarly will group information specific to registered representatives, such as qualifications and testing information, and continuing education requirements. We will also enhance Site navigation so information is easier to find, and so visitors to the Site will be able to reach their desired audience Home Page with just one click.

As for new items, NASD Regulation updates its Web Site daily, and following are just a few highlights of some of the recent postings:

Decimalization FAQs – Decimalization is the conversion of all securities industry systems from fractional to decimal pricing—that is, in dollars and cents the way nearly everything else is priced. And, NASD Regulation has recently provided a Decimalization Frequently Asked Questions document for use by investors and NASD members to find out about the basics of Decimalization and where to find further information about this topic. We have also included Decimalization-related *Notices to Members* to this new Web Page.

Margin Information—Over the past year, NASD Regulation has published a number of communications for members, investors, and others about the area of margin. For the convenience of Web Site visitors, the Margin Web Page brings together this information in one area of the Site. Information on this Web Page includes a margin statement stuffer, margin statistics, guidance about purchasing on margin, and more.

Electronic Investing—NASD Regulation has provided this Web Page as an education and awareness resource. Designed in a Q&A format, investors can learn the basics of electronic investing (from opening an account online to online stock purchases to investing risks) and can gain some general investing knowledge (limit orders vs. market orders and cash accounts vs. market accounts).

Preventive Compliance Conferences and Events—The Site now includes a listing of preventive compliance meetings—primarily for

NASD members—being hosted by NASD Regulation's District Offices. Information is organized by District location and includes a contact at each District for further information about District events.

Fall Securities Conference Brochure and Online Registration Form—The NASD Regulation Fall Securities Conference brochure has recently been posted to the Web Site. It includes an agenda and other program information, as well as an ability to register for the conference using an online form. This year's Fall Securities Conference is being held at the Sheraton Palace Hotel in San Francisco on November 15-17.

Advertising Regulation Information Guide—NASD Regulation has also published on its Site the new Advertising Regulation Information Guide, intended to help members prepare compliant sales communications and assist with their filing requirements.

These are just a few of the major, recent postings to www.nasdr.com. For more frequent updates about what's new, you can subscribe to receive a free, weekly e-mail notification. Just go to the Home Page of www.nasdr.com and click on the subscribe button to complete an online form.

QUALIFICATIONS/TESTING/CONTINUING EDUCATION

Testing Update

Excellence In Service Award For Sylvan Centers

NASD Regulation established a Sylvan Technology Center (STC) Excellence In Service Award Program in 1999. The award is presented to those STCs that consistently achieve excellence in the areas of customer service and performance.

The awards are made in April, June, October, and January for the previous calendar quarter.

The Excellence In Service Award winners for second quarter 2000 are:

*** Consecutive Quarter Winners - Year 2000**

* Cincinnati OH	* Memphis TN	Walnut Creek CA	Spokane WA
* Puyallup WA	* Strongsville OH	Oklahoma City OK	Phoenix AZ
* Goodyear AZ	* Pittsburgh (N. Hills) PA	Bossier LA	Rancho Cucamonga CA
* Temple Terrace FL	* Fox Point WI	Charlotte NC	Jacksonville FL
* Niles OH	* Orlando FL	Norwalk CT	St. Cloud MN
* Indianapolis IN	Reynoldsburg OH	Salisbury MD	Grand Rapids MI
* Troy MI	Livonia MI	Wappingers Falls NY	Dothan AL
* Sioux Falls SD	Columbus NE	Orono ME	Garden City NY

Reminders: Policy And Procedures

CRD Registration And Candidate Identification

Firms must ensure that when a candidate name is submitted on the Form U-4 that it is identical to the candidate name as it will appear on the candidate's identification used to gain access to the Sylvan Testing Center.

All candidates are required to show one form of government-issued identification (containing both a photo and a signature) prior to being seated for a session. Instances have occurred where a candidate's registration and the candidate's identification do not match. This is especially true for international candidates. Candidates whose registration and identification do not match will be denied seating, and will incur a "no-show" fee for the session(s).

Questions pertaining to appropriate candidate identification can be directed to NASD Regulation's Field Support Services at (800) 999-6647.

Sylvan Appointment Scheduling During November And December 2000

Due to an anticipated increase in volume, demand for appointments at Sylvan Testing Centers is expected to peak during the months of November and December 2000. Sylvan is taking a proactive approach to ensure that centers have the capacity to handle the increased volume of business. However, NASD Regulation encourages candidates who will require continuing education and testing appointments during the November/December timeframe to schedule appointments as far in advance as possible.

Delivery Locations On The NASD Regulation Web Site

NASD Regulation-authorized delivery locations are maintained on the NASD Regulation Web Site. An up-to-date list of delivery locations (including addresses, phone numbers, and maps to the locations) are continually updated and can be obtained by checking the NASD Regulation Web Site (www.nasdr.com) and selecting: "Members Check Here" then "Exam Information & Locations."

Update: Testing And Continuing Education—International Delivery

NASD Regulation continues to work with Virtual University Enterprises (VUE), a Minneapolis-based division of NCS, Inc., to begin operations of computer-based testing centers in six international locations. These locations, under contract to VUE/NCS, will be operational during the fourth quarter of 2000. They will deliver all securities industry testing and continuing education sessions in computer-based format. Centers are being established in London, England; Paris, France; Frankfurt, Germany; Hong Kong, China; Tokyo, Japan, and Seoul, Korea. NASD Regulation will consider other cities if a demand for additional services exists.

Full details on specific addresses and the process for scheduling into these centers will be available in the Winter edition of the *Regulatory & Compliance Alert*.

Questions regarding international delivery should be directed to A. Lee Hays at NASD Regulation, Inc. (240-386-4673 or lee.hays@nasd.com).

Certification Testing & Continuing Education Delivery Location List

Current as of September 2000

Alabama

Birmingham	205-871-7444
Decatur	205-350-8324
Dothan	334-677-6334
Mobile	334-344-6284
Montgomery	334-262-0043

Alaska

Anchorage	907-563-6601
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Arizona

Goodyear	623-932-7800
Phoenix (N. 35th Ave.)	602-548-8220
Tucson	520-531-0431

Arkansas

Fort Smith	501-484-0702
Little Rock	501-663-8280

California

Anaheim	714-637-7894
Atascadero	805-462-8308
Brea	714-255-1141
Culver City (5601 W. Slausen)	310-338-6956
Culver City (5731 W. Slausen)	310-337-6696
Diamond Bar	909-861-1146
Fremont	510-745-8192
Gardena	310-329-1844
Glendale	818-545-7383
Irvine	949-552-0563
La Mesa	619-668-2121
Palm Desert	760-836-1510
Piedmont	510-428-4123
Rancho Cucamonga	909-944-9763
Redlands	909-792-2145
Riverside	909-353-8600
Sacramento (Fair Oaks)	916-961-7323
San Diego	858-481-3640
San Francisco (Market St.)	415-882-1212
San Francisco (W. Portal St.)	415-681-3769
San Jose	408-257-7699
Santa Rosa	707-528-6000
Walnut Creek	925-934-3099
Westlake Village	805-495-6367

Canada

Calgary	403-777-1365
Etobicoke, ON	416-236-2629, Ext. 221
Halifax	902-422-7323
Montreal	514-876-8818
Richmond BC	604-231-1966
Saskatoon, SK	306-978-7323
Whitby	905-404-1818
Windsor	519-974-8747
Winnipeg	204-988-5050

Colorado

Colorado Springs	719-593-1272
Denver	303-692-8745
Glendale	303-758-8774
Longmont	303-485-3218
Pueblo	719-545-0838

Connecticut

Glastonbury	860-659-0400
Hamden	203-287-9677
Norwalk	203-847-0031

Delaware

Wilmington	302-998-3817
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District of Columbia

Washington	202-955-5887
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Florida

Casselberry	407-671-2332
Davie	954-423-0782
Ft. Myers	941-275-1130
Gainesville	352-371-6891
Hollywood	954-967-0443
Jacksonville	904-739-3000
Maitland/Orlando	407-875-8118
Miami	305-825-2708
Sarasota	941-923-9399
Tallahassee	850-386-8707
Tampa	813-289-1246
Temple Terrace (Tampa)	813-989-9988

Georgia

Atlanta	404-255-9957
Augusta	706-868-1888
Jonesboro	770-478-5356
Macon	912-405-7423
Marietta	770-980-1117
Savannah	912-354-2660
Valdosta	912-245-1069

Hawaii

Honolulu (Bishop Street)	808-441-5000/5050
Honolulu County	808-263-6656

Idaho

Boise	208-322-3555
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Illinois

Carbondale	618-529-4664
Chicago (Clark St.)	312-641-7301
Chicago (LaSalle St.)	312-609-2525
Homewood	708-798-0238
Lombard	630-434-8056
Northbrook	847-559-2461
Peoria	309-682-0825
Springfield	217-546-0381

Indiana

Evansville	812-479-6855
Ft. Wayne	219-436-2710
Indianapolis (E. 86th St.)	317-257-7546
Indianapolis (Girl's School Rd)	317-247-7664
Lafayette	765-447-5996
Merrillville	219-736-1113
Mishawaka	219-254-1055

Iowa

Bettendorf	319-359-1001
Des Moines	515-223-6650

Kansas

Topeka	785-272-7500
Wichita	316-651-5350

Kentucky

Lexington	606-268-3338
Louisville	502-423-0478

Louisiana

Baton Rouge	225-293-8489
Bossier City	318-742-7349
New Orleans	504-245-2600

Maine

Orono	207-581-1708
Portland	207-775-5812

Maryland

Baltimore	443-923-6400
Bethesda	301-718-9893
Columbia	410-740-8137
Lanham	301-552-3400
Pikesville	410-486-9045
Salisbury	410-341-4100

Massachusetts

Boston	617-345-8980
Braintree	781-380-3876
Brookline	617-264-4152
E. Longmeadow	413-525-4901
Lexington	781-861-0723
Waltham	781-890-0466
Worcester	508-853-7250

Michigan

Grand Rapids	616-957-0368
Lansing	517-372-7413
Livonia	734-462-2750
Portage	616-321-8351
Southfield	248-827-2627
Troy	248-643-7323
Utica	810-739-0270

Minnesota

Bloomington	612-831-7461
Duluth	218-723-1494
Rochester	507-535-0255
St. Cloud	320-529-4830
Woodbury	651-702-6791

Mississippi

Jackson	601-366-6400
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Missouri

Ballwin	636-394-7742
Hazelwood	314-895-4826
Jefferson City	573-761-7517
Lee's Summit	816-525-4495
Springfield	417-882-0740
St. Joseph	816-671-9900

Montana

Billings	406-656-4646
Helena	406-443-9205

Nebraska

Columbus	402-564-2862
Omaha	402-334-9449

Nevada

Las Vegas	702-889-4132
Reno	702-829-2700

New Hampshire

Portsmouth 603-433-6800

New Jersey

Deptford 609-384-4744
Fairlawn 201-475-1670
Hamilton Township 609-631-9794
Toms River 732-349-4609
Union 908-964-2862

New Mexico

Albuquerque 505-296-0609

New York

Albany 518-869-6119
Amherst/Buffalo 716-565-0570
Brooklyn Heights 718-222-1277
East Syracuse 315-433-9038
Garden City 516-746-7367
Ithaca 607-277-4821
Manhasset 516-869-1236
Melville 631-845-9063
NYC Manhattan Area 212-760-1137
NYC Midtown Area 212-809-5509
NYC Wall Street Area 212-809-5509
Rego Park 718-997-6356
Rochester 716-385-4810
Staten Island 718-980-3079
Vestal 607-798-1715
Wappingers Falls 914-298-8378
Watertown 315-788-2588
White Plains 914-289-0437

North Carolina

Asheville 828-253-4224
Charlotte 704-364-7758
Gastonia 704-853-2038
Greensboro 336-854-4230
Greenville 252-756-0342
Raleigh 919-846-1933

North Dakota

Bismarck 701-224-1171
Fargo 701-293-1234

Ohio

Akron 330-922-5587
Cincinnati 513-671-7030
Columbus 614-451-4131
Dayton 937-435-8417
Hilliard 614-529-4232
Lima 419-331-7323
Mentor 440-255-0055
Niles 330-652-1886
Reynoldsburg 614-864-4090
Strongsville 440-238-0530

Oklahoma

Oklahoma City 405-843-8378
Tulsa 918-747-9333

Oregon

Eugene 541-485-4589
Milwaukie 503-659-9575
Portland 503-254-2009

Pennsylvania

Allentown 610-791-5320
Clark Summit 570-586-4362
Erie 814-864-6100
Harrisburg 719-652-0143
Lancaster 717-391-6519
North Wales 215-412-7822
Philadelphia 215-238-8380
Pittsburgh (North Hills) 412-367-4620
Pittsburgh (Braddock Ave.) 412-247-4463
York 717-755-7471

Puerto Rico

Hato Rey 787-753-6394

Rhode Island

Cranston 401-942-8552

South Carolina

Charleston 843-766-5599
Greenville 864-676-1506
Irmo 803-749-0356

South Dakota

Sioux Falls 605-362-4875

Tennessee

Chattanooga 423-894-6249
Clarksville 931-647-2003
Franklin 615-790-5018
Knoxville 865-690-2677
Madison (Nashville) 615-860-0376
Memphis 901-266-4606

Texas

Abilene 915-698-7858
Amarillo 806-463-2379
Arlington 817-572-6690
Austin 512-441-1978
Beaumont 409-899-9798
Corpus Christi 512-993-3793
Dallas 972-385-1181
El Paso 915-587-7323
Houston (Saturn Ln) 281-286-8537
Lubbock 806-785-4400
Mesquite 972-686-3310
Midland 915-520-9418
San Antonio 210-494-7263

Sugar Land	281-491-9200	Washington	
Waco	254-772-2467	Mountainlake	425-774-3922
Utah		Puyallup	253-848-0771
Orem	801-226-5544	Spokane	509-467-8715
Salt Lake City	800-578-6273	West Virginia	
United Kingdom		Morgantown	304-293-0699
London	(011-44) 171-374-2666	South Charleston	304-744-4144
Vermont		Wisconsin	
Williston	802-872-0845	Fox Point	414-540-2223
Virgin Islands		Madison	608-231-6270
St. Croix	340-773-5751	New Berlin	262-796-0808
Virginia		Racine	414-554-9009
Fairfax	703-204-9060	Wyoming	
Lynchburg	804-832-0778	Casper	307-235-0070
Mechanicsville	804-730-5844		
Newport News	757-873-0208		
Roanoke	540-344-3688		

NASD DISCIPLINARY ACTIONS

NASD Disciplinary Actions

In July, August, and September 2000, the NASD announced the following disciplinary actions against these firms and individuals. Publication of these sanctions alerts members and their associated persons to actionable behavior and the penalties that may result. This information is current as of Monday, September 11, 2000.

District 1 - Northern California (the counties of Monterey, San Benito, Fresno, and Inyo, and the remainder of the state north or west of such counties), northern Nevada (the counties of Esmeralda and Nye, and the remainder of the state north or west of such counties), and Hawaii

July Actions

Patrick Brian Hammons (CRD #1030468, Registered Principal, Mesa, Arizona) submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 45 days. Without admitting or denying the allegations, Hammons consented to the described sanctions and to the entry of findings that he failed to file an amended Form U-4 disclosing that he was named as a respondent in a civil action alleging that he had converted funds belonging to an estate and seeking to enjoin him in connection with investment related activity. The

findings also stated that Hammons failed to timely provide information and documentation requested by the NASD.

Hammons' suspension began June 19, 2000, and concluded at the close of business on August 3, 2000. (NASD Case #C01990020)

Richard Emmit Monroe (CRD #1005672, Registered Representative, Petaluma, California) submitted an Offer of Settlement in which he was fined \$15,000 and suspended from association with any NASD member in any capacity for one year. The fine must be paid either prior to reassociation with a member firm following the one-year suspension or prior to any application for request for relief from any statutory disqualification from this or any other event or proceeding, whichever is earlier. Without admitting or denying the allegations, Monroe consented to the described sanctions and to the entry of findings that he recommended unsuitable purchases and sales of mutual funds to public customers and effected these transactions in the customers' accounts. The transactions were unsuitable for the customers in light of the transaction costs involved; the availability of intra-fund exchange privileges; and the customers' other security holdings, financial situations, and needs.

Monroe's suspension began July 3, 2000, and will conclude at the close of business on July 2, 2001. (NASD Case #C01970014)

August Actions

None

September Actions

L.H. Alton & Company (CRD #15682, San Francisco, California) and Lewis Hunt Alton (CRD #4109, Registered Principal, San Francisco, California) were censured and fined \$40,000, jointly and severally. In addition, the firm was suspended from participation in underwriting activities for 30 business days and ordered to hire an independent consultant to audit the firm's compliance and written supervisory policies, procedures, and practices and to comply with the requirements in the consultant's written report. Alton was suspended from association with any NASD member in any principal capacity for 30 days, and ordered to comply with the consultant's recommendations before acting again in any principal capacity. Alton must also requalify by examination before acting in any principal capacity.

The United States Court of Appeals for the Ninth Circuit affirmed the sanctions following the appeal of a January 1999 Securities and Exchange Commission (SEC) decision. The sanctions were based on findings that the firm, acting through Alton, conducted a securities business while maintaining insufficient net capital, filed false and inaccurate FOCUS Parts I and II Reports, and permitted an unregistered person to act as a representative and principal of the firm. Furthermore, the respondents participated in the underwriting of several "hot issues" without obtaining required information from the purchasers of the hot issues, and failed to complete a training needs analysis and to develop written training plans concerning the Firm Element of the Continuing Education Requirements. In addition, the firm, acting through Alton, failed to maintain written supervisory procedures relating to the customer complaint reporting requirement.

The firm's suspension began May 24, 1999, and concluded at the close of business on July 2, 1999. Alton's suspension began May 24, 1999, and concluded at the close of business on June 23, 1999. (NASD Case #C01960003 and C01960024)

Roy Isao Matsumoto (CRD #717080, Registered Representative, Kapolei, Hawaii) was barred from association with any NASD member in any capacity. The sanction was based on findings that Matsumoto failed to respond to NASD requests for information. (NASD Case #C01990023)

District 2 - Southern California (that part of the state south or east of the counties of Monterey, San Benito, Fresno, and Inyo), southern Nevada (that part of the state south or east of the counties of Esmeralda and Nye), and the former U.S. Trust Territories

July Actions

Arka Securities, Inc. (CRD #19920, San Diego, California) and Denise Yvette Filotas (CRD #2519444, Registered Principal, San Diego, California) submitted a Letter of Acceptance, Waiver, and Consent in which they were fined

\$20,000, 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 Filotas, engaged in the securities business while failing to have and maintain sufficient net capital. (NASD Case #C02000029)

Victor Andrew Chu (CRD #2170077, Registered Principal, Costa Mesa, California) submitted an Offer of Settlement in which he was fined \$12,500, suspended from association with any NASD member as a general securities principal for two years, and ordered to requalify by examination as a general securities principal. Without admitting or denying the allegations, Chu consented to the described sanctions and to the entry of findings that he permitted his firm's principal owner and sole director to actively engage in the management of the firm's securities business without being registered with the NASD in a principal capacity. The findings also stated that Chu recommended to public customers the purchases of limited partnership interests without having reasonable grounds for believing that they were suitable for the customers, and failed to establish or follow procedures reasonably designed to carry out the supervision of sales representatives to ensure compliance with applicable securities rules and regulations. Moreover, Chu failed to respond adequately in a supervisory capacity when confronted with, or exposed to, various red flags which indicated that the recommendations by sales representatives were unsuitable.

Chu's suspension began June 19, 2000, and will conclude at the close of business on June 18, 2002. (NASD Case #C02970012)

Christos Kiziriglou (CRD #2472959, Registered Principal, San Diego, California) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member as a general securities principal for one year. The fine must be paid before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Kiziriglou consented to the described sanctions and to the entry of findings that he permitted a person subject to an NASD supervisory bar order to become and remain associated with his member firm in a principal and supervisory capacity in violation of the bar order.

Kiziriglou's suspension began June 19, 2000, and will conclude at the close of business on June 18, 2001. (NASD Case #C02000028)

Jeffrey Wyatt Puckett (CRD #2270409, Registered Principal, Las Vegas, Nevada) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$3,000 and suspended from associating with any member of the NASD as a financial and operations principal (FINOP) for 30 business days. The fine must be paid either prior to reassociation with any NASD member in any capacity or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier. Without admitting or denying the allegations, Puckett consented to the described sanctions

and to the entry of findings that he engaged in the securities business while failing to have and maintain sufficient net capital. The findings also stated that Puckett failed to accurately make, keep current, and preserve certain books and records which delayed the NASD's ability to examine his member firm's compliance with the net capital rules.

Puckett's suspension began June 19, 2000, and concluded at the close of business on July 31, 2000. (NASD Case #C02000026)

Richard Valentino Rizzo (CRD #2497077, Registered Representative, Oceanside, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 10 business days. Without admitting or denying the allegations, Rizzo consented to the described sanctions and to the entry of findings that he effected various purchases of stock in the accounts of public customers without the knowledge or consent of the customers.

Rizzo's suspension began July 3, 2000, and concluded at the close of business on July 17, 2000. (NASD Case #C02000030)

August Actions

Craig Alan Chytraus (CRD #2577574, Registered Representative, Los Angeles, California) was fined \$40,000 and suspended from association with any NASD member in any capacity for one year. The fine must be paid before any application for reentry into the securities industry will be considered. The sanctions were based on findings that Chytraus effected unauthorized purchases and sales of common stock in the joint account of public customers.

Chytraus' suspension began August 7, 2000, and will conclude at the close of business on August 6, 2001. (NASD Case #C02990070)

Martin Yungshu Fang (CRD #2934646, Registered Representative, Monterey Park, California) submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Fang consented to the described sanction and to the entry of findings that he executed unauthorized purchases and sale transactions in the accounts of public customers without the customers' knowledge and consent and without written or oral authorization to exercise discretion in the customers' accounts. Fang also failed to respond to NASD requests for information and to appear at an on-the-record interview. (NASD Case #C02000021)

Patricia Leanora Gill (CRD #1079696, Registered Representative, Torrance, California) was barred from association with any NASD member in any capacity. The sanction was based on findings that Gill caused public customers' investment of \$281,000 in a mutual fund to be liquidated and upon receipt of the liquidation check, converted the funds to her own use. Gill also failed to respond to NASD requests for information. (NASD Case #C02000001)

Pedro Antonio Lombert (CRD #3055244, Registered Representative, Los Angeles, California) submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for 30 days. In light of the financial status of the respondent, no monetary sanction has been imposed. Without admitting or denying the allegations, Lombert consented to the described sanction and to the entry of findings that he completed a Form U-4 for his member firm and failed to disclose a felony charge.

Lombert's suspension began July 17, 2000, and concluded at the close of business on August 16, 2000. (NASD Case #C02000038)

Steven Alvin Owsley (CRD #2715942, Registered Principal, Marina Del Rey, California) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Owsley consented to the described sanction and to the entry of findings that he permitted an unregistered individual to act as a branch manager in a principal capacity. The findings also stated that Owsley failed to preserve his member firm's books and records, and failed to establish, maintain, or enforce procedures reasonably designed to detect and prevent violations of applicable securities laws and regulations with respect to the branch office run by the unregistered individual. The NASD found that Owsley did not adequately supervise the unregistered individual as Owsley failed to detect and prevent violations of securities laws. (NASD Case #C02000019)

Jung Ran June Shin (CRD #2167430, Registered Representative, Los Angeles, California) submitted a Letter of Acceptance, Waiver, and Consent in which she was fined \$5,000 and suspended from association with any NASD member in any capacity for one month. Without admitting or denying the allegations, Shin consented to the described sanctions and to the entry of findings that she signed the name of a public customer to a variable life insurance application supplement without the knowledge or consent of the customer. The findings also stated that Shin altered a check she received from the customer for the purchase of variable life insurance without the customer's knowledge or consent.

Shin's suspension began July 17, 2000, and concluded at the close of business on August 16, 2000. (NASD Case #C02000032)

Edward John Williams, Jr. (CRD #2662639, Registered Representative, Los Angeles, California) submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for two weeks. In light of the financial status of the respondent, no monetary sanction has been imposed. Without admitting or denying the allegations, Williams consented to the described sanction and to the entry of findings that he engaged in outside business activities without providing prior notice to the member firm.

Williams' suspension began July 17, 2000, and concluded at the close of business on July 28, 2000. (NASD Case #C02000031)

September Actions

JB Oxford & Company (CRD #14343, Beverly Hills, California) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$10,000, and ordered to pay customers \$10,416.19, plus interest, in restitution. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it violated its obligation to deal fairly with its customers by charging them excessive commissions in connection with the purchase and sale of options priced less than one dollar per contract. The firm charged its customers commissions ranging from 10 percent to 100 percent of the principal amount of the respective trades. (NASD Case #C02000048)

Karl Francis Larsen (CRD #3115059, Registered Representative, Chula Vista, California) submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for one year. Without admitting or denying the allegations, Larsen consented to the described sanctions and to the entry of findings that he submitted a Form U-4 to his member firm and falsely responded "no" to a question asking him whether he had ever been charged with any felony.

Larsen's suspension began August 21, 2000, and will conclude at the close of business on August 20, 2001. (NASD Case #C02000046)

John Van Lau (CRD #2378213, Registered Representative, Mission Viejo, California) was barred from association with any NASD member in any capacity. The sanction was based on findings that Lau failed to respond to NASD requests for information. (NASD Case #C02990069)

Antony Richard Lonsdale (CRD #1765254, Registered Representative, Santa Barbara, California) submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for one year. Without admitting or denying the allegations, Lonsdale consented to the described sanction and to the entry of findings that he submitted a Form U-4 to his member firm that failed to disclose that he was charged with, and pleaded nolo contendere to, two felonies. The findings also stated that Lonsdale failed to update his Form U-4.

Lonsdale's suspension began August 21, 2000, and will conclude at the close of business on August 20, 2001. (NASD Case #C02000047)

Shailesh Babubhai Patel (CRD #2610523, Registered Principal, Huntington Beach, California) was barred from association with any NASD member in any capacity. The sanction was based on findings that Patel received \$40,000 from public customers in order to purchase certain bonds. Patel failed to purchase the bonds or make any other investment on their behalf.

Patel has appealed this case to the National Adjudicatory Council (NAC) and the sanctions are not in effect pending consideration of the appeal. (NASD Case #C02990052)

Gabriel Dominick Rodelo (CRD #3065086, Registered Representative, Ontario, California) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 30 days. The fine must be paid before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Rodelo consented to the described sanctions and to the entry of findings that he completed a Form U-4 for a member firm and failed to disclose that he had been charged with and pled guilty to a misdemeanor.

Rodelo's suspension began September 11, 2000, and will conclude at the close of business on October 10, 2000. (NASD Case #C02000017)

District 3 - Alaska, Arizona, Colorado, Idaho, Montana, New Mexico, Oregon, Utah, Washington, and Wyoming

District 3A - Denver

July Actions

Gregory James Hill (CRD #1799748, Registered Principal, Aurora, Colorado) submitted a Letter of Acceptance, Waiver, and Consent in which he was censured, fined \$7,500, suspended from association with any NASD member in a supervisory capacity for 45 days, and required to requalify by exam as a principal (Series 24) prior to resuming duties as a supervisor. Without admitting or denying the allegations, Hill consented to the described sanctions and to the entry of findings that he received a \$12,500 loan from a public customer to fund his wholesale trading account for which the customer was to receive 70 percent of the profits generated in the account. The findings also stated that Hill gave the customer a document purportedly reflecting a \$826 profit generated in Hill's wholesale trading account but was unable to provide documentation supporting the assertion of a profit.

Hill's suspension began on July 3, 2000, and concluded at the close of business on August 16, 2000. (NASD Case #C3A000021)

Mazen Jim Kherdeen (CRD #2989920, Registered Representative, Denver, Colorado) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 30 business days. The fine must be paid prior to any application for reassociation with a member firm following the suspension. Without admitting or denying the allegations, Kherdeen consented to the described sanctions and to the entry of findings that he submitted a Form U-4 and failed to provide a "yes" answer to Question 22B although charges previously been filed against him warranted a "yes" answer.

Kherdeen's suspension began July 3, 2000, and concluded at the close of business on August 14, 2000. (NASD Case #C3A000017)

William Lewis Petitta (CRD #2726426, Registered Representative, Draper, Utah) submitted a Letter of Acceptance, Waiver, and Consent in which he was censured, fined \$10,000, and suspended from association with any NASD member in any capacity for 20 business days. Without admitting or denying the allegations, Petitta consented to the described sanctions and to the entry of findings that he forged the signature of a public customer to an account transfer form for the purpose of expediting the transfer of the customer's account from one firm to another without the customer's authority.

Petitta's suspension began July 3, 2000, and concluded at the close of business on July 31, 2000. (NASD Case #C3A000020)

Michael Allen Usher (CRD #734581, Registered Principal, Greeley, Colorado) was fined \$25,000, barred from association with any NASD member as a general securities principal, and ordered to disgorge \$3,914.70, plus interest, to the NASD. The NAC imposed the sanctions following appeal of an Office of Hearing Officers (OHO) decision. The sanctions were based on findings that Usher conducted a securities business while his and his member firm's registrations were suspended for failure to pay an arbitration award. (NASD Case #C3A980069)

August Actions

Stephan Peter Boruchin (CRD #1201115, Registered Principal, Edmond, Oklahoma) submitted a Letter of Acceptance, Waiver, and Consent in which he was censured and fined \$15,000. Without admitting or denying the allegations, Boruchin consented to the described sanctions and to the entry of findings that he entered an order to purchase securities from another firm when he knew, or should have known, that his member firm could not purchase securities because it had been restricted by its clearing firm from effecting transactions other than those involving sales of securities in the accounts of customers at his member firm. The findings also stated that Boruchin failed to disclose the restriction when he purchased the securities and failed to acknowledge to any of the firms involved that he had placed the order. In addition, Boruchin failed to disclose his petition for bankruptcy or that the petition had been discharged within the time required by the NASD. (NASD Case #C3A000022)

D.E. Frey & Company, Inc. (CRD #23595, Denver, Colorado) and Dale Edward Frey (CRD #214215, Registered Principal, Englewood, Colorado) submitted a Letter of Acceptance, Waiver, and Consent in which they were censured and fined \$10,000, jointly and severally. The firm was fined an additional \$2,000. Without admitting or denying the allegations, the firm and Frey consented to the described sanctions and to the entry of findings that they, together with a former principal of the firm, represented in an offering memorandum for a private placement that investor funds would be returned if 500 units were not sold without stating a specified time by which the units must be sold. The findings

also stated that the firm and Frey twice modified the minimum sales contingency during the course of the offering without returning the subscription payments already received and recommenced the offering on the basis of the new contingency. In addition, the NASD found that the firm permitted investor funds deposited in the escrow account for an offering to be invested in a manner not permitted for such funds. (NASD Case #C3A000023)

Leslie Jay Jacobson (CRD #1892452, Registered Representative, Woodbury, New York) was suspended from association with any NASD member in any capacity for two years and required to requalify in all capacities. In light of the financial status of the respondent, no monetary sanction has been imposed. The sanctions were based on findings that Jacobson engaged in unauthorized trading in the accounts of public customers and exercised discretion in a customer's account without written authority. The findings also stated that Jacobson effected transactions in the joint account of public customers that were excessive in nature and unsuitable in light of the customers' objectives and needs.

Jacobson's suspension began August 7, 2000, and will conclude at the close of business on August 6, 2002. (NASD Case #C3A970018)

Otto Lee Jarrell (CRD #1564635, Registered Representative, Cincinnati, Ohio) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. In light of the financial status of the respondent, no monetary sanction has been imposed. Without admitting or denying the allegations, Jarrell consented to the described sanction and to the entry of findings that he engaged in private securities transactions without providing prior written notice of his participation to his member firm. The findings also stated that Jarrell was in the business of effecting securities transactions for the accounts of others when he was not registered as a broker/dealer. (NASD Case #C3A000025)

John Christopher McAfee (CRD #722940, Registered Representative, Missoula, Montana) submitted an Offer of Settlement in which he was fined \$25,000 and suspended from association with any NASD member in any capacity for two years. The fine shall be due and payable prior to reassociation with a member firm following the suspension. Without admitting or denying the allegations, McAfee consented to the described sanctions and to the entry of findings that he participated in private securities transactions without providing prior written notice to his member firm.

McAfee's suspension began August 7, 2000, and will conclude at the close of business on August 6, 2002. (NASD Case #C3A000014)

Mark Aaron Sutter (CRD #1913698, Registered Representative, Scottsdale, Arizona) submitted a Letter of Acceptance, Waiver, and Consent in which he was censured and fined \$26,000 which includes disgorgement of \$11,000 in financial benefits. Without admitting or denying the allegations, Sutter consented to the described sanctions and to the

entry of findings that he participated in private securities transactions for compensation without providing prior written notice to his member firm. The findings also stated that Sutter failed to disclose to his member firm that he was the beneficial owner of common stock held in the account of another person. (NASD Case #C3A000015)

Robert Timothy Willison (CRD #468671, Registered Representative, Littleton, Colorado) submitted a Letter of Acceptance, Waiver, and Consent in which he was censured, fined \$5,000, and suspended from association with any NASD member in any capacity for five business days. Without admitting or denying the allegations, Willison consented to the described sanctions and to the entry of findings that he forged a signature to a signature guarantee stamp on a customer account application for mutual fund advisory services.

Willison's suspension began August 7, 2000, and concluded at the close of business on August 11, 2000. (NASD Case #C3A000019)

September Actions

Douglas Patten Avery (CRD #1191934, Registered Representative, Scottsdale, Arizona) submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity and required to demonstrate that \$263,575.27 in restitution, plus interest, has been paid to public customers prior to any application for relief from statutory disqualification. Without admitting or denying the allegations, Avery consented to the described sanctions and to the entry of findings that he was affiliated with business entities unrelated to his association with his member firm and participated in private securities transactions for compensation without providing prior written notice to, or receiving approval from, his member firm. The findings also stated that Avery failed to respond to NASD requests for information. (NASD Case #C3A000013)

First Associated Securities Group, Inc. (CRD #20597, Chico, California) and Carl Dominic Martellaro (CRD #320959, Registered Principal, Chico, California) submitted a Letter of Acceptance, Waiver, and Consent in which the firm and Martellaro were censured and fined \$12,500, jointly and severally. In light of the financial status of Martellaro, only a \$12,500 fine was imposed. The firm was fined an additional \$1,250, jointly and severally, with another individual. Without admitting or denying the allegations, the firm and Martellaro consented to the described sanctions and to the entry of findings that the firm, acting through Martellaro, conducted a securities business while in violation of the minimum net capital requirement and failed to maintain accurate books and records. The findings also stated that the firm, acting through Martellaro, failed to timely report arbitration settlement agreements and a court ruling regarding a firm member's mishandling of funds while serving as a conservator to the NASD. In addition, the NASD found that the firm, acting through an individual, failed to amend its written supervisory procedures concerning branch office inspections. (NASD Case #C3A000027)

Steve John Rogan (CRD #824673, Registered Principal, Pagosa Springs, Colorado) was censured and fined \$10,216. The sanctions were based on findings that Rogan engaged in outside business activity for compensation without giving prompt written notice to his member firm. (NASD Case #C3A000010)

Cynthia Chattin Thompson (CRD #1561754, Registered Representative, Sugar Land, Texas) submitted an Offer of Settlement in which she was fined \$35,000 and suspended from association with any NASD member in any capacity for one year. The fine is due and payable prior to reassociation with a member firm following the suspension. Without admitting or denying the allegations, Thompson consented to the described sanctions and to the entry of findings that she failed to establish trust or escrow accounts for private placement offerings of common stock. The NASD also found that Thompson failed to return investor funds when the minimum sales contingency was not met by the stated date and additional investments were accepted after the stated date for return of funds to investors. The findings stated that Thompson effected securities transactions for the accounts of others when she was not registered as a securities broker. Furthermore, the NASD found that Thompson received funds from public customers for the purchase of securities, deposited the funds into a bank account she controlled and into which other funds were also deposited, and used some of the funds in the operation of her business. In addition, Thompson engaged in outside securities transactions for compensation without providing prior written notice to, and receiving written permission from, her member firm.

Thompson's suspension began August 21, 2000, and will conclude at the close of business on August 20, 2001. (NASD Case #C3A990067)

Steve Faramarz Varasteh (CRD #1985952, Registered Representative, Scottsdale, Arizona) was barred from association with any NASD member in any capacity. The sanction was based on findings that Varasteh executed transactions in the trust account of public customers without obtaining their authorization. The findings also stated that Varasteh guaranteed the customers against loss in the trust account and issued personal checks totaling \$19,100 for losses incurred. In addition, the NASD found that Varasteh failed to respond to NASD requests for information. (NASD Case #C3A000001)

District 3B - Seattle

July Actions

Greg Spencer Barton (CRD #2336541, Registered Principal, Redmond, Washington) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$4,000 and suspended from association with any NASD member as a general securities representative for 10 days. Without admitting or denying the allegations, Barton consented to the described sanctions and to the entry of findings that he failed to provide prompt written notice to his member firm,

although he was given opportunities to do so, that he had provided investment advisory services to public customers and received compensation totaling \$24,777.

Barton's suspension began July 3, 2000, and concluded at the close of business on July 12, 2000. (NASD Case #C3B000008)

Richard Stephan Taylor (CRD #1894258, Registered Representative, Spokane, Washington) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Taylor consented to the described sanction and to the entry of findings that he participated in investments made by a public customer and failed to provide prior written notice to his member firm describing in detail the proposed transactions, his proposed role, and stating whether he would receive selling compensation in connection with the transactions. (NASD Case #C3B000009)

Edward Paul Walunas (CRD #706319, Registered Representative, Wilsonville, Oregon) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Walunas consented to the described sanction and to the entry of findings that he participated in investments totaling \$469,705 made by individuals in limited partnership units and failed to provide prior written notice to his member firm describing in detail the proposed transactions, his proposed role, and stating whether he would receive selling compensation. The findings also stated that Walunas continued to participate in the offering and sale of the limited partnership units after orally asking his firm whether such activity was permissible and his firm responded that any such request would be denied. (NASD Case #C3B000006)

Bryce Johnson Winkel (CRD #2108104, Registered Principal, Beaverton, Oregon) submitted a Letter of Acceptance, Waiver, and Consent (AWC) in which he was fined \$10,000, suspended from association with any NASD member in any capacity for 10 days, and required to requalify as an investment company products/variable contracts principal (Series 26) within 90 days of acceptance of the AWC. If Winkel fails to requalify, he will be precluded from acting in any capacity requiring a Series 26 license until he passes the exam. Without admitting or denying the allegations, Winkel consented to the described sanctions and to the entry of findings that he made a \$5,000 investment in a private placement of securities and failed to provide prior written notice to his member firm describing the proposed transaction, his proposed role, and stating whether he would receive selling compensation in connection with the transaction. The findings also stated that Winkel failed to timely or adequately supervise an individual to ensure that the individual ceased to be connected with the unsupervised sales of unapproved products away from his/her member firm and to ensure the individual's termination from the firm.

Winkel's suspension began July 3, 2000, and concluded at the close of business on July 12, 2000. (NASD Case #C3B000007)

August Actions

None

September Actions

Brian Alexander Vasiljevich (CRD #1949834, Registered Representative, Brooklyn, New York) was barred from association with any NASD member in any capacity. The sanction was based on findings that Vasiljevich participated in private securities transactions without providing prior written notice to his member firm. (NASD Case #C3B000002)

District 4 - Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota

July Actions

None

August Actions

Timothy George Brew (CRD #2315278, Registered Representative, Maplewood, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$25,000 and suspended from association with any NASD member in any capacity for one year. The fine must be paid before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Brew consented to the described sanctions and to the entry of findings that he effected and submitted order tickets for the purchase of 160,000 shares of American Depository Receipts, each of which were purported to have been effected on a simultaneous riskless principal basis, when he knew that the entity he placed on the order ticket as a seller was not a party to the transaction.

Brew's suspension began July 17, 2000, and will conclude at the close of business on July 16, 2001. (NASD Case #C04000025)

Christopher Edwin Grant (CRD #2752229, Registered Representative, Raytown, Missouri) submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 30 days. The fine must be paid before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Grant consented to the described sanctions and to the entry of findings that, without the knowledge or approval of a public customer, he completed a beneficiary designation on an annuity application naming himself as the beneficiary.

Grant's suspension began July 17, 2000, and concluded at the close of business on August 16, 2000. (NASD Case #C04000007)

Charles Marvin Hunsel (CRD #2993883, Registered Representative, Wentzville, Missouri) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined

\$5,000 and suspended from association with any NASD member in any capacity for 60 days. The fine must be paid before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Hunsel consented to the described sanctions and to the entry of findings that he participated in a private securities transaction without giving prior written notice to, or receiving written approval from, his member firm.

Hunsel's suspension began July 17, 2000, and concluded at the close of business on September 15, 2000. (NASD Case #C04000022)

Mark Jerome Koetting (CRD #2277618, Registered Representative, Norwalk, Connecticut) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 10 business days. The fine must be paid before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Koetting consented to the described sanctions and to the entry of findings that he engaged in an outside business activity and received compensation for such activity without providing prompt written notification to his member firm.

Koetting's suspension began July 17, 2000, and concluded at the close of business on July 28, 2000. (NASD Case #C04000023)

John C. Welling (CRD #2837015, Registered Representative, Lee's Summit, Missouri) was barred from association with any NASD member in any capacity. The sanction was based on findings that Welling forged a public customer's signature on checks totaling \$6,500 and converted the funds to his own use without the knowledge or consent of the customer. (NASD Case #C04000008)

Michael Levan Woods (CRD #2212755, Registered Representative, Springfield, Missouri) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$16,000 and suspended from association with any NASD member in any capacity for two years. The fine must be paid before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Woods consented to the described sanctions and to the entry of findings that he participated in private securities transactions without providing prior written notice to, and receiving written approval from, his member firm.

Woods' suspension began on July 17, 2000, and will conclude at the close of business on July 16, 2002. (NASD Case #C04000024)

September Actions

Stacy Brian Beaton (CRD #1759737, Registered Representative, Rapid City, South Dakota) was barred from association with any NASD member in any capacity. The sanction was based on findings that Beaton failed to respond to NASD requests for information. (NASD Case #C04000013)

Richard Scott Ginsberg (CRD #1516467, Registered Representative, Ft. Lauderdale, Florida) submitted an Offer of Settlement in which he was fined \$50,000, suspended from association with any NASD member in any capacity for 18 months, and required to pay \$266,650, plus interest, in restitution to customers. The fine and restitution must be paid before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Ginsberg consented to the described sanctions and to the entry of findings that he defrauded customers by recklessly making misstatements and omissions of material fact and baseless price predictions.

Ginsberg's suspension began August 21, 2000, and will conclude at the close of business on February 20, 2002. (NASD Case #C04000002)

Christopher Brian Jones (CRD #2867623, Registered Representative, St. Louis, Missouri) submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for 10 business days. In light of the financial status of the respondent, no monetary sanction has been imposed. Without admitting or denying the allegations, Jones consented to the described sanction and to the entry of findings that he affixed a public customer's signature to a variable life insurance application supplement without the customer's knowledge or consent.

Jones' suspension began August 21, 2000, and concluded at the close of business on September 1, 2000. (NASD Case #C04000027)

District 5 - Alabama, Arkansas, Kentucky, Louisiana, Mississippi, Oklahoma, and Tennessee

July Actions

Jeffrey Dale Bates (CRD #2386066, Registered Representative, Stephens City, Virginia) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Bates consented to the described sanction and to the entry of findings that he received a \$6,500 check from a public customer to be deposited into new accounts for the benefit of the customer's son, failed to deposit the funds, and, instead, deposited the check into the account of another customer to offset previous losses incurred in the account, without the first customer's knowledge or consent. (NASD Case #C05000027)

Pan-American Financial Advisors (CRD #15578, New Orleans, Louisiana) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$7,500, jointly and severally with an individual. The firm was fined an additional \$5,000 and required to conduct an internal audit to ensure that all mutual fund liquidation transaction commissions incorrectly charged to the customer were properly refunded within 90 days of acceptance of the AWC by the NAC and to report the audit results, in writing, to the NASD. Without admitting or denying the allegations, the firm consented to the described allegations and to the entry of

findings that the firm, acting through an individual, engaged in a securities business while failing to maintain the required minimum net capital and failed to give immediate telegraphic notice that its net capital was below the required minimum. The findings also stated that the firm, acting through the individual, failed to record aggregate receivables due from its clearing firm, inaccurately reported the firm's net capital on FOCUS Part I and Part II reports, and charged commissions to customer accounts in connection with mutual fund liquidation transactions without disclosing that the transactions would have been free if they had been conducted directly with the mutual fund. In addition, the firm allowed an individual to act in the capacity of a general securities principal while not properly registered with the NASD due to the firm's failure to file a Form U-4. (NASD Case #C05000025)

Sylvia Bonin Perez (CRD #1558521, Registered Representative, Lafayette, Louisiana) submitted an Offer of Settlement in which she was fined \$10,000 and suspended from association with any NASD member in any capacity for 10 business days. Without admitting or denying the allegations, Perez consented to the described sanctions and to the entry of findings that she accepted \$185,000 in currency from public customers for the purchase of securities, retained possession of the currencies for up to two months prior to purchasing the securities or returning a portion of the amount to the customers. The findings also stated that Perez failed and neglected to report the receipts of currency to her member firm as required by the SEC.

Perez's suspension began June 19, 2000, and concluded at the close of business on June 30, 2000. (NASD Case #C05990057)

Brian William Spencer (CRD #2262929, Registered Principal, Lexington, Kentucky) submitted an Offer of Settlement in which he was suspended from association with any NASD member in any principal capacity for six months and required to requalify as a general securities principal by taking and passing the Series 24 exam. If Spencer fails to requalify within the six-month period, he will be suspended in that capacity until he does complete and pass the exam. In light of the financial status of the respondent, no monetary sanction has been imposed. Without admitting or denying the allegations, Spencer consented to the described sanctions and to the entry of findings that he failed and neglected to exercise reasonable and proper supervision of his firm's associated person and its registered representative.

Spencer's suspension began June 19, 2000, and will conclude at the close of business on December 18, 2000. (NASD Case #C05000006)

Robert Gordon Wathen, Sr. (CRD #1007396, Registered Representative, Ft. Mitchell, Kentucky) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Wathen consented to the described sanction and to the entry of findings that he received a \$2,451.61 check from a public customer for deposit in her individual retirement account, failed and

neglected to deposit the funds, and, instead, made improper use of the funds by retaining the proceeds of the check for 14 months without the customer's knowledge or consent. (NASD Case #C05000024)

August Actions

Jere Locke Beasley, Jr., (CRD #1593313, Registered Supervisor, Montgomery, Alabama) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Beasley consented to the described sanction and to the entry of findings that he executed unauthorized purchase and sale transactions in the account of a public customer. (NASD Case #C05000032)

Heath Anthony Butler (CRD #2509418, Registered Representative, New Orleans, Louisiana) submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Butler consented to the described sanction and to the entry of findings that he signed and delivered investment contracts to purchasers that contained fraudulent and deceptive misrepresentations regarding the uses to be made of the invested funds and the risks of the investments. The findings also stated that Butler engaged in private securities transactions without prior written notice to, and approval from, his member firm and made improper use of the customers' funds. (NASD Case #C05000006)

Laura Chapman Ehrenzeller (CRD #2804394, Registered Representative, Titusville, Florida) was barred from association with any NASD member in any capacity. The sanction was based on findings that Ehrenzeller submitted a false application for a deferred variable annuity to her member firm, forged a public customer's signature on a check to pay for the annuity, and accepted \$10,350 in commissions from the sale of the annuity under false pretenses. (NASD Case #C05990056)

Gary Paul Schmidt (CRD #1264908, Registered Representative, Point Pleasant, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$7,500, which includes disgorgement of approximately \$3,000 in commissions, and suspended from association with any NASD member in any capacity for one month. Without admitting or denying the allegations, Schmidt consented to the described sanctions and to the entry of findings that he exercised discretionary transactions in the account of a public customer without prior written authorization from the customer and prior written acceptance of the account as discretionary by his member firm.

Schmidt's suspension began August 7, 2000, and concluded at the close of business on September 6, 2000. (NASD Case #C05000030)

September Actions

Pat Lee Gilliland (CRD #221888, Registered Representative, Jackson, Mississippi) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$2,500 and suspended from association with any NASD member in any capacity for 15 business days. Without admitting or denying the allegations, Gilliland consented to the described sanctions and to the entry of findings that he engaged in outside business activities without providing prior written notice to his member firm.

Gilliland's suspension began August 21, 2000, and concluded at the close of business on September 11, 2000. (NASD Case #C05000033)

Charles Douglas Gulley, Jr. (CRD #1320916, Registered Representative, Ocean Springs, Mississippi) was fined \$25,000, suspended from association with any NASD member in any capacity for two years, and barred from association with any NASD member in any capacity. The fine is due and payable prior to reassociation with a member firm following the suspension and bar. The sanctions were based on findings that Gulley converted to his own use \$1,465,134.62 received from public customers for investment, and converted to his own use \$5,000 received from a customer for payment of insurance premiums. The findings also stated that Gulley failed to respond in a complete and timely manner to NASD requests for information.

Gulley's suspension began August 21, 2000, and will conclude at the close of business on August 20, 2002. (NASD Case #C05990034)

Ridgmont Securities, Inc. (CRD #15253, Roanoke, Texas) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$38,500. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it engaged in the sale of unregistered securities in connection with an offering to nonaccredited investors when the offering was required to be registered. The NASD found that the firm published and distributed sales literature in connection with the offering that lacked a balanced presentation of the risks of the security, contained unwarranted and misleading statements, omitted material facts, and included exaggerated statements and claims. The findings stated that the firm failed to prepare adequate written supervisory procedures covering the distribution of direct participation programs. The NASD also found that the firm failed to enforce customer suitability requirements on offerings and failed to document the suitability of the offerings for income-oriented investors. In addition, the findings stated that the firm participated in an offering where units were distributed to public customers on terms different from those offered to other public customers and were not disclosed in offering documents. Moreover, the firm caused inaccurate and misleading telephone solicitations to be made to customers and failed to conduct due diligence in connection with offerings. (NASD Case #C05000035)

Marcus Eugene Rivers (CRD #1170703, Registered Representative, Mobile, Alabama) was barred from association with any NASD member in any capacity. The sanction was based on findings that Rivers received checks totaling \$93,764.85 from a public customer for investment purposes, invested \$35,000 in an IRA for the customer, and converted the remaining \$58,764.85 for his own use and benefit. The findings also stated that Rivers failed to respond to NASD requests for information. (NASD Case #C05990054)

William Larry Sherman (CRD #2444656, Registered Representative, Laurel, Mississippi) submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for two years. In light of the financial status of the respondent, no monetary sanction has been imposed. Without admitting or denying the allegations, Sherman consented to the described sanction and to the entry of findings that he engaged in private securities transactions without providing prior written notice to his member firm.

Sherman's suspension began August 21, 2000, and will conclude at the close of business on August 20, 2002. (NASD Case #C05000031)

District 6 - Texas

July Actions

None

August Actions

Danny Paul Fletcher (CRD #2428135, Registered Representative, Dallas, Texas) was fined \$20,000, suspended from association with any NASD member in any capacity for 30 days, and barred from association with any NASD member in any capacity. The fine is due and payable upon reentry into the securities industry. The sanctions were based on findings that Fletcher engaged in outside business activities and failed to provide prompt written notice of such activities to his member firm. Fletcher also failed to respond to NASD requests for information.

Fletcher's suspension began August 7, 2000, and concluded at the close of business on September 5, 2000. (NASD Case #C06990024)

Kenneth Charles Meissner (CRD #601189, Registered Representative, Fair Oaks Ranch, Texas) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Meissner consented to the described sanction and to the entry of findings that he participated in a private securities transaction and failed to provide written notice to his member firm describing this proposed transaction and his role in it, and whether he had received or might receive selling compensation in connection with this transaction. (NASD Case #C06000010)

Michael Ernest Watts (CRD #1777078, Registered Representative, Sugarland, Texas) submitted an Offer of Settlement in which he was fined \$10,000, suspended from association with any NASD member in any capacity for one year, and required to pay an \$81,514.11 arbitration award. The fine and arbitration award must be paid before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Watts consented to the described sanctions and to the entry of findings that he failed to honor a New York Stock Exchange arbitration award. Watts also failed to respond to NASD requests for information.

Watts' suspension began July 17, 2000, and will conclude at the close of business on July 16, 2001. (NASD Case #C06000002)

September Actions

Buckman, Buckman & Reid, Inc. (CRD #23407, Red Bank, New Jersey), H. John Buckman (CRD #1090909, Registered Principal, Little Silver, New Jersey) and Robert Martin Snyder (CRD #2619409, Registered Principal, Alt. Highlands, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$7,500. In addition, the firm and Buckman were censured and fined \$20,000, jointly and severally; the firm, Buckman, and Snyder were censured and fined \$10,000, jointly and severally. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Buckman, maintained written supervisory procedures that were materially deficient in several areas. The findings also stated that the firm, acting through Buckman, failed to implement the Firm Element of the NASD's Continuing Education Program, including a failure to develop a needs analysis and training program for the firm's covered registered persons. In addition, the NASD found that the firm failed to include the time of entry on order tickets and failed to indicate on the memoranda for Nasdaq® and non-Nasdaq security transactions the name of each dealer contacted and the quotations received to determine the best inter-dealer market.

The NASD also determined that the firm, acting through Buckman, acted as the sole underwriter in a private offering and distributed an offering memorandum that failed to disclose the date upon which the firm would cease offering shares to the public and failed to disclose that the customer funds would be returned if the firm failed to sell the minimum number of shares. Also, the NASD found that the firm failed to timely utilize the browse function in Automated Confirmation Transaction ServiceSM (ACTSM) to accept or decline transactions in Nasdaq securities within 20 minutes of execution. In addition, the firm, acting through Buckman, allowed Snyder, the firm's FINOP, to function in the capacity of a general securities principal without being registered in that capacity. (NASD Case #C06000014)

District 7 - Florida, Georgia, North Carolina, South Carolina, Virginia, Puerto Rico, the Canal Zone, and the Virgin Islands

July Actions

Mark Steven Balbirer (CRD #2297951, Registered Representative, Sunrise, Florida) was barred from association with any NASD member in any capacity. The sanction was based on findings that Balbirer effected an unauthorized transaction in a customer account. (NASD Case #C07000001)

James Oakley Baxter, Jr. (CRD #1176297, Registered Representative, Norfolk, Virginia) was barred from association with any NASD member in any capacity. The NAC imposed the sanction following appeal of an OHO decision. The sanction was based on findings that Baxter invested customer funds in limited liability companies without customer authorization. Baxter also failed to respond to an NASD request for information. (NASD Case #C07990016)

Kurt Francis Chatham (CRD #33296, Registered Representative, Hobe Sound, Florida) submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for two years. Without admitting or denying the allegation, Chatham consented to the described sanction and to the entry of findings that he made improper use of approximately \$20,000 in funds of a public customer, fabricated an account statement, and provided a copy of that statement to the customer. According to the findings, the fabricated statement indicated that the customer's funds were in an account titled in her name, which was untrue, and also listed Chatham as the account executive, when he was not registered or associated with the member firm carrying the account.

Chatham's suspension began June 19, 2000, and will conclude at the close of business on June 18, 2002. (NASD Case #C07000031)

Patrice Cohen (CRD #1643865, Registered Representative, Tampa, Florida) submitted a Letter of Acceptance, Waiver, and Consent in which she was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Cohen consented to the described sanction and to the entry of findings that she completed change forms for client accounts that modified the amounts invested by each client through automatic payroll deductions into tax-deferred annuity accounts, without the authorization or knowledge of her clients. The findings also stated that Cohen forged her clients' names to the change forms and received thousands of dollars in unearned commissions from her member firm. (NASD Case #C07000036)

Roland Imre Greenspan (CRD #1453740, Registered Principal, Loxahatchee, Florida) and Joseph David Belcastro (CRD #1415745, Registered Principal, Amityville, New York) submitted Offers of Settlement in which Greenspan was fined \$10,000 and suspended from association with any NASD member in any principal or supervisory capacity for two years. Belcastro was fined \$6,000 and suspended from association with any NASD member in the capacity of a FINOP for 15 business days. The fines must be

paid before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that Greenspan failed to establish, maintain, and enforce written supervisory procedures reasonably designed to achieve compliance by his member firm with applicable laws, rules, and regulations relating to market making and unauthorized transactions in customer accounts. The NASD also found that Greenspan failed to report customer complaints received by his member firm and failed to take reasonable measures to address, investigate, and resolve numerous customer complaints of unauthorized trades filed against an individual or to prevent such misconduct by the individual. The findings also stated that Belcastro permitted his member firm to conduct a securities business while failing to meet its minimum net capital requirement, failed to file notices of net capital deficiencies within the required time period, and filed an incomplete notice for a net capital deficiency.

Greenspan's suspension began June 19, 2000, and will conclude at the close of business on June 18, 2002. Belcastro's suspension began June 19, 2000, and concluded at the close of business on July 11, 2000. (NASD Cases #C07000008 and #C07000025)

Mark Andrew Greven (CRD #1453418, Registered Representative, Roswell, Georgia) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for one year. The fines must be paid before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Greven consented to the described sanctions and to the entry of findings that he intercepted a customer complaint that was faxed to his branch manager and failed to disclose it to his branch manager.

Greven's suspension began June 19, 2000, and will conclude at the close of business on June 18, 2001. (NASD Case #C07000035)

Stephen Roger Lennox, Jr. (CRD #2613210, Registered Representative, Smyrna, Georgia) was barred from association with any NASD member in any capacity. The sanction was based on findings that Lennox effected unauthorized transactions in a customer's account and made unsuitable recommendations to the customer. (NASD Case #C07990063)

August Actions

Anderson & Strudwick, Inc. (CRD #48, Richmond, Virginia) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that associated persons of the firm served as officers and directors of publicly traded companies while the firm made a market in the companies' stock and engaged in purchase and sale transactions with its customers. The NASD found that, in

connection with these transactions, the firm failed on a regular basis to disclose in writing, at or prior to the completion of the transaction, the existence of its control relationship with the companies. (NASD Case #C07000038)

John Edwin Evans (CRD #1649451, Registered Principal, Dunwoody, Georgia) was barred from association with any NASD member in any capacity and ordered to pay \$19,976.36, plus interest, in restitution to public customers. The sanctions were based on findings that Evans made false and misleading statements and impermissible guarantees against loss to induce customers to purchase securities. Evans also failed to respond to NASD requests for information. (NASD Case #C07990035)

Jon Allison Horton (CRD #2377125, Registered Representative, Cleveland, North Carolina) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Horton consented to the described sanction and to the entry of findings that, in his capacity as church treasurer, he converted approximately \$50,000 in church funds to his own use. (NASD Case #C07000045)

Christopher Lee Miano (CRD #2847056, Registered Representative, Deerfield Beach, Florida) submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity and ordered to pay \$53,704.85, plus interest, in restitution to public customers. Proof of restitution with interest shall be a prerequisite to any application or request for relief from any statutory disqualification. Without admitting or denying the allegations, Miano consented to the described sanctions and to the entry of findings that he effected unauthorized transactions in the accounts of public customers. The findings also stated that Miano falsely represented to a customer that he had effected the purchase and sale of certain warrants in the customer's accounts at a profit, sent false confirmations of those transactions, and sent a false confirmation for a transaction that had not been effected. Miano also failed to appear for an on-the-record interview. (NASD Case #C07000025)

September Actions

Bryant Edward Banks (CRD #2090317, Registered Representative, Dunwoody, Georgia) was fined \$10,000, suspended from association with any NASD member in any capacity for one year, and barred from association with any NASD member in any capacity. In addition, Banks was ordered to pay \$30,683.42, plus prejudgment interest, in restitution, to public customers. The fine must be paid before any application for reentry into the securities industry will be considered. The sanctions were based on findings that Banks recommended and implemented a course of trading in a public customer's account which included an undue concentration of assets in a historically unprofitable company, options, and margin trades. These investments were unsuitable for the customer given her financial condition, limited income, and short-term investment horizon. Banks also failed to respond to an NASD request for information.

Bank's suspension began August 21, 2000, and will conclude at the close of business on August 20, 2001. (NASD Case #C07000002)

Rowan Bernard Cecil (CRD #1573800, Registered Representative, Gulf Breeze, Florida) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$6,000 and suspended from association with any NASD member in any capacity for 30 days. The fine must be paid before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Cecil consented to the described sanctions and to the entry of findings that he participated in a private securities transaction without providing written notification to, and receiving approval from, his member firm.

Cecil's suspension began August 21, 2000, and concluded at the close of business on September 20, 2000. (NASD Case #C07000047)

Len Kenneth Furman (CRD #1964317, Registered Principal, Bradenton, Florida) was barred from association with any NASD member in any capacity and ordered to pay \$12,561.36, plus interest, in restitution to customers. The sanctions were based on findings that Furman failed to disclose to the customers who purchased promissory notes that the issuer would pay sales commissions of up to 11 percent to a company that Furman owned. Furman also participated in private securities transactions without giving prior written notice to, or receiving written approval from, his member firm and signed false and misleading affidavits for use in an NASD arbitration proceeding. (NASD Case #C07990033)

J. P. Turner & Company, LLC (CRD #43177, Atlanta, Georgia) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$20,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to ensure that its designated director of compliance had taken and passed the general securities principal licensing examination in a timely fashion. The findings also stated that the firm failed to preserve required records relating to its involvement in a best efforts, contingent private placement offering. (NASD Case #C07000049)

Michael Anthony Scaramellino (CRD #2497751, Registered Representative, Boca Raton, Florida) submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Scaramellino consented to the described sanction and to the entry of findings that he made intentional or reckless material misrepresentations to public customers to induce them to purchase shares of stock. The findings also stated that Scaramellino effected an unauthorized purchase of stock in the account of a public customer. (NASD Case #C07000024)

District 8 - Illinois, Indiana, Michigan, part of upstate New York (the counties of Monroe, Livingston, and Steuben, and the remainder of the state west of such counties), Ohio, and Wisconsin

District 8A - Chicago

July Actions

Brian Lamont Dale (CRD #2521526, Registered Representative, South Holland, Illinois) was barred from association with any NASD member in any capacity, and ordered to repay his member firm \$2,798.56 in insurance commissions. The sanctions were based on findings that Dale used another agent's name and code number to submit insurance applications in order to wrongfully receive commissions totaling \$2,798.56 from the firm. Dale also failed to respond to NASD requests for information. (NASD Case #C8A990043)

Marcus Kevin Hughes (CRD #1602626, Registered Principal, Chicago, Illinois) was barred from association with any NASD member in any capacity and ordered to pay \$834,103.64 in restitution to public customers. The sanctions were based on findings that Hughes made misrepresentations of material facts to investors and potential investors in connection with the purchase or sale of securities and effected private securities transactions. In addition, Hughes permitted an unregistered person to sell securities. (NASD Case #C8A990032)

Liberty National Securities, Inc. (CRD #17955, Dundee, Michigan) and Robert James Guyer (CRD #1292105, Registered Principal, Dundee, Michigan) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was expelled from membership with the NASD and Guyer was 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 Guyer, permitted a statutorily disqualified person to be associated with the firm. (NASD Case #C8A000032)

Kenneth Scott Milne (CRD #2828038, Registered Representative, Ypsilanti, Michigan) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for two years. The fine must be paid prior to reassociation with a member firm following the two-year suspension or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding. Without admitting or denying the allegations, Milne consented to the described sanctions and to the entry of findings that he affixed the signatures of at least 92 individuals, all of whom were public customers, on documents associated with a variable annuity products, without the customers' knowledge or consent.

Milne's suspension began June 19, 2000, and will conclude at the close of business on June 18, 2002. (NASD Case #C8A000028)

Stephen Douglass Pratt (CRD #803598, Registered Representative, West Des Moines, Iowa) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 31 days. The fine must be paid prior to reassociation with a member firm following the suspension. Without admitting or denying the allegations, Pratt consented to the described sanctions and to the entry of findings that he sent sales literature via e-mails to members of the public concerning the prospects for the market price of shares of stock, and he failed to submit the sales literature to a registered principal of his member firm prior to sending the e-mails to the public. Furthermore, the NASD found that one of the e-mails contained statements and claims that were exaggerated, unwarranted, and misleading. Pratt also failed to respond to NASD requests for information.

Pratt's suspension began on July 3, 2000, and concluded at the close of business on August 2, 2000. (NASD Case #C8A000033)

Robert L. Tisinai (CRD #2823214, Registered Representative, Harwood Heights, Illinois) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for six months. The fine must be paid before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Tisinai consented to the described sanctions and to the entry of findings that he affixed the signatures of public customers on takeover forms without the customers' knowledge or consent.

Tisinai's suspension began June 19, 2000, and will conclude at the close of business on December 18, 2000. (NASD Case #C8A990082)

August Actions

Jeffrey Alan Klawitter (CRD #1439576, Registered Representative, Downers Grove, Illinois) was barred from association with any NASD member in any capacity. The sanction was based on findings that Klawitter engaged in improper use of customers' funds by instructing public customers to pay \$1,550 for investment services by writing personal checks to him. Klawitter accepted and cashed the checks for his personal use. Klawitter also failed to respond to NASD requests for information. (NASD Case #C8A000006)

Sierra Brokerage Services, Inc. (CRD #36573, Columbus, Ohio) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$15,000, of which \$5,000 shall be fined jointly and severally with an individual. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to report to ACT transactions in OTC equity securities within 90 seconds of execution and failed to append the appropriate modifier to an OTC equity transaction after 4 p.m. The findings also stated that the firm failed to

memorialize the correct time of execution and time of entry on order tickets, and failed to establish, maintain, and enforce written supervisory procedures reasonably designed to achieve compliance with applicable securities laws, regulations, and NASD rules with respect to trading and market-making activities. (NASD Case #C8A000036)

September Actions

Richard Alan Blake (CRD #813822, Registered Representative, DeKalb, Illinois), Frank Thomas Devine (CRD #2035363, Registered Representative, Oswego, Illinois), and Timothy James Fergus (CRD #1995006, Registered Representative, Lisle, Illinois). Blake was fined \$35,000, suspended from association with any NASD member in any capacity for 90 days, and required to requalify by exam as an investment company and variable contracts products representative. Devine was fined \$34,825.42, suspended from association with any NASD member in any capacity for 45 days, and required to requalify by exam as an investment company and variable contracts product representative. Fergus was fined \$8,000, 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 product representative. The sanctions were based on findings that Blake, Devine, and Fergus sold securities in the form of promissory notes without providing prior written notice to, and receiving approval from, their member firm.

This action was called for review by the NAC and the sanctions are not in effect pending consideration of the review. (NASD Cases #C8A990025, C8A990026 and C8A990027)

Michael Allan Michelson (CRD #2254190, Registered Representative, Chicago, Illinois) was fined \$15,000 and barred from association with any NASD member in any capacity. The fine must be paid before any application for reentry into the securities industry will be considered. The sanctions were based on findings that Michelson engaged in unauthorized trading in the accounts of public customers and guaranteed a customer against loss. Michelson also failed to respond to an NASD request for information and conducted securities transactions while failing to be registered in the appropriate capacity. (NASD Case #C8A990074)

David George Rhodes (CRD #871317, Registered Representative, Pewaukee, Wisconsin) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$9,250 and suspended from association with any NASD member in any capacity for three months. Without admitting or denying the allegations, Rhodes consented to the described sanctions and to the entry of findings that he engaged in private securities transactions and outside business activities, and failed to give written notice to, and receive written approval from, his member firm of his intention to engage in such activities.

Rhodes' suspension began August 7, 2000, and will conclude at the close of business on November 6, 2000. (NASD Case #C8A000040)

Curtis LeRoy Whipple (CRD #1657643, Registered Principal, Canton, Michigan) submitted an Offer of Settlement in which he was fined \$10,000 and suspended from association with any NASD member in any capacity for 10 business days. Without admitting or denying the allegations, Whipple consented to the described sanctions and to the entry of findings that he accepted compensation from an entity concerning the sale of interests in public pay telephone sale leaseback contracts to public customers and failed to provide prompt, written notice to his member firm of his outside business activities. The findings also stated that Whipple entered into written settlement agreements with public customers using a member firm's letterhead, without the firm's knowledge or consent.

Whipple's suspension began July 24, 2000, and concluded at the close of business on August 4, 2000. (NASD Case #C8A000026)

District 8B - Cleveland

July Actions

John Patrick DiPre (CRD #1223670, Registered Representative, Solon, Ohio) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$32,453.77, which included disgorgement of \$17,453.77, and suspended from association with any NASD member in any capacity for two years. The fine must be paid prior to reassociation with a member firm following the suspension or prior to any request for relief from any statutory disqualification. Without admitting or denying the allegations, DiPre consented to the described sanctions and to the entry of findings that he sold promissory notes to public customers away from his member firm and received \$17,453.77 in commissions. DiPre failed to provide his firm with written notice describing the transactions and his role and also failed to receive written approval from his firm to participate in the transactions. The findings also stated that DiPre did not respond completely to NASD requests for information and documents.

DiPre's suspension began June 19, 2000, and will conclude at the close of business on June 18, 2002. (NASD Case #C8B000007)

Michael Robblee Ferguson (CRD #2220143, Registered Representative, East Amherst, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Ferguson consented to the described sanction and to the entry of findings that he failed to respond to NASD requests for information. (NASD Case #C8B000006)

August Actions

None

September Actions

Adolphus Cleveland DuBose, Jr. (CRD #72451, Registered Representative, Columbus, Ohio) submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for 60 days, barred from association with any NASD member in the capacity of a FINOP, and required to requalify as a general securities principal before acting again in that capacity. In light of the financial status of the respondent, no monetary sanction has been imposed. Without admitting or denying the allegations, DuBose consented to the described sanctions and to the entry of findings that a member firm, acting through DuBose, effected transactions in securities when it failed to maintain the minimum net capital required by SEC Rule 15c3-1.

DuBose's suspension began August 21, 2000, and will conclude at the close of business on October 19, 2000. (NASD Case #C8B000009)

Deborah Oprean (CRD #2143425, Registered Representative, Amherst, New York) was barred from association with any NASD member in any capacity. The sanction was based on findings that Oprean failed to respond to NASD requests for information. (NASD Case #C8B000005)

District 9 - Delaware, Pennsylvania, West Virginia, District of Columbia, Maryland, and New Jersey

District 9A - Philadelphia

July Actions

Joel Mark Warren (CRD #2676655, Registered Principal, Hyattsville, Maryland) was barred from association with any NASD member in any capacity. The sanction was based on findings that Warren caused the withdrawal of \$286,000 from an account maintained by a public customer and transferred the funds to other bank accounts without the customer's authorization. The findings also stated that Warren failed to respond to NASD requests for information. (NASD Case #C9A000004)

August Actions

Daniel Dwight Manoff (CRD #1720001, Registered Representative, Poolesville, Maryland) was barred from association with any NASD member in any capacity. The sanction was based on findings that Manoff made unauthorized charges to a credit card that belonged to a coworker.

Manoff has appealed this action to the NAC and the sanction is not in effect pending consideration of the appeal. (NASD Case #C9A99007)

September Actions

Brian Michael D'Alfonso (CRD #2595839, Registered Representative, Philadelphia, Pennsylvania) was barred from association with any NASD member in any capacity. The sanction was based on findings that D'Alfonso failed to respond completely to NASD requests for information. (NASD Case #C9A000001)

Joseph Martin Orlando (CRD #1750825, Registered Representative, Dover, Delaware) was barred from association with any NASD member in any capacity. The sanction was based on findings that Orlando submitted a false Form U-4 in connection with his employment at a member firm. Orlando also failed to respond to NASD requests to appear for on-the-record interviews. (NASD Case #C9A990060)

Brooks David Robinson (CRD #1300829, Registered Representative, Baltimore, Maryland) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 14 days. Without admitting or denying the allegations, Robinson consented to the described sanctions and to the entry of findings that he exercised effective control over the account of a public customer and recommended numerous purchases and sales of securities without having reasonable grounds for believing that such transactions were suitable for the customer based upon the size and frequency of the transactions and the nature of the account.

Robinson's suspension is deemed to have been served based upon a 14-day suspension imposed by a member firm. (NASD Case #C9A000025)

District 9B - New Jersey

July Actions

Vikram Randhawa (CRD #2498370, Registered Representative, Albertson, New York) was fined \$50,000, suspended from association with any NASD member in any capacity for one year, barred from association with any NASD member in any capacity, and ordered to requalify by examination before reassociating with any member firm. The fine must be paid before any application for reentry into the securities industry will be considered. The sanctions were based on findings that Randhawa sold shares of stock to public customers in states that he was not registered. Furthermore, Randhawa arranged for a coworker who was registered in the states to take credit for the sales by misrepresenting that he was the registered representative for these securities transactions on his member firm's records. Randhawa also failed to respond to NASD requests for information.

Randhawa's suspension began June 19, 2000, and will conclude at the close of business on June 18, 2001. (NASD Case #C9B990028)

Steven Owen Sahagian (CRD #1392244, Registered Representative, Oradell, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for five days. Without admitting or denying the allegations, Sahagian consented to the described sanctions and to the entry of findings that, at the direction of his sales manager, Sahagian signed his name on a life insurance policy application that falsely represented that he had witnessed a customer sign such application.

Sahagian's suspension began July 3, 2000, and concluded at the close of business on July 7, 2000. (NASD Case #C9B000016)

USA Investments Incorporated (CRD #41280, Morristown, New Jersey), Richard Paul Rodgers (CRD #501208, Registered Principal, Morris Plains, New Jersey), and John Henry Suhre (CRD #1670360, Registered Principal, Fairless Hills, Pennsylvania). The firm was expelled from membership with the NASD, suspended from membership in the NASD for two years, and fined \$160,000. Rodgers was suspended from association with any NASD member in any capacity for two years, barred from association with any NASD member in any capacity, and fined \$185,000. Suhre was barred from association with any NASD member in any capacity and fined \$30,000. The fines must be paid before any application for reentry into the securities industry will be considered. The sanctions were based on findings that the firm and Rodgers filed Secured Demand Note Collateral Agreements (agreements) with the NASD that contained material misrepresentations to obtain approval to permit the firm to classify the agreements as equity capital, instead of debt, in order to avoid being subject to the debt-equity requirements. In addition, the firm, acting through Rodgers, gave false testimony during an on-the-record interview; falsified the firm's corporate books and records; and provided the NASD with false, forged corporate resolutions purporting to reflect the issuance of one share of preferred stock to the lenders listed in the agreements. Moreover, the firm, acting through Rodgers, failed to maintain required net capital and filed a false and misleading FOCUS Part IIA report. Rodgers also failed to respond truthfully during his on-the-record interview and failed to respond completely to an NASD request for information. Also, the firm, acting through Rodgers, permitted individuals to maintain their securities registrations with the firm even though they were not active in the firm's securities business, and the firm, acting through Rodgers and Suhre, improperly held Suhre out as the firm's registered FINOP, even though he did not perform the functions of a FINOP.

The firm and Rodgers' suspensions began June 19, 2000, and will conclude at the close of business on June 18, 2002. (NASD Case #C9B990029)

August Actions

Bruce Gregory Buscetto (CRD #1425416, Registered Principal, Newtown, Pennsylvania) submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Buscetto consented to the described sanction and to the entry of findings that he disregarded his duty of fair dealing with public customers. According to the findings, Buscetto did not research securities that he recommended to customers and misled customers by: making material misrepresentations, including price predictions; and omitting material negative information during the offer, purchase, and sale of securities. (NASD Case #C9B960019)

Vaughan & Company Securities, Inc. (CRD #18826, Ridgewood, New Jersey) and James Daniel Vaughan, III (CRD #1330813, Registered Principal, Ridgewood, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which they were censured and fined \$11,000, jointly and severally. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that they allowed an individual to act as a general securities principal of the firm when that individual was not registered in that capacity. The findings also stated that the firm, acting through Vaughan, failed to maintain written supervisory procedures, complete an annual training needs analysis, and develop and implement a written training plan so as to achieve compliance with the Firm Element of the Continuing Education rules. Furthermore, the NASD determined that the firm, acting through Vaughan, failed to maintain written supervisory procedures, or adequate supervisory procedures describing its method of supervision regarding various significant areas of its business operations. (NASD Case #C9B000020)

September Actions

Michael S. Bellina (CRD #2571176, Registered Representative, Staten Island, New York) submitted an Offer of Settlement in which he was censured, fined \$2,500, and suspended from association with any NASD member in any capacity for 90 days. The fine must be paid before any application for reentry into the securities industry will be considered. Without admitting or denying the allegations, Bellina consented to the described sanctions and to the entry of findings that he failed to respond to NASD requests for information.

Bellina's suspension will begin September 18, 2000, and will conclude on December 15, 2000. (NASD Case #C9B990031)

Lula Mae Clay (CRD #3133758, Associated Person, Teaneck, New Jersey) was barred from association with any NASD member in any capacity. The sanction was based on findings that Clay failed to disclose on a Form U-4 that she had a criminal record. (NASD Case #C9B000004)

Financial Northeastern Securities, Inc. (CRD #17007, Fairfield, New Jersey) and Eric Michael Ratner (CRD #1286523, Registered Principal, Pinebrook, New Jersey) submitted an Offer of Settlement in which they were censured and fined \$10,000, jointly and severally, and required to disgorge \$45,000, jointly and severally, to the NASD. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Ratner, violated the terms of its restrictive agreement by engaging in unauthorized business activities. (NASD Case #C9B000008)

Gary Eben Seerden (CRD #1044886, Registered Representative, Staten Island, New York) was barred from association with any NASD member in any capacity. The sanction was based on findings that Seerden failed to respond to NASD requests for information. (NASD Case #C9B990041)

[District 10 - The five boroughs of New York City, and Long Island](#)

July Actions

Robert Mark Gray (CRD #1504190, Registered Representative, Oceanside, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Gray consented to the described sanction and to the entry of findings that he caused the execution of transactions in a public customer's account without the customer's knowledge or consent. (NASD Case #C10000080)

Stephen William Guercio (CRD #1523331, Registered Representative, Staten Island, New York) submitted an Offer of Settlement in which he was fined \$15,000, suspended from association with any NASD member in any capacity for 30 days, and required to pay \$15,000 in restitution to public customers. Without admitting or denying the allegations, Guercio consented to the described sanctions and to the entry of findings that he executed unauthorized transactions in the accounts of public customers and failed to execute customer sale orders.

Guercio's suspension began on July 3, 2000, and concluded at the close of business on August 1, 2000. (NASD Case #C10000026)

Adam Harold Kaplan (CRD #2436956, Registered Representative, Brooklyn, New York) submitted an Offer of Settlement in which he was fined \$15,000 and suspended from association with any NASD member in any capacity for 90 days. Without admitting or denying the allegations, Kaplan consented to the described sanctions and to the entry of findings that he executed transactions in the account of a public customer without the prior knowledge, authorization, or consent of the customer or an individual acting on behalf of the customer's estate. The findings also stated that Kaplan entered into a settlement agreement with the customer's

estate that prohibited cooperation with NASD inquiries in violation of SEC and NASD rules.

Kaplan's suspension began June 19, 2000, and concluded on September 16, 2000. (NASD Case #C10000026)

Neil Lewis Kiperman (CRD #1971451, Registered Principal, New York, New York) submitted an Offer of Settlement in which he was censured and fined \$41,950, which includes disgorgement in the amount of \$36,950. The fine and disgorgement must be paid prior to Kiperman's reassociation with a member firm or prior to any request for relief from any statutory disqualification. Without admitting or denying the allegations, Kiperman consented to the described sanctions and to the entry of findings that, in violation of the NASD's venture capital restrictions, he sold shares of an initial public offering (IPO) that he owned within 90 days following the effective date of the offering. (NASD Case #C10950051)

John Joseph Margiotta (CRD #1742811, Registered Principal, Larchmont, New York) submitted an Offer of Settlement in which he was fined \$30,000, barred from association with any NASD member in any principal capacity, and suspended from association with any NASD member in any capacity for six months. Without admitting or denying the allegations, Margiotta consented to the described sanctions and to the entry of findings that he improperly encouraged his firm's sales force to solicit aftermarket orders prior to the completion of an IPO. The findings also stated that Margiotta enforced a "no-net sale" policy that discouraged brokers from allowing customers to sell a house stock when they so desired, absent a corresponding order to purchase a different house stock. Margiotta also failed to investigate or remedy the firm's fraudulent sales practices in connection with the sale of low-priced, highly speculative securities.

Margiotta's suspension began June 26, 2000, and will conclude on December 25, 2000. (NASD Case #C10970143)

Anthony Stephen Mundy (CRD #2077841, Registered Representative, Brooklyn, New York) submitted an Offer of Settlement in which he was fined \$10,000, suspended from association with any NASD member in any capacity for 20 days, and ordered to pay \$10,000 in restitution to a public customer. Satisfactory proof of payment of the restitution must be submitted to the NASD no later than 120 days after acceptance of this Offer. Without admitting or denying the allegations, Mundy consented to the described sanctions and to the entry of findings that he executed transactions in the accounts of public customers without their authorization, knowledge, or consent. The findings also stated that Mundy failed to execute customer sell orders.

Mundy's suspension began July 3, 2000, and concluded on July 22, 2000. (NASD Case #C10000026)

Andrew Ruscio, Jr. (CRD #2595323, Registered Representative, Brooklyn, New York) submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity and required to pay \$18,012.50, plus interest, in restitution to public customers.

Proof of restitution will be a prerequisite prior to reassociation with a member firm or prior to any request for relief from any statutory disqualification. Without admitting or denying the allegations, Ruscio consented to the described sanctions and to the entry of findings that he engaged in unauthorized transactions in the accounts of public customers and failed to execute a customer's sale order. (NASD Case #C10000026)

Stonebridge Securities, Inc. (CRD #38602, Lynbrook, New York) and Joseph Giulio Chiulli (CRD #1149276, Registered Principal, Lynbrook, New York) submitted an Offer of Settlement in which the firm and Chiulli were censured and fined \$75,000, jointly and severally. Chiulli was also barred from association with any NASD member in any principal capacity and barred from association with any NASD member in any capacity with the right to reapply for association in a non-principal capacity after three years from the date of acceptance of the Offer. Payment of the fine shall be a prerequisite before Chiulli seeks to reassociate with a member firm or requests relief from any statutory disqualification. Without admitting or denying the allegations, the firm and Chiulli consented to the described sanctions and to the entry of findings that they violated the firm's restriction agreement by effecting proprietary and equity trades, transferring customer accounts from other firms to Stonebridge, and opening an account for a new customer. The findings also stated that the firm and Chiulli failed to respond truthfully to the NASD regarding proprietary trading, new customer account forms, bank accounts not previously disclosed, the source of entries in the firm's cash blotter, and sources of revenue. The firm and Chiulli also created false entries in the firm's cash blotter to hide revenues generated by equity trading activities and filed an inaccurate FOCUS Part II report. In addition, they operated a securities business while failing to maintain the required minimum net capital and failed to notify NASD of the firm's net capital violations. Furthermore, the firm and Chiulli failed to respond to NASD requests for information and documentation. (NASD Case #C10960211)

Howard Charles Zelin (CRD #1616516, Registered Principal, Boynton Beach, Florida) submitted an Offer of Settlement in which he was censured, fined \$20,000, and suspended from association with any NASD member in any capacity for two years. Without admitting or denying the allegations, Zelin consented to the described sanctions and to the entry of findings that during the course of his member firm's pre-membership interview, he failed to disclose a \$100,000 subordinated loan to the firm, an additional \$50,000 contributed by third parties, and substantial reductions in the firm's capital due to withdrawals by himself and others. The findings also stated that Zelin operated a securities business with a net capital deficiency and permitted an individual to be employed by the firm without the written permission of the NASD as required by a restriction agreement.

Zelin's suspension began June 19, 2000, and will conclude at the close of business on June 18, 2002. (NASD Case #C10950102)

August Actions

Martin Marvin Berk (CRD #19421, Registered Principal, Jackson Heights, New York) submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Berk consented to the described sanction and to the entry of findings that he gave false and misleading information to public customers regarding his member firm's efforts to address their complaints. The findings also stated that Berk failed to provide adequate, reasonable, or heightened supervision of a registered person as required by an agreement with the New York Attorney General's Office and the firm's compliance manual. (NASD Case #C10000089)

James Joseph Crimi (CRD #2432789, Registered Representative, Brooklyn, New York) and Joseph Anthony Ricci (CRD #1446665, Registered Representative, New York, New York) submitted Offers of Settlement in which Crimi was suspended from association with any NASD member in any capacity for three months and Ricci was suspended from association with any NASD member in any capacity for four months. In addition, the respondents were required to requalify by examination as general securities representatives within 90 days. In light of the financial status of the respondents, no monetary sanctions have been imposed. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that they effected unauthorized transactions and solicited customers to purchase shares in the aftermarket prior to the effective date of an IPO. The findings also stated that Crimi opened an account and purchased shares without a public customer's permission. In addition, the NASD found that Ricci failed to disclose material facts to customer, conditioned a customer's right to purchase IPO units on his agreeing to purchase shares in the aftermarket, and made a price prediction and misrepresentation to a customer.

Ricci's suspension began July 17, 2000, and will conclude at the close of business on November 16, 2000. Crimi's suspension will begin November 20, 2000, and conclude at the close of business on February 19, 2001. (NASD Case #C10970143)

Fletcher and Faraday, Inc. (CRD #29769, Hempstead, New York), Kirk John Graham (CRD #1861660, Registered Principal, West Hempstead, New York) and Yury Sapir (CRD #2161448, Registered Principal, Brooklyn, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm and Graham were censured and fined \$17,500, jointly and severally, and firm and Sapir were censured and fined \$23,000, 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 Graham and Sapir, failed to report statistical and summary information regarding written customer complaints received by the firm to the NASD and failed to file summary reports for written customer complaints. The findings also stated that the firm, acting through Graham, failed to employ a qualified and registered FINOP. In addition, the NASD found that the firm, acting through Graham and Sapir,

failed to prepare, maintain, and enforce written supervisory procedures that addressed registration, continuing education, and annual compliance meetings. The firm, acting through Sapir, failed to provide any Firm Element Continuing Education for its covered registered persons, conduct any evaluation of its training needs, develop a training plan, or maintain records documenting its training plan or completion of training by personnel. The firm, acting through Sapir, also failed to conduct annual compliance meetings with registered personnel. (NASD Case #C10000113)

Brian Abraham Fried (CRD #2659427, Registered Representative, Smithtown, New York) submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 30 days. Without admitting or denying the allegations, Fried consented to the described sanctions and to the entry of findings that he falsified the telephone numbers of public customers on new account forms.

Fried's suspension began August 7, 2000, and concluded at the close of business on September 5, 2000. (NASD Case #C10000054)

Richard Joseph Gambale (CRD #2470972, Registered Representative, Brooklyn, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity, including clerical or ministerial functions, and required to pay \$274,500 in restitution, plus interest, to public customers. Proof of restitution is required prior to reassociation with a member firm or request for relief from any statutory disqualification. Without admitting or denying the allegations, Gambale consented to the described sanctions and to the entry of findings that he engaged in fraudulent conduct in connection with the offer and sale of securities by using an offering memorandum that represented the type of business in which his member firm would engage and continued to use the same memorandum to solicit investors even though the funds would not be used as represented. The findings also stated that Gambale engaged in private securities transactions, away from his member firm, without prior written notification to, or written approval from, his member firm. (NASD Case #C10000108)

Paul Andrew Guercio (CRD #2571702, Registered Representative, Clinton Corners, New York) submitted an Offer of Settlement in which he was fined \$20,000, suspended from association with any NASD member in any capacity for six months, and ordered to pay \$13,000 in restitution to public customers. Payment of the fine and proof of restitution are required prior to reassociation with a member firm following the suspension or prior to any request for relief from any statutory disqualification. Without admitting or denying the allegations, Guercio consented to the described sanctions and to the entry of findings that, in connection with the purchase and sale of securities in the joint account of customers, he intentionally or recklessly employed artifices, devices, or schemes to defraud; made untrue statements of material fact or omitted material facts necessary in order to make statements not misleading; or engaged in acts, prac-

tices, or courses of business which operated as a fraud or deceit. The NASD also found that Guercio failed to respond to NASD requests for written information.

Guercio's suspension began July 17, 2000, and will conclude at the close of business on January 16, 2001. (NASD Case #C10000026)

Robert Anthony Guidici Pietro (CRD #1588069, Registered Representative, Staten Island, New York) submitted an Offer of Settlement in which he was fined \$40,000, suspended from association with any NASD member in any capacity for 18 months, required to requalify as a general securities representative before acting in that capacity again, and required to pay \$70,000 in restitution to public customers. In addition, if Guidici Pietro is employed by a member firm after his suspension, he shall not be permitted to continue such employment unless the firm has adopted and implemented compliance programs and procedures with respect to Guidici Pietro. Without admitting or denying the allegations, Guidici Pietro consented to the described sanctions and to the entry of findings that he executed unauthorized transactions in the accounts of public customers without their prior knowledge, authorization, or consent. The findings also stated that Guidici Pietro failed to execute customer sell orders or to place a "stop loss" order on a security. In addition, the NASD found that Guidici Pietro falsified account documentation and provided untruthful, incomplete, misleading, or inaccurate testimony during an NASD on-the-record interview.

Guidici Pietro's suspension began on July 17, 2000, and will conclude at the close of business on January 16, 2002. (NASD Case #C10000026)

Andrew Edward Kamer (CRD #2577269, Registered Representative, Great Neck, New York) submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Kamer consented to the described sanction and to the entry of findings that he submitted false or fictitious life insurance applications. The NASD also found that Kamer failed to respond to NASD requests for information. (NASD Case #C10000074)

Janet Lorraine Keitt (CRD #2764397, Registered Representative, Amityville, New York) submitted an Offer of Settlement in which she was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Keitt consented to the described sanction and to the entry of findings that she used forged withdrawal slips to misappropriate approximately \$47,300 from the passbook savings accounts of bank customers without their knowledge, authorization, or consent. The findings also stated that Keitt failed to respond to NASD requests for information and documentation. (NASD Case #C10000081)

Jeffrey Kenneth Neuman (CRD #1424613, Registered Representative, Old Bridge, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$12,500, suspended from association with any NASD member in any capacity for 60 days, and ordered to requalify

by exam as a general securities representative prior to acting again in any capacity requiring qualification. The fine shall be due and payable prior to reassociation with a member firm following the suspension or prior to any request for relief from any statutory disqualification. Without admitting or denying the allegations, Neuman consented to the described sanctions and to the entry of findings that he executed the signatures of public customers without their authorization on to both: a form to accommodate a customer's request to transfer funds; and a Letter of Authorization to accommodate a customer's request to redeem shares. The NASD also found that Neuman reimbursed a customer \$2,000 for surrender fees assessed on the customer's account out of his personal checking account without his member firm's knowledge or consent.

Neuman's suspension began August 7, 2000, and will conclude at the close of business on October 5, 2000. (NASD Case #C10000097)

Michael Joseph Payne (CRD #2488328, Registered Representative, Staten Island, New York) was barred from association with any NASD member in any capacity. The sanction was based on findings that Payne failed to pay a \$34,168.75 arbitration award and failed to respond to NASD requests for information and to provide documents. (NASD Case #C10000002)

Vincent Paul Rossetti, Jr. (CRD #2549502, Registered Representative, Ozone Park, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity, including clerical or ministerial functions. Without admitting or denying the allegations, Rossetti consented to the described sanction and to the entry of findings that he failed to respond to questions during an NASD on-the-record interview and failed to respond to NASD requests for information and documents. (NASD Case #C10000098)

Frank Joseph Santoli (CRD #2732828, Registered Representative, Staten Island, New York) was barred from association with any NASD member in any capacity. The sanction was based on findings that Santoli entered false information on a customer's new account form and executed transactions in the account of public customers without their approval or consent. The findings also stated that Santoli failed to respond to NASD requests for information. (NASD Case #C10990177)

John Patrick Sciascia (CRD #1484276, Registered Representative, Staten Island, New York) submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity. In light of the financial status of the respondent, no monetary sanction has been imposed. Without admitting or denying the allegations, Sciascia consented to the described sanction and to the entry of findings that he engaged in unauthorized transactions in the accounts of public customers without their prior knowledge, authorization, or consent. The findings also stated that Sciascia failed to follow customer instructions to sell securities and warrants and provided untruthful, incomplete,

misleading, or inaccurate information during an NASD on-the-record interview. (NASD Case #C10000026)

Donald Arthur Sedy (CRD #2283690, Registered Representative, Greenlawn, New York) submitted an Offer of Settlement in which he was fined \$20,000, barred from association with any NASD member in any capacity with the right to reapply after three years, and ordered to pay \$18,294.25 in restitution to public customers. Payment of the fine and proof of restitution are required prior to reassociation with a member firm or request for relief from any statutory disqualification. Without admitting or denying the allegations, Sedy consented to the described sanctions and to the entry of findings that he engaged in unauthorized transactions in the accounts of public customers without their prior knowledge, authorization, or consent. (NASD Case #C10000026)

Dave Andrew Solomon (CRD #2703512, Registered Representative, Plainview, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$2,500 and suspended from association with any NASD member in any capacity for 10 business days including clerical or ministerial capacities. Without admitting or denying the allegations, Solomon consented to the described sanctions and to the entry of findings that, in an attempt to settle a customer complaint, he sent a customer a \$14,500 check without the knowledge or consent of his member firm.

Solomon's suspension began August 7, 2000, and concluded at the close of business on August 18, 2000. (NASD Case #C10000094)

Tyler Christopher Wilson (CRD #2577470, Registered Representative, Brooklyn, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity and required to pay \$21,000 in restitution to a public customer. Proof of restitution is required prior to any application for relief from any statutory disqualification. Without admitting or denying the allegations, Wilson consented to the described sanctions and to the entry of findings that he effected transactions in the account of a public customer without the prior knowledge or authority of the customer. Wilson also failed to respond to an NASD request to appear and give testimony in an on-the-record interview. (NASD Case #C10000093)

September Actions

Donny Menashe Bashkin (CRD #2239782, Registered Representative, New York, New York) was barred from association with any NASD member in any capacity and ordered to pay \$5,209, plus interest, in restitution to public customers. The sanctions were based on findings that Bashkin effected unauthorized transactions in public customer accounts. (NASD Case #C10990217)

John Leonard Bauer (CRD #2412311, Registered Representative, Bronx, New York) was barred from association with any NASD member in any capacity. The sanction was based on findings that Bauer had an impostor take the

Series 7 exam on his behalf and failed to truthfully respond during an NASD on-the-record interview. (NASD Case #C10990172)

Gerard Bruzzese (CRD #2540877, Registered Representative, Brooklyn, New York) was suspended from association with any NASD member in any capacity for one year, ordered to pay \$24,440.80, plus interest, in restitution to public customers, and barred from association with any NASD member in any capacity. The sanctions were based on findings that Bruzzese effected unauthorized securities transactions in the joint account of public customers and failed to respond to NASD requests to appear for an on-the-record interview.

Bruzzese's suspension began August 21, 2000, and will conclude at the close of business on August 21, 2001. (NASD Case #C10000023)

Jason Hamlet Carrillo (CRD #2232407, Registered Representative, Hoboken, New Jersey) was fined \$5,000, barred from association with any NASD member in any capacity, and ordered to pay \$52,778.42, plus interest, in restitution to public customers. The sanctions were based on findings that Carrillo executed transactions in the accounts of public customers without their knowledge or consent. The findings also stated that Carrillo failed to execute a customer's sell order and failed to appear for an NASD on-the-record interview. (NASD Case #C10990188)

C.J.M. Planning Corporation (CRD #5698, Pompton Lakes, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$10,000, jointly and severally with two individuals, and required to disgorge \$3,175 representing its financial benefit from effecting municipal securities transactions prior to paying an initial assessment to the MSRB. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to keep current its Form BD by failing to notify the NASD within 30 days of the changes in its business line. The findings also stated that the firm effected municipal securities transactions without having paid an initial fee to the MSRB. The NASD also found that the firm failed to maintain its minimum required net capital while conducting a securities business. (NASD Case #C10000117)

Nathaniel Duane Dean (CRD #2720407, Registered Representative, Westbury, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$12,500 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Dean consented to the described sanctions and to the entry of findings that he instructed a public customer to wire \$500 to his personal bank account. The customer was led to believe that the account was a money market account managed by a member firm and designated for his investing benefit. The NASD found that by instructing the customer to wire the funds into his personal bank account, Dean converted the customer's funds for his own use. (NASD Case #C10000124)

James Adolph Feyerabend, Jr. (CRD #2878879, Registered Representative, Middletown, Connecticut) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000, suspended from association with any NASD member in any capacity for 10 business days, and ordered to requalify as a general securities representative within 90 business days from the date the AWC was issued. If Feyerabend fails to requalify within the mandated period, he will be suspended from acting in such capacity until he successfully completes the Series 7 exam. Without admitting or denying the allegations, Feyerabend consented to the described sanctions and to the entry of findings that he purchased shares of a security for the account of public customers without their prior knowledge or consent.

Feyerabend's suspension began August 21, 2000, and concluded at the close of business on September 1, 2000. (NASD Case #C10000126)

Leon Hickenbottom (CRD #2362097, Registered Representative, Rosedale, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$32,392 and barred from association with any NASD member in any capacity. The fine, plus interest, is due and payable prior to reassociation with a member firm. Without admitting or denying the allegations, Hickenbottom consented to the described sanctions and to the entry of findings that he improperly negotiated refund checks totaling \$1,368.44 made payable to public customers of his member firm and deposited the checks into his personal account. The findings also stated that Hickenbottom misappropriated a \$110 premium payment and improperly deposited it for the benefit of a third party in order to repay a deficiency Hickenbottom had previously created in that customer's account. (NASD Case #C10000137)

Anthony Robert Iannucci (CRD #2095144, Registered Representative, Hartsdale, New York) was barred from association with any NASD member in any capacity. The sanction was based on findings that Iannucci failed to respond to questions during an NASD on-the-record interview. (NASD Case #C10000018)

David William Justini (CRD #2556885, Registered Representative, Oradell, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for 30 days and required to requalify as a general securities principal before acting in that capacity. Without admitting or denying the allegations, Justini consented to the described sanctions and to the entry of findings that he possessed note cards containing information pertaining to the Series 24 exam while taking the exam.

Justini's suspension began July 24, 2000, and concluded at the close of business on August 22, 2000. (NASD Case #C10000127)

Edward Paul McCauley (CRD #2280148, Registered Representative, Bronx, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was censured, fined \$10,000, suspended from association with any NASD member in any capacity for 10 business days, and ordered to pay restitution of \$897.63 to a public customer. McCauley must provide satisfactory proof of payment of the restitution to the NASD no later than 60 days after acceptance of this AWC. Without admitting or denying the allegations, McCauley consented to the described sanctions and to the entry of findings that he effected transactions in the accounts of public customers without their knowledge or authorization.

McCauley's suspension began August 21, 2000, and concluded at the close of business on September 1, 2000. (NASD Case #C10000134)

Douglas Edward O'Connor (CRD #2276235, Registered Representative, Stewart Manor, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, O'Connor consented to the described sanctions and to the entry of findings that he misrepresented his identity to a member firm by posing as a public customer in order to obtain a checkbook for the customer in connection with the customer's account at the firm. The findings also stated that O'Connor forged another customer's signature on a letter in connection with the customer's request for a redemption of securities. In addition, the NASD found that O'Connor willfully failed to disclose material information on a Form U-4 submitted to the NASD regarding his termination from a member firm, a felony charge, and guilty plea. (NASD Case #C10000133)

Quick & Reilly, Inc. (CRD #11217, New York, New York) and Peter Quick (CRD #1157749, Registered Principal, Mill Neck, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$10,000. Quick was fined \$7,500 and suspended from association with any NASD member in all principal capacities for 10 business days. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm permitted Quick to act in the capacity of a general securities principal without having passed an appropriate qualification examination and without having been registered as a general securities principal with the NASD.

Quick's suspension began August 21, 2000, and concluded at the close of business on September 1, 2000. (NASD Case #C10000123)

Jason Full Wang (CRD #2103430, Registered Principal, E. Norwich, New York) was barred from association with any NASD member in any capacity. The sanction was based on findings that Wang failed to respond to NASD requests to appear for on-the-record interviews. (NASD Case #C10990144)

District 11 - Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, and New York (except for the counties of Livingston, Monroe, and Steuben; the five boroughs of New York City; and Long Island)

July Actions

Thomas Patrick Gorman (CRD #3144585, Registered Representative, Springfield, Massachusetts) submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Gorman consented to the described sanction and to the entry of findings that he received \$30,626.81 in cash and checks from a public customer to invest in mutual fund accounts, failed to deposit the funds as directed, forged the customer's name to the checks, and took the cash in order to convert and misappropriate the funds for his own use and benefit. The findings also stated that Gorman failed to respond to NASD requests to provide information. (NASD Case #C11000003)

William Arthur Kittredge, Jr. (CRD #2852820, Registered Representative, Georgetown, Massachusetts) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. In light of the financial status of the respondent, no monetary sanction has been imposed. Without admitting or denying the allegations, Kittredge consented to the described sanction and to the entry of findings that he engaged in private securities transactions without prior notice to, or approval from, his member firm. (NASD Case #C11000010)

Peter Girard Zimmerman (CRD #2679422, Registered Representative, Leicester, Massachusetts) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Zimmerman consented to the described sanction and to the entry of findings that he forged customer signatures on IRA applications and transfer request forms effecting the transfer of customer funds from a variable annuity contract to an IRA without customer consent. (NASD Case #C11000009)

August Actions

Credit Research & Trading LLC (CRD #28830, Greenwich, Connecticut) and James Edward Kjorlien (CRD #846144, Registered Principal, New Canaan, Connecticut) submitted a Letter of Acceptance, Waiver, and Consent in which they were censured and fined \$10,000, jointly and severally. The firm was also fined an additional \$2,000 and required to revise its written supervisory procedures within 60 days of acceptance of this AWC by the NAC. Without admitting or denying the allegations, the firm and Kjorlien consented to the described sanctions and to the entry of findings that the firm failed to identify order tickets of aggregated transactions in Nasdaq National Market® (NNM) securities in a manner directed by the NASD and aggregated individual orders of 10,000 shares or more. The findings also stated that the firm, acting through Kjorlien, failed to establish, maintain, and

enforce written supervisory procedures reasonably designed to achieve compliance with applicable securities laws, regulations, and NASD rules applicable to trade reporting. (NASD Case #C11000012)

James Patrick Detullio (CRD #714757, Registered Representative, Cheshire, Connecticut) submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for nine months. The fine is due and payable prior to reassociation with a member firm or prior to any request for relief from any statutory disqualification. Without admitting or denying the allegations, Detullio consented to the described sanctions and to the entry of findings that he failed to respond to NASD requests for information in a timely manner.

Detullio's suspension began July 17, 2000, and will conclude at the close of business on April 16, 2001. (NASD Case #C11000008)

Joshua Edward Garfinkle (CRD #3106267, Registered Representative, Aventura, Florida) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Garfinkle consented to the described sanction and to the entry of findings that he made improper use of a \$350 check given to him by his member firm for attendance at a seminar. He failed to pay for the seminar, and, instead, altered the check by adding his name as payee and deposited the funds into his personal banking account. The findings also stated that Garfinkle failed to respond to NASD requests for information. (NASD Case #C11000011)

John F. Kelly (CRD #1445876, Registered Representative, Milton, Massachusetts) submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for six months. In light of the financial status of the respondent, no monetary sanction has been imposed. Without admitting or denying the allegations, Kelly consented to the described sanction and to the entry of findings that he engaged in the sale of private securities transactions without providing prior written notice to, or receiving approval from, his member firm. The findings also stated that Kelly failed to disclose the existence of a civil action on his Form U-4.

Kelly's suspension began August 7, 2000, and will conclude at the close of business on February 6, 2001. (NASD Case #C11000013)

SunAmerica Capital Services, Inc. (CRD #13158, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$75,000, and required to revise its written supervisory procedures. The revised procedures should be submitted to the NASD within 60 days of acceptance of this AWC by the NAC. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to file Form U-5 filings in a timely manner. The findings also stated that the firm permitted an unregistered individual

and registered representatives to conduct a securities business while their securities industry registrations were inactive because of their failure to satisfy the Regulatory Element of the NASD's Continuing Education Program. The firm also failed to establish, maintain, and enforce written supervisory procedures reasonably designed to achieve compliance with applicable securities laws, regulations, and NASD rules regarding the processing of registration applications and terminations and compliance with the Regulatory Element. In addition, the NASD found that the firm's supervisory system failed to provide sufficient checks and balances to ensure compliance with the above areas. (NASD Case #C11000014)

September Actions

Charles Michael Ameer (CRD #4093615, Registered Representative, Weston, Connecticut) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$2,500 and suspended from association with any NASD member in any capacity for three months. The fine is due and payable prior to reassociation with a member firm following the suspension or prior to any request for relief from any statutory disqualification. Without admitting or denying the allegations, Ameer consented to the described sanctions and to the entry of findings that he willfully failed to disclose that he had been charged with five misdemeanor counts alleging the issuance of bad checks, and felony counts alleging second degree larceny and conspiracy to commit larceny on his Form U-4. The findings also stated that Ameer failed to disclose that the criminal proceedings were still pending.

Ameer's suspension began August 21, 2000, and will conclude at the close of business on November 20, 2000. (NASD Case #C11000015)

Tiger Investment Group, Inc. (CRD #39388, Waltham, Massachusetts) and Edmund Thomas O'Brien, II (CRD #2667935, Registered Principal, Weston, Massachusetts). The firm was expelled from NASD membership and O'Brien was barred from association with any NASD member in any capacity. The sanctions were based on findings that the firm and O'Brien failed to respond to NASD requests for information. (NASD Case #C11000002)

Enforcement Department

July Actions

CIBC Oppenheimer (CRD #630, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$50,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to have in place a supervisory system adequate to oversee and monitor the activities of individuals acquiring and selling certificates of participation and failed to have supervisory procedures for the sale of unrated municipal securities. The findings also stated that the firm failed to establish and

maintain a system to supervise the activities of each registered representative and associated person that was reasonably designed to achieve compliance with federal securities laws and NASD rules. (NASD Case #CAF000020)

Yan Dikshteyn (CRD #2528880, Registered Representative, Chicago, Illinois) and Igor M. Fleyshmakher (CRD #2102367, Registered Principal, Chicago, Illinois) submitted an Offer of Settlement in which they were barred from association with any NASD member in any capacity. In light of the financial status of the respondents, no monetary sanction has been imposed. Without admitting or denying the allegations, Dikshteyn and Fleyshmakher consented to the described sanction and to the entry of findings that they engaged in fraudulent sales practices that resulted in substantial harm to public customers and engaged in extensive and egregious unauthorized trading. The findings also stated that Dikshteyn made baseless price predictions and other misrepresentations to induce customers to purchase securities or to ratify unauthorized trades. (NASD Case #CAF990044)

Vincent Grieco (CRD #1568462, Registered Principal, W. Islip, New York) was fined \$500,000, barred from association with any NASD member in any capacity, and ordered to pay \$589,466.88, plus interest, in restitution to public customers. The sanctions were based on findings that Grieco directed a boiler room operation at the branch which he co-owned and enforced fraudulent sales practices, unauthorized transactions, and a refusal policy to effect customer sell orders. (NASD Case #CAF990008)

Joseph Stevens & Company, Inc. (CRD #35459, New York, New York) and Joseph Sorbara (CRD #1001403, Registered Principal, Muttontown, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm and Sorbara were fined \$75,000, jointly and severally. The firm was also censured and ordered to disgorge \$796,907 to the NASD. Sorbara was also suspended from association with any NASD member in any capacity, including clerical or ministerial functions, for 75 days. Without admitting or denying the allegations, the firm and Sorbara consented to the described sanctions and to the entry of findings that the firm, acting through Sorbara, purchased warrants from the firm that was the lead underwriter for the IPO, sold nearly all the warrants to public customers within 45 minutes, and did virtually no trading in any other securities. The findings also stated that the firm's sales force received higher than normal compensation for the warrant sales that were of substantial magnitude and accompanied by special selling efforts and methods so as to constitute a distribution. The findings further stated that the firm, acting through Sorbara, made a market in this security in violation of SEC and NASD rules and created a public offering without filing the required documents and information with the NASD for review. In addition, the respondents failed to obtain an opinion from the NASD that it had no objections to the underwriting and other terms and arrangements. Moreover, as a result of this transaction constituting a public offering receiving an unreasonable amount of underwriting compensation, the firm and Sorbara failed to disclose all items of underwriting compensation in a

prospectus or similar document and, as a result, the firm received \$871,907 in excessive underwriting compensation.

Sorbara's suspension began on June 19, 2000, and concluded at the close of business on September 1, 2000. (NASD Case #CAF000006)

Kemper Distributors, Inc. (CRD #37306, Chicago, Illinois) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$100,000 to be paid within 10 days of notice of acceptance by the NAC of this AWC, and required to pre-file with the NASD all advertisements depicting performance information through the use of graphs, bar charts, or pie charts for approval 15 days prior to their initial use for six months from the date of acceptance by the NAC of this AWC. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it published advertisements that failed to depict accurately performance of several mutual funds underwritten and distributed by the firm. The findings also stated that the firm failed to obtain approval from a registered principal prior to the use of certain of the advertisements. In addition, the firm failed to file, or filed in an untimely manner, a number of the advertisements with the NASD. Moreover, the firm failed to establish and maintain procedures reasonably designed to achieve compliance with the NASD's principal approval and filing requirements. (NASD Case #CAF000012)

Evan Harrison Lasher (CRD #2186676, Registered Representative, Syosset, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity with the right to reapply for association after five years from acceptance of the AWC. In light of the financial status of the respondent, no monetary sanction has been imposed. Without admitting or denying the allegations, Lasher consented to the described sanction and to the entry of findings that he manipulated the prices of securities in the aftermarket trading of the securities, pre-arranged aftermarket demand, sold repurchased IPO shares to pre-arranged aftermarket purchasers at manipulated prices, and repurchased securities for his firm's account prior to the completion of the distribution. The findings also stated that Lasher failed to report the repurchases in a timely manner. (NASD Case #CAF000017)

Marc Alan Luxenberg (CRD #2091350, Registered Principal, North Bellmore, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any principal capacity for two years and suspended from association with any NASD member in any capacity for 30 days. Without admitting or denying the allegations, Luxenberg consented to the described sanctions and to the entry of findings that while he was the compliance director at a member firm, he failed to take sufficient steps to ensure customer sell orders were executed on a timely basis and failed to recommend sufficient disciplinary action against individuals alleged to have committed sales practice violations. Luxenberg failed to establish and maintain a supervisory system that was reasonably

designed to achieve compliance with applicable securities laws, regulations, and NASD rules.

The suspensions began on June 19, 2000. The suspension in any principal capacity will conclude at the close of business on June 18, 2002. The suspension in any capacity concluded at the close of business on July 19, 2000. (NASD Case #CAF000018)

August Actions

First Union Securities, Inc. (CRD #19616, Charlotte, North Carolina), James Fellin Losty (CRD #1450619, Registered Representative, Radnor, Pennsylvania) and Mark Mintford Gambill (CRD #217179, Registered Principal, Richmond, Virginia) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$350,000; Losty was fined \$50,000 and suspended from association with any NASD member in any capacity for 30 days; and Gambill was fined \$25,000 and suspended from association with any NASD member in a supervisory capacity for 15 business days. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Losty, caused its books and records to fail to reflect accurately finder's fee payments to another member firm for municipal securities transactions. The NASD also found that Gambill failed to take adequate steps to supervise Losty or the activities of the firm's public finance group or to institute appropriate procedures to prevent violations from continuing.

Losty's suspension began July 3, 2000, and concluded at the close of business on August 1, 2000. Gambill's suspension began July 3, 2000, and concluded at the close of business on July 24, 2000. (NASD Case #CAF000022)

Thomas Salvatore Marinovich, Jr. (CRD #2112801, Registered Representative, Greenlawn, New York) was fined \$2,500, suspended from association with any NASD member in any capacity for 20 business days for failing to register, and barred from association with any NASD member in any capacity for misrepresentations. The fine is due and payable prior to reentry in the securities industry. The sanctions are based on findings that Marinovich facilitated and assisted in implementing a boiler room scheme at his member firm by training the firm's brokers to use high pressure sales tactics and misleading sales scripts to solicit investments in the firm's house stocks. Marinovich also promoted "second trading" in which customers were aggressively solicited to purchase a house stock whether or not it was suitable in light of the customer's financial objectives, needs, and risk profile. The findings also stated that Marinovich acted in the capacity of a principal without being registered with the NASD as a principal.

Marinovich's suspension began August 7, 2000, and concluded at the close of business on September 1, 2000. (NASD Case #CAF990049)

R.D. White & Co., Inc. (CRD #7011, New York, New York), Louis Joseph Pagano (CRD #355121, Registered Principal, Staten Island, New York), and John Robert Piscopo (CRD #1288437, Registered Principal, Staten Island, New York) submitted an Offer of Settlement in which the firm was expelled from NASD membership, fined \$100,000, and ordered to pay \$400,129.92 in restitution to public customers. Pagano and Piscopo were each suspended from association with any NASD member in any capacity for two years and barred from association with any NASD member as Series 24 principals with the right to reapply after five years. In addition, Pagano was fined \$50,000 and Piscopo was fined \$100,000.

Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Pagano and Piscopo, dominated and controlled the markets for securities such that there was no independent competitive market for those securities. The NASD found that, as a result, the firm, acting through Pagano and Piscopo, failed to determine markdowns on the basis of the firm's contemporaneous sales prices to other broker/dealers for markets that it dominated and controlled and, instead, charged retail customers markdowns in excess of the firm's contemporaneous sales prices. In addition, the NASD found that the firm, acting through Pagano and Piscopo, failed to disclose to public customers that the prices at which the firm was engaging in these transactions were not reasonably related to the prevailing market price of these securities. The findings stated that the firm, acting through Pagano and Piscopo, induced the purchase or sale of securities by means of manipulative, deceptive, or other fraudulent devices or contrivances; made untrue statements of material fact; omitted material facts necessary to make the statements not misleading; or engaged in acts which operated as a fraud upon persons.

The NASD also found that the firm, acting through Pagano and Piscopo, engaged in special selling efforts and methods to further the distribution of securities including paying its registered representatives gross sales credits that were higher than those the representatives received for selling all other securities. Moreover, the respondents, while acting as a distribution participant, bid for, purchased, or attempted to induce persons to bid for or purchase a security that was the subject of a distribution during its participation in the distribution. In addition, the firm, acting through Pagano, in a public offering without documents or information having been filed and reviewed by the NASD, commenced an offering prior to the NASD providing an opinion, failed to disclose all items of underwriting compensation, and received approximately \$1,628,885.88 in undisclosed underwriter's compensation. Furthermore, the respondents failed to establish and maintain written supervisory procedures reasonably designed to achieve compliance with applicable securities laws, regulations, and NASD rules.

Pagano's and Piscopo's suspensions began August 21, 2000, and will conclude at the close of business on August 20, 2002. (NASD Case #CAF990007)

Aleksandr Shvarts (CRD #1718124, Registered Principal, Brooklyn, New York) was fined \$5,000, suspended from association with any NASD member in any capacity for six months, and ordered to submit proof that he has paid \$47,651.12, plus interest, in restitution to public customers within 60 days of the date of this decision or he shall be barred from association with any member firm in any capacity. The NAC imposed the sanctions following appeal of an OHO decision. The sanctions were based on findings that Shvarts failed to comply with a court judgment awarding attorney fees and costs to his former customers that they incurred in litigation which he filed against them challenging an arbitration award they had won from him.

Shvarts' suspension began July 3, 2000, and will conclude at the close of business on January 2, 2001. (NASD Case #CAF980029)

Dmitry Slidovker (CRD #2523974, Registered Representative, Brooklyn, New York) was barred from association with any NASD member in any capacity. The sanction was based on findings that Slidovker made unauthorized purchases in the accounts of public customers without their authorization, consent, or knowledge. The findings also stated that Slidovker knowingly and recklessly made improper price predictions to customers regarding a speculative security without having a reasonable basis for making the predictions. (NASD Case #CAF000001)

WMA Securities, Inc. (CRD #32625, Duluth, Georgia) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was fined \$125,000 and required to retain, within 30 days, an outside consultant to perform four periodic reviews of the firm's compliance with NASD Rule 3070(c). Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to report statistical and summary information regarding customer complaints to the NASD. The findings also stated that the firm failed to establish, maintain, and enforce procedures reasonably designed to ensure that the firm reported customer complaints to the NASD. (NASD Case #CAF000024)

September Actions

Anthony Tom DeLuca (CRD #1695935, Registered Representative, Syosset, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, DeLuca consented to the described sanction and to the entry of findings that he misrepresented that customers' existing life insurance policies would be replaced with new variable life insurance policies when, in fact, the old policies were never canceled and the customers were left with two policies on which they had to make premium payments. The findings also stated that DeLuca sold variable life insurance to a customer for whom the purchase was not suitable. In addition, the NASD found that DeLuca made representations that variable life insurance

was an investment but failed to disclose that it was life insurance and the costs associated with the life insurance portion of the product. (NASD Case #CAF000036)

Landmark International Equities, Inc. (CRD #25098, Westbury, New York) and Eric Jay Aronson (CRD #1912232, Registered Representative, Muttontown, New York). The firm was fined \$10,000, expelled from NASD membership, and barred from engaging in any public distribution of securities or from buying or selling Rule 144 stock. The fine is due and payable if the firm seeks membership in the NASD. Aronson is barred from association with any member firm in any capacity. The sanctions are based on findings that the firm and Aronson tied purchases in an IPO to purchases in the aftermarket and pre-arranged the purchase of securities in the immediate aftermarket and that Aronson, as a controlling person, was responsible for the firm's activities. The findings also stated that the firm, Aronson, and another individual engaged in fraudulent, deceptive trading and sales practices by pre-arranging with customers to sell IPO securities back to the firm in the immediate aftermarket in order for the firm to pre-plan aftermarket trading and to pre-arrange aftermarket purchases. In addition, the NASD found that the firm and Aronson engaged in a redistribution of the flippers' units in the IPO and failed to sell Rule 144 stocks in conformity with the rule and used special compensation to registered representatives for aftermarket sales. Furthermore, the firm failed to establish, maintain, and enforce written procedures to supervise its business activities and the activities of its registered representatives and associated persons in regard to underwriting and distribution activities. The firm also permitted individuals to engage in the sale of securities without being registered and failed to supervise the registration of representatives. Aronson also failed to respond to an NASD request to appear for an on-the-record interview. (NASD Case #CAF980098)

John Storey, Jr. (CRD #2504455, Registered Representative, Wheatley Heights, New York) was barred from association with any NASD member in any capacity and ordered to pay \$84,751.25, plus interest, in restitution to public customers. The sanctions were based on findings that Storey knowingly or recklessly made a specific price prediction to a public customer about a security, without an

adequate, accurate, or reasonable basis for the prediction. The findings also stated that Storey refused and failed to execute unsolicited sale orders from public customers in order to maintain the price of two house securities, and executed unauthorized trades in the accounts of public customers without discretionary trading authority. (NASD Case #CAF990024)

Market Regulation Committee

July Actions

None

August Actions

Scott Ira Benedon (CRD #1276090, Registered Representative, Marlboro, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which he was censured and fined \$10,000. Without admitting or denying the allegations, Benedon consented to the described sanctions and to the entry of findings that he allowed a trader at a member firm to report a trade to ACT as two separate trades instead of one. (NASD Case #CMS000117)

Credit Research & Trading LLC (CRD #28830, Greenwich, Connecticut) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it reported transactions in high yield corporate debt securities to the Fixed Income Pricing SystemSM (FIPS[®]) that it was not required to report. The findings also stated that the firm failed to establish, maintain, and enforce written supervisory procedures reasonably designed to achieve compliance with the applicable rules and regulations, such as NASD rules regarding transaction reporting of high yield corporate debt securities. (NASD Case #CMS990104)

Barry Charles Honig (CRD #2362713, Registered Representative, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$25,000 and suspended from association with any NASD member in any capacity for 10 business days. Without admitting or denying the allegations, Honig consented to the described sanctions and to the entry of findings that he sought to inappropriately coordinate a trade report to ACT with another market participant as two separate trades instead of one.

Honig's suspension began July 3, 2000, and concluded at the close of business on July 17, 2000. (NASD Case #CMS000118)

Jerome Edward Rosen (CRD #404216, Registered Representative, Miami, Florida) was fined \$32,000 and suspended from association with any NASD member in any capacity for 10 days. The NAC imposed the sanctions following appeal of a Market Regulation Committee decision issued in November 1998. The sanctions were based on findings that Rosen engaged in anti-competitive harassment of another market maker by making a series of telephone calls to the broker in which he attempted to harass the broker for engaging in competitive trading and entering competitive quotations, and otherwise attempted to improperly influence or interfere with the broker's competitive activities. Rosen also made certain threatening statements to the broker. The findings also stated that Rosen backed away from a specific order another broker placed with him at his quoted bid or offer for a Nasdaq SmallCapSM security.

Rosen's suspension began August 7, 2000, and concluded at the close of business on August 16, 2000. (NASD Case #CMS970027)

September Actions

Archipelago, LLC (CRD #43705, Chicago, Illinois) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to transmit to the Order Audit Trail SystemSM (OATSSM) all order data for its electronic orders required to be recorded on certain trade dates. The findings also stated that the firm failed to transmit order data for electronic orders required to be recorded on trade dates to the receiving location specified by the NASD of the OATS production system. (NASD Case #CMS000114)

Banyan Securities, LLC (CRD #22395, Larkspur, California) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to accept or decline in ACT transactions in eligible securities within 20 minutes after execution. The findings also stated that the firm failed to transmit last sale reports of transactions in NNM securities through ACT within 90 seconds after execution and failed to designate such last sale reports as late to ACT. (NASD Case #CMS000134)

Deutsche Bank Securities, Inc. (CRD #2525, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$25,000, and required to revise its written supervisory procedures within 60 days. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to accept or decline transactions in eligible securities in ACT within 20 minutes after execution of these transactions. The findings also stated that the firm failed to immediately display customer limit orders when the orders were at a price that would have improved its bid or offer in each security related to those orders, or when the full size of the orders was priced equal to its bid or offer and the national best bid or offer and the orders represented more than a de minimis change in relation to the size associated with the firm's bid or offer in each security. In addition, the NASD determined that the firm failed to establish, maintain, and enforce written supervisory procedures reasonably designed to achieve compliance with applicable securities laws, regulations, and NASD rules concerning trade reporting, ACT compliance, best execution, limit order protection interpretation, locked and crossed markets, books and records, SEC order execution rules, and 21(a) report issues. (NASD Case #CMS000104)

ING Barings, LLC (CRD #6540, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$12,000, and required to provide the NASD with revised written supervisory procedures within 30 business days. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to immediately display customer limit orders in Nasdaq securities in its public quotation when each order was at a price that would have

improved its bid or offer in each security, or when the full size of each order was priced equal to its bid or offer and the national best bid or offer for each security, and represented more than a de minimis change in relation to the size associated with its bid or offer in each security. The findings also stated that the firm failed to provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations concerning trade reporting, ACT compliance, best execution, limit order protection interpretation, books and records, SEC order execution rules, and short-sale rules. (NASD Case #CMS000126)

J. Alexander Securities, Inc. (CRD #7809, Los Angeles, California) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it engaged in a pattern or practice of late transaction reporting to ACT without exceptional circumstances by failing to report transactions in ACT-eligible securities to ACT within 90 seconds after execution. The findings also stated that the firm failed to transmit last sale reports of transactions in OTC equity securities and NNM securities through ACT within 90 seconds after execution, and failed to designate each transaction as late to ACT. (NASD Case #CMS000123)

M.H. Meyerson and Company, Inc. (CRD #540, Jersey City, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was fined \$77,500 and required to revise its written supervisory procedures within 60 days. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to report the correct symbol to ACT indicating whether the firm executed transactions in a principal or agency capacity, the correct number of shares, and the correct unit price for transactions in eligible securities. The NASD found that the firm failed to accept or decline ACT transactions in eligible securities within 20 minutes after execution and failed to immediately display customer limit orders in Nasdaq securities in its public quotation when each order was at a price that would have improved the firm's bid or offer in each security, or when the order was equal to the firm's bid or offer and the national best bid or offer for each security, and the size of the order represented more than a de minimis change in relation to the size associated with the firm's bid or offer in each security. The findings also stated that the firm entered priced orders in Nasdaq securities into SelectNet[®], which were deemed to be a bid or offer, without communicating to the NASD each priced order for at least the minimum quotation size that is required by the NASD if the price order was for the account of the firm or the actual size of each price order if it was for the account of a customer. Furthermore, the findings stated that the firm engaged in a pattern or practice of late transaction reporting without exceptional circumstances by failing to report ACT transactions in eligible securities within 90 seconds after execution, failed to transmit last sale reports through ACT, and failed to designate transactions as late. In addition, the NASD found that the firm failed to identify to ACT that last sale reports of transactions in NNM securities were aggregated transaction

reports. The findings stated that the firm failed to execute a market order in a timely manner so that the resultant price to its customer was as favorable as possible under prevailing market conditions. The findings also stated that the firm failed to establish, maintain, and enforce written procedures reasonably designed to achieve compliance with applicable securities laws and regulations. (NASD Case #CMS000120)

Hal Pasetsky (CRD #2533743, Registered Representative, Southampton, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$10,000 and suspended from association with any NASD member in any capacity for five business days. Without admitting or denying the allegations, Pasetsky consented to the described sanctions and to the entry of findings that in connection with securities transactions, Pasetsky attempted to improperly influence another member or person associated with a member.

Pasetsky's suspension began August 21, 2000, and concluded at the close of business on August 25, 2000. (NASD Case #CMS000115)

Sharpe Capital, Inc. (CRD #18452, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that, as a market maker, it failed to execute orders that were presented to the firm at its published bid or published offer in an amount up to its published quotation size. The findings also stated that the firm failed to provide a supervisory system reasonably designed to achieve compliance with respect to the applicable securities laws and regulations concerning the SEC and NASD firm quote rules. (NASD Case #CMS000125)

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