

Monthly Disciplinary Actions August 1996

Unless otherwise indicated, suspensions will begin with the opening of business on Monday, August 19, 1996. The information relating to matters contained in this section is current as of August 5, 1996. Information received subsequent to August 5, 1996, is not reflected in this section.

Firm Fined, Individual Sanctioned

Chatfield Dean & Co. (Greenwood Village, Colorado) and **Scott Carothers (Registered Principal, Greenwood Village, Colorado)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which they were fined \$25,000, jointly and severally. Carothers was suspended from association with any NASD member as a financial and operations principal for 10 business days and required to requalify by exam as a financial and operations principal. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Carothers, conducted a securities business while failing to maintain its minimum required net capital.

Firm And Individuals Fined

A.R. Baron & Co., Inc. (New York, New York) and **John J. McAndris (Registered Principal, Montvale, New Jersey)** submitted a Letter of Acceptance, Waiver and Consent pursuant to 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 McAndris, conducted a securities business while failing to maintain its minimum required net capital.

Chicago Partnership Board, Inc. (Chicago, Illinois) and **James R. Frith, Jr. (Registered Principal, Chicago, Illinois)** submitted an Offer of Settlement pursuant to which the firm was fined \$27,500 and Frith was fined \$27,500. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Frith, effected the purchases and/or sales of limited partnership interests at prices that were not fair and reasonable under the circumstances.

Firm Fined

Gulf Financial Services, Inc. (Mobile, Alabama) submitted an Offer of Settlement pursuant to which the firm was fined \$11,500. Without admitting or denying the allegations, the firm consented to the described sanction and to the entry of findings that it failed to file Municipal Securities Rulemaking Board (MSRB) Form G-37 within 30 days after the end of the quarter and filed an inaccurate Form G-37. The findings also stated that the firm allowed an individual to act as a municipal securities principal without being registered as such with the NASD.

Individuals Barred Or Suspended

Mayer A. Amsel (Registered Principal, Brooklyn, New York) was fined \$100,000 and barred from association with any NASD member in any capacity. The Securities and Exchange Commission (SEC) affirmed the sanctions following appeal of a June 1995 National Business Conduct Committee (NBCC) decision. The sanctions were based on findings that Amsel, as a part of a continuing scheme to conceal the true ownership of securities, caused seven fictitious accounts to be established at his member firm and

prepared false purchase and sales memoranda, thereby having his member firm's books and records reflect purchase and sales transactions in the fictitious accounts. In a scheme to unjustly enrich family-related accounts and himself, Amsel bought common stock from a customer account at his member firm and sold it to the family-related accounts at prices that were at or below the market. He also caused the same stock to be purchased from the family-related accounts at prices that were at or above the market and sold the stock to either his member firm's trading account or to other broker/dealers, resulting in an unjust profit in excess of \$55,000 for the family-related accounts. Amsel instructed his member firm's clearing firm to issue checks to the family-related accounts and have them delivered to him ostensibly for redelivery to the proper party. Whenever Amsel needed money, he endorsed some of the checks by signing the payees' names and negotiated the checks through third parties such that he received the proceeds and/or the benefits of the checks for his own use without notifying his member firm of his interest in the accounts. Furthermore, Amsel interpositioned the family-related accounts between the customer account and/or his member firm and the best available market and failed to time stamp order tickets. Amsel also failed to note on order tickets his checking with other dealers for the best available price and effected the purchase of shares of common stocks in the account of a public customer without the customer's prior knowledge or approval, resulting in a loss of \$4,750 when the positions were liquidated in the account.

Charles G. Brashier (Registered Representative, Hoover, Alabama) was fined \$270,000, barred from association with any NASD member in any capacity, and required to pay \$303,913.05 in restitution to the appropriate parties. The sanctions were based on findings that Brashier received from public customers \$303,913.05 for investment purposes, failed to invest the funds on the customers' behalf and instead, converted the monies for his own use and benefit without the customers' knowledge or consent. Brashier also generated fictitious account statements that were sent to a public customer and failed to respond to NASD requests for information.

Byron M. Britt (Registered Representative, Greensboro, North Carolina) submitted an Offer of Settlement pursuant to which he was barred from association with any NASD member in any capacity with the right to reapply for association with a member after three years. Without admitting or denying the allegations, Britt consented to the described sanction and to the entry of findings that he forged the signatures of five customers on forms used to borrow money from insurance policies.

Rosario O. Caldarazzo (Associated Person, Westchester, Illinois) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$20,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Caldarazzo consented to the described sanctions and to the entry of findings that he signed the names of public customers to insurance applications causing the cash values in their existing policies to be used for purchasing the new policies without the customers' knowledge or consent.

William K. Cantrell (Registered Principal, Los Angeles, California) was fined \$2,500, suspended from association with any NASD member as a financial and operations principal for 10 days, and ordered to requalify by exam as a financial and operations principal. The NBCC affirmed the sanctions following appeal of a Los Angeles District Business Conduct Committee (DBCC) decision. The sanctions were based on findings that Cantrell permitted his member firm to effect securities transactions while failing to maintain the minimum required net capital.

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

James A. Crumrine (Registered Representative, Winter Park, Florida) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Crumrine failed to respond to an NASD request for information.

James A. Edgar, Jr. (Registered Principal, Poughquag, New York) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$25,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Edgar consented to the described sanctions and to the entry of findings that he caused a series of trade corrections to be effected for customer discretionary accounts by removing shares of profitable securities from customer accounts and causing the shares to be transferred to one or more of his personal securities accounts, resulting in immediate potential profits of \$33,800, at the expense of the customers.

Steven S. Etkind (Registered Representative, Albuquerque, New Mexico) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$30,000, barred from association with any NASD member in any capacity with the right to reapply to become associated with an NASD member after three years. Without admitting or denying the allegations, Etkind consented to the described sanctions and to the entry of findings that he participated in private securities transactions without providing written notification to his member firm. The findings also stated that Etkind offered securities subject to SEC Rule 10b-9 without complying with the Rule and engaged in activities for which broker/dealer registration is required without being registered as a broker/dealer.

Carl A. Grimstad (Registered Representative, Nashville, Tennessee) was fined \$5,000 and suspended from association with any NASD member in any capacity for two weeks and thereafter, until he demonstrates that all amounts under a New York Stock Exchange (NYSE) arbitration proceeding have been paid or that a payment schedule or other form of settlement has been agreed upon. The sanctions were based on findings that Grimstad failed to pay a \$36,874 NYSE arbitration award.

Kraig Phillip Hanadel (Registered Representative, Bakersfield, California) was fined \$10,000 and suspended from association with any NASD member in any capacity for 90 days and thereafter, until an arbitration award is satisfied. The sanctions were based on findings that Hanadel failed to pay a \$61,720.57 NASD arbitration award.

Elijah Johnson, III (Registered Representative, Portland, Oregon) was fined \$15,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Johnson failed to fully and timely respond to NASD requests for information about his termination from a member firm.

Lamar Jones (Registered Representative, Philadelphia, Pennsylvania) was fined \$5,000, suspended from association with any NASD member in any capacity for one year, and required to pay \$460 in restitution to a member firm. The sanctions were based on findings that Jones pledged a laptop computer that was the property of his member firm as collateral for a personal loan without the knowledge or consent of his member firm.

Ronald H.V. Justiss (Registered Representative, Denver, Colorado) was barred from association with any NASD member in any capacity. The SEC affirmed the sanction following appeal of a May 1995 NBCC decision. The sanction was based on findings that

while taking the Series 65 exam Justiss was observed reviewing unauthorized materials that contained information relating to the exam.

Charles E. Kautz (Registered Representative, Clearwater, Florida) was fined \$5,000 and suspended from association with any NASD member in any capacity for 30 days. The SEC affirmed the sanctions following appeal of a July 1995 NBCC decision. The sanctions were based on findings that Kautz caused seven registered representatives under his supervision to list their names falsely as the representative of record on applications for annuities that he sold.

Robert James Laws (Registered Representative, West Hempstead, New York) was fined \$50,000, suspended from association with any NASD member in any capacity for 90 days, required to disgorge \$10,957.18 in commissions, and ordered to requalify by exam. The sanctions were based on findings that Laws functioned as a registered representative without being properly registered with the NASD. Laws also solicited and opened new accounts, executed securities transactions on behalf of public customers, generated commissions totaling \$73,000, and took steps to conceal his misconduct from regulatory authorities.

Christopher J. Maikisch (Registered Representative, Deltona, Florida) was fined \$25,000 and barred from association with any NASD member in any capacity with the right to reapply to become associated with a member after two years. The sanctions were based on findings that Maikisch effected an unauthorized transaction in a public customer's account and failed to respond to NASD requests for information.

Matthew E. Major (Registered Representative, Deerfield Beach, Florida) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$5,000 and suspended from association with any NASD member in any capacity for six months. Without admitting or denying the allegations, Major consented to the described sanctions and to the entry of findings that he signed a customer's name to an application to convert the customer's term life insurance policy to a whole life insurance policy. The findings also stated that Major signed the name of the same customer's wife to an application for whole life insurance without authorization.

Carl A. Marbury (Registered Representative, Pittsburgh, Pennsylvania) was fined \$30,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Marbury received \$1,700 from a public customer for investment purposes, but instead, retained the funds for his own use and benefit. Marbury also failed to respond to NASD requests for information.

Gerard E. Miller (Registered Representative, Waupaca, Wisconsin) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$37,500, barred from association with any NASD member in any capacity, and required to pay \$7,500 in restitution to a customer. Without admitting or denying the allegations, Miller consented to the described sanctions and to the entry of findings that he requested that his member firm issue a \$7,500 loan check to a public customer from the customer's insurance policy. The NASD found that Miller obtained and endorsed the check, deposited it in an account in which he had a beneficial interest, and used the funds for some purpose other than for the benefit of the customer without the customer's knowledge or consent.

Roger James Molloy (Registered Principal, San Jose, California) was fined \$302,500 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Molloy received \$132,173.97 from public customers for investment

purposes but converted the funds for his own use and benefit. Molloy also prepared and provided to customers fictitious account statements reflecting that the customers owned stocks and failed to respond to NASD requests for information.

David A. Nahmias (Registered Representative, Memphis, Tennessee) was fined \$30,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that, unbeknownst to his member firm, Nahmias entered into an agreement with public customers to reimburse them \$102,480 for losses incurred in their account and provided them with a check that was not honored at his bank due to insufficient funds. Nahmias also failed to respond to NASD requests for information.

John Pantelis (Registered Representative, Valley Stream, New York) was fined \$20,000, barred from association with any NASD member in any capacity, and required to pay \$54,463 in restitution to a member firm. The sanctions were based on findings that Pantelis executed options transactions in the account of a public customer without the customer's knowledge or consent. Pantelis also failed to respond to NASD requests for information.

James C. Placet (Registered Representative, Paradise Valley, Arizona) was fined \$15,000 and barred from association with any NASD member in any capacity with a right to reapply after one year. The sanctions were based on findings that Placet misused customer funds totaling \$35,000 by using for his own benefit the proceeds of a check drawn on the customer's bank account that was made payable to his member firm.

Victor B. Ponder (Registered Representative, Big Bend National Park, Texas) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$9,500, barred from association with any NASD member in any capacity, and required to pay \$18,000 in restitution to the appropriate parties. Without admitting or denying the allegations, Ponder consented to the described sanctions and to the entry of findings that he executed unauthorized purchase and sale transactions in the accounts of public customers without the customers' knowledge or consent and without having obtained a written third-party authorization allowing a customer's son to direct trades. The NASD also found that Ponder exercised discretion in the account of a public customer without having obtained prior written authorization from the customer and prior written acceptance of the account as discretionary by his member firm.

Craig Thomas Puff (Registered Representative, Warren, Michigan) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$6,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Puff consented to the described sanctions and to the entry of findings that he participated in the offer and sale of securities to public customers on a private basis and failed to give prior written notice of, and to obtain prior written authorization from his member firm to engage in such activities.

Wayne C. Rasch (Registered Representative, Athens, Georgia) was fined \$20,000, barred from association with any NASD member in any capacity with the right to reapply after one year, and required to requalify by exam as a general securities representative. The sanctions were based on findings that Rasch engaged in private securities transactions outside the regular course or scope of his registration with his member firm without providing written notice of or obtaining approval from the firm. Rasch also failed to respond to NASD requests for information.

Lawrence C. Schmelzer (Registered Principal, Shaker Heights, Ohio) submitted an Offer of Settlement pursuant to which he was fined \$7,500 and suspended from association with

any NASD member in any capacity for 15 business days. Without admitting or denying the allegations, Schmelzer consented to the described sanctions and to the entry of findings that he acted as a general securities principal without being registered or qualified. The findings also stated that Schmelzer failed to respond to NASD requests for information.

Michael C. Sealey (Registered Representative, Baton Rouge, Louisiana) was fined \$220,000, barred from association with any NASD member in any capacity, and required to pay \$592,880.50 in restitution to the appropriate parties. The sanctions were based on findings that Sealey converted \$592,880.50 in customer funds for his own use and benefit without the customers' knowledge or consent and prepared and distributed at least 16 false customer account statements in an effort to conceal the conversion of funds. Sealey also removed a confirmation statement from the mailbox of a public customer and falsified the books and records of his member firm by providing the firm with a fictitious mailing address for a public customer. In addition, Sealey engaged in an unauthorized sale of stock in the account of a public customer and failed to respond to NASD requests for information.

Jeffrey W. Shelton (Registered Representative, Tallahassee, Florida) was fined \$20,000 and barred from association with any NASD member in any capacity with the right to reapply to become associated after one year. The sanctions were based on findings that Shelton failed to respond to NASD requests for information.

Jin HwY Shin (Registered Representative, Sunnyvale, California) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Shin failed to respond to NASD requests for information.

John Edward Shryack (Registered Principal, Dallas, Texas) was fined \$10,000, suspended from association with any NASD member in any capacity for five business days, and required to requalify by exam as a general securities representative. The sanctions were based on findings that Shryack made negligent misstatements and omissions of material fact to retail customers to induce them to place purchase orders and commit to investment decisions.

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

Bodo B. Weber (Registered Representative, Los Altos, California) was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Weber failed to respond to NASD requests for information. Weber also effected unauthorized transactions in the account of a public customer.

Richard George Wiwi (Registered Representative, Moraga, California) was fined \$50,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Wiwi participated in private securities transactions without providing prior written notice to his member firms.

Individuals Fined

Scott L. Lencz (Registered Representative, Studio City, California) was fined \$20,027. The NBCC imposed the sanction following appeal of a Los Angeles DBCC decision. The sanction was based on findings that Lencz engaged in the securities business without being registered with the NASD in any capacity, introduced customers to his member firm, and received compensation from the firm for such activities.

Joshua Mondschein (Registered Representative, New York, New York) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$10,000. Without admitting or denying the allegations, Mondschein consented to the described sanctions and to the entry of findings that he directed another employee to sign a public customer's name to a reinstatement application for a term life insurance policy without the knowledge or consent of the customer.

Suspensions Lifted

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

Freeman Financial Services Corporation, San Mateo, California (June 27, 1996)

Taylor, Pruitt & Sylvester, Inc., Houston, Texas (June 16, 1996)

Firm Suspended Pursuant To NASD Rule 9622 For Failure To Pay An Arbitration Award

The date the suspension commenced is listed after each entry.

Jason MacKenzie Securities, Inc., Atlanta, Georgia (June 25, 1996)

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

Terrence A. Buttler, Denver, Colorado

Michael L. Chaudron, Johnson City, Tennessee

Frederick Gasten, Atlanta, Georgia

Louis Guy Hagerty, Fairfax Station, Virginia

Thomas C. Kocherhans, Orem, Utah

Leonard J. Koenig, Boca Raton, Florida

Lester H. Lane, Englewood, Colorado

Howard J. Levy, Los Angeles, California

Robert S. Prisco, Miller Place, New York

Jailall I. Ramoutar, Jr., Staten Island, New York

Steven W. Taylor, Niwot, Colorado

Oliver J. Williams, Jr., Miami, Florida

Individuals Whose Registrations Were Canceled/Suspended Pursuant To NASD Rule 9622 For Failure To Pay Arbitration Awards

The date the suspension commenced is listed after each entry.

George Evans Brooks, Charlotte, North Carolina (June 25, 1996)

Timothy J. Taylor, Jacksonville, Florida (June 29, 1996)

William Edward Young, Downey, California (July 2, 1996)