

# Monthly Disciplinary Actions February 1996

Unless otherwise indicated, suspensions will begin with the opening of business on Tuesday, February 20, 1996. The information relating to matters contained in this section is current as of February 5, 1996. Information received subsequent to February 5, 1996 is not reflected in this section.

## Firms Expelled, Individuals Sanctioned

**Burnett Grey & Co., Inc. (Atlanta, Georgia) and Linda M. King (Registered Representative, Marietta, Georgia).** The firm was fined \$20,000 and expelled from NASD membership. A separate Offer of Settlement was submitted by King pursuant to which she was fined \$5,000, suspended from association with any NASD member in any capacity for six months, and barred from association with any NASD member in any proprietary, supervisory, or managerial capacity, with the right to reapply to become associated with a member after three years. Without admitting or denying the allegations, King consented to the described sanctions and to the entry of findings that the firm, acting through King, conducted a securities business while failing to maintain sufficient net capital. The findings also stated that the firm, acting through King, failed to accurately make certain books and records and filed materially inaccurate FOCUS Part I and IIA reports.

**U.S. Securities Corporation of Washington, DC (Chevy Chase, Maryland), Anthony D. Roberts (Registered Principal, Burtonsville, Maryland), and L. Guy Hagerty (Registered Representative, Fairfax, Virginia).** The firm was expelled from NASD membership and Roberts was barred from association with any NASD member in any capacity, and the firm and Roberts were fined \$80,000, jointly and severally. The firm and Hagerty were fined \$22,500, jointly and severally and required to pay \$18,993.60 in restitution. The sanctions were based on findings that the firm, acting through Roberts, conducted a securities business while failing to maintain sufficient net capital, failed to maintain accurate books and records, and filed inaccurate FOCUS Part I and IIA reports. The firm, acting through Roberts, also failed to give timely telegraphic notice of its net capital deficiencies and notice when it failed to prepare and maintain its trial balance and general ledgers.

Furthermore, the firm, acting through Roberts, failed to notify the NASD and receive prior approval to effect changes to its restriction agreement and effected retail principal securities transactions, and failed to comply with Securities and Exchange Commission (SEC) Rule 10b-10 in that it did not disclose to the customers in the confirmation statements of each transaction, the amounts of the markups or markdowns the firm realized. The firm, acting through Roberts, also sent letters to prospective clients that contained false and misleading information, failed to supervise Hagerty relating to markups and markdowns of principal securities transactions, and failed to establish and maintain written supervisory procedures.

The firm, acting through Roberts, participated as the placement agent in a minimum/maximum offering of units and received from subscribers \$15,000 prior to the sale of the minimum number of units and failed to transmit the funds to a separate bank escrow account. Instead, the funds were transmitted directly to the issuer's attorney and deposited in the attorney's account. The firm, acting through Roberts, also failed to return subscriber funds or notify the subscriber and reconfirm the purchase when the offering had been extended past the termination date and the terms of the offering had not been met, and failed to conduct any annual compliance meetings with its registered representatives. Roberts also failed to respond to NASD requests for information.

The firm, acting through Hagerty, also effected transactions as principal with retail customers at unfair prices and sold shares of a new issue that traded at a premium in the secondary market to a restricted account in contravention of the NASD Board of Governors Free-Riding and Withholding Interpretation.

#### **Firm Suspended, Individual Sanctioned**

**Patterson Icenogle, Inc. (Tulsa, Oklahoma)** and **Mark D. Icenogle (Registered Principal, Tulsa, Oklahoma)** submitted an Offer of Settlement pursuant to which they were fined \$25,000, jointly and severally. The firm was suspended from soliciting retail transactions in penny stocks for six months and Icenogle was suspended from association with any NASD member in any capacity for one week and required to requalify by exam as a general securities representative. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Icenogle, engaged in sales of securities without having a reasonable basis for believing that the prices charged to public customers were fair. The findings also stated that the firm, acting through Icenogle, received excessive commissions, up to 25 percent on each sale transaction of common stocks, and failed to reflect these transactions on the books and records of the firm. The NASD found that the firm, acting through Icenogle, failed to issue confirmation statements to the purchasers of the aforementioned stock. Furthermore, the NASD determined that the firm, acting through Icenogle, engaged in securities transactions with public customers on a principal basis at prices that were not fair, with markups exceeding 10 percent over the firm's contemporaneous cost.

Also, the NASD found that the firm, acting through Icenogle, engaged in securities transactions with public customers, whereby Icenogle interpositioned his personal trading account between public customers, thereby causing customers to pay him a secret profit, in addition to the commissions charged to such customers. The findings also stated that the firm, acting through Icenogle, failed and neglected to disclose on confirmation statements sent to public customers the difference between the price charged to public customers and the firm's contemporaneous purchase price.

The NASD determined that the firm, acting through Icenogle, failed to accurately report to the NASD the highest price at which it sold and the lowest price at which it purchased securities, the total volume of sales executed in the securities business, whether the trades establishing the highest price at which the securities were sold represented an execution with a customer or with another broker/dealer, and, the amount of markup in the price on the sale of the securities. The NASD also found that the firm, acting through Icenogle, failed and neglected to transmit sales reports promptly to the NASD regarding the last sales of common stocks, and, failed to submit timely trade order tickets for sale transactions, thus causing the firm's books and records to be inaccurate.

#### **Firms Fined, Individuals Sanctioned**

**Joseph Roberts & Co., Inc. (Chicago, Illinois), Robert B. DiMarco, Jr. (Registered Principal, Chicago, Illinois),** and **Joseph F. DeSanto (Registered Principal, Chicago, Illinois)** submitted an Offer of Settlement pursuant to which the firm and DeSanto were fined \$50,000, jointly and severally. The firm was prohibited for one year from participation in the purchase or sale of any restricted or control security in transactions requiring compliance with Rule 144 of the Securities Act of 1933, as amended. DeSanto was suspended from association with any NASD member in any capacity for 15 business days and immediately thereafter suspended from association with any NASD member in any principal capacity for 120 days. DiMarco was fined \$25,000 and suspended from association with any NASD

member in any principal capacity for 30 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 DiMarco and DeSanto, failed to comply with the terms of its restrictive agreement with the NASD and failed to establish, maintain, or enforce written supervisory procedures.

The findings also stated that the firm, acting through DiMarco and DeSanto, participated in the sales of securities when there was no registration statement filed with the SEC or in effect for such securities and effected securities transactions by means of manipulative, deceptive, and/or other fraudulent devices or contrivances, in that they made untrue statements of material facts or omitted to state material facts concerning the fact that the respondents were selling, or had arranged to sell, a significant number of shares of stock for affiliates of the issuer and that they had received loans or other funds from affiliates of the issuer.

**Westcap Securities, L.P. (Houston, Texas), Alan F. McIntyre (Registered Principal, Germantown, Tennessee), and Mark M. Salter (Registered Principal, Houston, Texas)** submitted Offers of Settlement pursuant to which the firm was fined \$75,000.

McIntyre was fined \$50,000, barred from association with any NASD member in any principal capacity, suspended from association with any NASD member in any capacity for one year, and required to requalify as a general securities representative. Salter was fined \$20,000, suspended from association with any NASD member in any capacity for one week, suspended from association with any NASD member in any principal capacity for three months, and required to requalify as a general securities representative. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that McIntyre effected purchase and sale transactions on behalf of a public customer involving certain U.S. government agency securities, in which he failed and neglected to disclose to the board of directors and senior officers that the purchase and sale prices for the securities were not reasonably related to the then-current market prices for the securities.

The NASD also found that the firm, McIntyre, and Salter used other individuals as conduits between McIntyre and the firm. The findings stated that Salter, acting on behalf of the firm, and McIntyre, recouped losses incurred in these transactions by selling other U.S. government agency securities at prices in excess of the then-current market price. The NASD also determined that McIntyre, the firm, and Salter failed to reflect on the books and records of the firm that these transactions were not effected at the then-current market prices and that the adjusted purchase price on the first leg of each adjusted trade was conditioned upon a subsequent sale at a further inflated or adjusted price. McIntyre, the firm, and Salter also caused false and misleading confirmations to be mailed to a customer. The NASD also found that McIntyre caused the falsification of the books and records of a public customer in that realized losses on sales by the customer were concealed and the new securities purchased were recorded at inflated prices, and, in so doing, McIntyre caused third parties with an interest in these accounts to be misled regarding the performance of the investments under the control of the customer. The findings also stated that McIntyre falsified a trade ticket for a purchase by incorrectly indicating on the trade ticket that the transaction was a \$2,100,000 purchase of bonds and falsified the trade blotters of the member firm.

#### **Firms And Individuals Fined**

**Chadwick Financial Group, Inc. (Santa Monica, California) and Timothy M. Hazzard (Registered Principal, Santa Monica, California)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which they were fined \$25,840, 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 Hazzard, induced the purchase of limited partnership interests in violation of Section 10(b) of the Exchange Act of 1934 and Rule 10(b) promulgated thereunder, in that it used a sales script that failed to disclose the risks associated with the investment. The findings also stated that the firm, acting through Hazzard, permitted non-registered persons to discuss investment products with prospective customers and to prequalify customers.

**Howe Solomon & Hall, Inc. (Miami, Florida) and Christopher John Hall (Registered Principal, Miami, Florida)** were fined \$30,000, jointly and severally. The firm was ordered to disgorge excess profits totaling \$67,936.40 to public customers. The sanctions were based on findings that the firm, acting through Hall, effected principal sales of municipal bonds to public customers at prices that were not fair, given all relevant circumstances. The firm and Hall also failed to establish or maintain an adequate written supervisory procedure pertaining to the pricing of municipal securities.

#### **Firm Fined**

**Key Brokerage Company, Inc. (Cleveland, Ohio)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm was fined \$15,000. Without admitting or denying the allegations, the firm consented to the described sanction and to the entry of findings that it failed to register all associated persons who were functioning in a principal capacity. The findings also stated that the firm failed to comply with Regulation T of the Federal Reserve Board in that in at least 35 transactions involving mutual funds wire order purchases, payment was neither received from the customer within the required seven business days nor was there a request for Regulation T extensions made by the firm on behalf of these customers. The NASD also found that the firm's written supervisory procedures and overall supervisory systems were inadequate.

#### **Individuals Barred Or Suspended**

**Daniel Joseph Avant (Registered Representative, Spring, Texas)** was fined \$2,500 and suspended from association with any NASD member for seven days. The SEC affirmed the sanctions following appeal of a March 1995 National Business Conduct Committee (NBCC) decision. The sanctions were based on findings that Avant failed to pay a \$28,000 NASD arbitration award timely.

**Erika Hilda Bauer (Registered Representative, Rochester, Michigan)** was suspended from association with any NASD member in any capacity for 90 days and required to requalify by exam. The NBCC imposed the sanctions following review of a Chicago District Business Conduct Committee (DBCC) decision. The sanctions were based on findings that Bauer sold a variable life insurance product to a customer without the customer's knowledge or consent by signing the customer's name to a form that allowed for automated withdrawal of monthly premium payments from the customer's bank account.

**Daniel Jon Benjamin (Registered Representative, Diamond Bar, California)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$100,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Benjamin consented to the described sanctions and to the entry of findings that he received from a public customer a \$70,000 check to purchase mutual fund shares. The findings stated that Benjamin deposited the check into his personal securities account and used the money to purchase another mutual fund. The NASD also found that Benjamin forwarded to the customer a falsified account statement that purported to evidence

the purchase of shares of the mutual fund for the customer's account, however, Benjamin failed to purchase the shares of the fund or to return the money to the customer, and converted the funds for his own use.

**Rick Randall Blair (Registered Representative, Nevada City, California)** submitted an Offer of Settlement pursuant to 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, Blair consented to the described sanctions and to the entry of findings that Blair exercised discretion in the account of a public customer without obtaining written authority from the customer and approval of his member firm. The NASD also found that Blair failed to respond to NASD requests for information.

**Deedra Kay Brown (Registered Representative, Phoenix, Arizona)** was fined \$25,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Brown exercised discretion in a customer account without obtaining written discretionary authority from the customers or written acceptance of the account as discretionary from her member firm. Brown also forged two customers' signatures to a margin agreement purporting to authorize the use of margin in the customers' joint account and effected margin transactions in the account, all without the customers' authorization and consent. Brown also failed to respond to NASD requests for information.

**Richard P. Brown (Registered Principal, Holmdel, New Jersey)** submitted an Offer of Settlement pursuant to which he was barred from association with any NASD member in any capacity, barred directly or indirectly from owning more than a five percent interest in any Nasdaq company, or serving as an officer, director, or control person of a Nasdaq company. Brown also agreed to pay \$300,000 into an interest-bearing escrow account for the benefit of securities claimants. Without admitting or denying the allegations, Brown consented to the described sanctions and to the entry of findings that he engaged in a manipulative, fraudulent, and deceptive scheme in connection with transactions in a common stock. The NASD also found that Brown sold common stock to customers at prices that were not fair and reasonable and not reasonably related to the prevailing market price for the securities with mark-ups in excess of 10 percent above the prevailing market price. The findings also stated that Brown failed to supervise.

**John R. Dankovich (Registered Representative, Sunrise, Florida)** was fined \$40,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Dankovich opened a securities account with his member firm under the name of his infant daughter and listed false information on the new account card. Dankovich also failed to respond to an NASD request for information about his termination from a member firm.

**Robert J. Darling (Registered Representative, Bradenton, Florida)** submitted an Offer of Settlement pursuant to which he was fined \$20,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Darling consented to the described sanctions and to the entry of findings that, without the knowledge or consent of at least two public customers, he received \$16,309 in insurance proceeds from his submission of at least four fraudulent loan requests on insurance policies.

**Rodger E. Ericson (Registered Representative, Zionville, Indiana)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$120,000, barred from association with any NASD member in any capacity, and required to pay \$64,673.85 to a member firm. Without admitting or denying the allegations, Ericson consented to the described sanctions and to the entry of findings that he obtained \$61,250 in checks from his

member firm by requesting advances against future insurance commissions of insurance agents of his member firm. After obtaining the checks, Ericson endorsed them, deposited them in an account in which he had a beneficial interest, and used the funds for some purpose other than for the benefit of the agents, without their knowledge or consent. Furthermore, the NASD found that Ericson received from a public customer a \$3,223.85 check with instructions that he use the funds to purchase an annuity. Ericson failed to follow said instructions in that he endorsed the check, deposited it or caused it to be deposited 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. The findings also stated that Ericson failed to respond to NASD requests for information.

**Alex V. Folgen (Registered Representative, Brooklyn, New York)** was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Folgen arranged to have an imposter take the Series 24 exam for him. Folgen also failed to respond to NASD requests for information.

**Ray Arvil Forrester (Registered Representative, Chicago, Illinois)** was fined \$1,000, suspended from association with any NASD member in any capacity for 30 days, and required to requalify by exam in any capacity. The NBCC imposed the sanctions following appeal of a Chicago DBCC decision. The sanctions were based on findings that Forrester telephoned his member firm, identified himself as a customer, directed the liquidation of stock held in the customer's account, and caused the proceeds to be directed to the customer in care of Forrester at his address. Without the customer's or the member firm's knowledge or consent, Forrester received a check totaling \$1,998.48, deposited the check in an account, and the proceeds were used by someone other than the customer. Forrester also failed to respond timely to NASD requests for information.

**Gary P. Goodner (Registered Representative, Oklahoma City, Oklahoma)** submitted an Offer of Settlement 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, Goodner consented to the described sanctions and to the entry of findings that he engaged in outside business activities without having provided written notice to his member firm.

**Michael K. Hart (Registered Principal, Point Pleasant Beach, New Jersey)** was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Hart failed to appear for an on-the-record interview.

**Leon Hawkins (Registered Representative, Huntsville, Alabama)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$150,000, barred from association with any NASD member in any capacity, and ordered to pay \$35,498.69 in restitution to public customers. Without admitting or denying the allegations, Hawkins consented to the described sanctions and to the entry of findings that he received from public customers \$35,498.69 as premium payments for insurance policies. The NASD found that Hawkins failed to apply the payments to the policies as directed, and, instead, converted the funds by endorsing and cashing the checks without the customers' knowledge or consent.

**David Lee Heinemeyer (Registered Representative, Bismarck, North Dakota)** was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Heinemeyer failed to respond to NASD requests for information regarding his termination from a member firm.

**Richard C. Hinckley (Registered Representative, Windsor, New York)** was fined \$25,000 and barred from association with any NASD member in any capacity. The sanctions were

based on findings that Hinckley misrepresented the non-existence of a mutual fund sales charge to a public customer, and misrepresented the existence of a guarantor on a personal promissory note that he tendered to his customer upon the customer's discovery of the sales charge. Hinckley also failed to respond to NASD requests for information.

**Alton Ray Jewell, Jr. (Registered Representative, Battery Park, Virginia)** was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Jewell failed to respond to NASD requests for information.

**David P. Jones (Registered Representative, Nashville, Tennessee)** was fined \$170,000, barred from association with any NASD member in any capacity, and ordered to pay \$1,120,389.88 in restitution to the appropriate parties. The sanctions were based on findings that Jones received from public customers \$1,120,389.88 in checks and cash to purchase investments on behalf of the customers. Jones failed and neglected to deposit the funds into the customers' accounts, and, instead, converted the funds to his own use and benefit by depositing the funds into a bank account that he controlled. Jones prepared fictitious account statements for the affected public customers, attempting to conceal the conversions. Jones also failed to respond to NASD requests for information.

**John T. King (Registered Principal, Knoxville, Tennessee)** submitted an Offer of Settlement 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, King consented to the described sanctions and to the entry of findings that he engaged in the sale of unregistered securities and prepared and distributed sales literature that omitted or misstated material facts. The NASD also found that King engaged in private securities transactions without prior written notice to and approval from his member firm.

**Fred W. Kwok (Registered Representative, West Lafayette, Indiana)** was fined \$120,000, barred from association with any NASD member in any capacity, and required to pay \$120,000 in restitution to a member firm. The sanctions were based on findings that Kwok obtained from public customers \$120,293.54 in checks and cash to purchase shares in mutual funds, an annuity and universal life insurance policy, or investments through his member firm. Kwok failed to follow instructions and used the customers' funds for some purpose other than for the benefit of the customers. Kwok also failed to respond to NASD requests for information.

**Randy J. Landry (Registered Representative, Youngsville, Louisiana)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$5,120 and suspended from association with any NASD member in any capacity for one week. Without admitting or denying the allegations, Landry consented to the described sanctions and to the entry of findings that he executed the unauthorized purchase and sale of shares of stock in the account of a public customer, without the customer's knowledge or consent.

**Harry R. Lankenau (Registered Principal, Richmond, Virginia)** and **Nicholas G. Costas (Registered Principal, Richmond, Virginia)** were suspended from association with any NASD member in any capacity for 15 days. Costas also was fined \$5,000. The NBCC imposed the sanctions following review of a Washington DBCC decision. The sanctions were based on findings that Costas and Lankenau engaged in a scheme to deceive their member firm. Costas and Lankenau effected sales of municipal securities from their firm's inventory account to an institutional customer pursuant to an understanding that after a bona fide buyer for the bonds could be located, Costas would repurchase the bonds from the customer at a price that would assure the customer a profit. Lankenau also effected discretionary securities transactions for the customer's account without written authority.

The suspensions began April 12, 1993, and concluded April 26, 1993.

**Barry B. Levine (Registered Representative, Atlanta, Georgia)** submitted an Offer of Settlement pursuant to which he was fined \$20,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Levine consented to the described sanctions and to the entry of findings that he failed to respond to an NASD request for information.

**Kevin G. Malone (Registered Principal, East Rockaway, New York)** and **Michael P. Galterio (Registered Principal, Wantagh, New York)** submitted Offers of Settlement pursuant to which Malone was fined \$40,000, suspended from association with any NASD member in any capacity for three months, and required to pay \$9,686 in restitution to public customers. Galterio was fined \$7,500, suspended from association with any NASD member in any capacity for 10 business days, and barred from association with any NASD member in any principal or supervisory capacity. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that Malone caused his member firm to sell common stock to retail customers at an arbitrary and inflated price, knowing there was little or no demand for the stock and no favorable news or developments concerning the stock.

The NASD also found that Malone used manipulative, deceptive, and other fraudulent devices to create actual or apparent active trading in the stock, and to arbitrarily and artificially establish, maintain, and raise the price of the stock to induce its purchase and sale by others. The findings also stated that Galterio failed to establish, implement, and enforce reasonable supervisory procedures designed to prevent the firm's retail customers from being charged manipulated prices and unfair and fraudulently excessive markups in a common stock.

Malone's suspension will begin on March 18, 1996, and will conclude June 18, 1996.

**Curtis David Mase (Registered Principal, Glen Carbon, Illinois)** submitted an Offer of Settlement pursuant to which he was fined \$15,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Mase 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 to, or obtain prior written approval from, his member firm to engage in such activities.

**Gerald J. Mundy, Sr. (Registered Representative, Livonia, Michigan)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$35,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Mundy 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 to, or obtain prior written approval from, his member firm to engage in such activities.

**Paul A. Muro (Registered Representative, Old Bethpage, New York)** was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Muro failed to respond to NASD requests for information regarding allegations that he took the Series 7 qualification exam under the name of another individual who was seeking to become registered with the NASD.

**Jerome J. Novosad (Registered Representative, Westminster, Colorado)** was fined \$50,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Novosad failed to respond to NASD requests for information regarding his termination from a member firm.

**Steven T. Okamoto (Registered Principal, Foster City, California)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$5,000, barred from association with any NASD member as a registered securities principal, and required to requalify as a registered representative. Okamoto also was suspended from association with any NASD member in any capacity for 60 days. Without admitting or denying the allegations, Okamoto consented to the described sanctions and to the entry of findings that he created 10 fictitious branch office audit reports when a corresponding supervisory branch exam had not been conducted.

Okamoto's suspension began June 5, 1995, and concluded August 5, 1995.

**Barbara J. Owens (Registered Representative, Dundee, Florida)** was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Owens failed to respond to NASD requests for information.

**George R. Peak (Registered Representative, Lauderhill, Florida)** was fined \$30,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Peak effected six unauthorized purchases in the accounts of public customers and failed to respond to NASD requests for information.

**Charles O. Phillips, Jr. (Registered Representative, Decatur, Georgia)** was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Phillips obtained a \$1,000 loan against the insurance policy of a public customer without the knowledge or authorization of the customer.

**Michael I. Pinsler (Registered Representative, Chicago, Illinois)** was fined \$10,000 and barred from association with any NASD member in any capacity with the right to reapply in two years. The sanctions were based on findings that Pinsler failed to disclose on his Uniform Application for Securities Industry Registration (Form U-4) that he pleaded guilty to and had been convicted of a felony drug offense.

**George H. Rather, Jr. (Registered Representative, Spring, Texas)** was fined \$10,000, suspended from association with any NASD member in any capacity for 30 days, and ordered to requalify as a general securities representative. The SEC affirmed the sanctions following appeal of a June 1995 NBCC decision. The sanctions were based on findings that Rather failed to submit timely five order tickets.

**William D. Roberts (Registered Representative, Indianapolis, Indiana)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$20,000, barred from association with any NASD member in any capacity, and required to pay restitution. Without admitting or denying the allegations, Roberts consented to the described sanctions and to the entry of findings that he received from a public customer \$7,975 with instructions that the funds be used to purchase various investments. The NASD determined that Roberts failed to follow the customer's instructions and used the funds for some purpose other than for the benefit of the customer. The NASD also found that Roberts failed to respond fully to NASD requests for information.

**Wilber S. Stakes (Registered Representative, Stamford, Connecticut)** was fined \$100,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Stakes made use of fraudulent devices in setting up fictitious accounts, falsifying their existence, and executing fictitious transactions therein. Stakes also failed to respond to NASD requests for information.

**Arthur K. Taylor (Registered Representative, Royal Oak, Michigan)** submitted an Offer of Settlement 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, Taylor consented to the described sanctions and to the entry of findings that he participated in the offer and sale of securities to a public customer on a private basis and failed to give prior written notice to, or obtain prior written approval from, his member firm to engage in such activities.

**Mohammed N. Wasif (Registered Representative, Boca Raton, Florida)** was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Wasif failed to respond to an NASD request for information regarding his termination from a member firm.

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

**Scott A. Weldon (Registered Representative, Chanhassen, Minnesota)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$50,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Weldon consented to the described sanctions and to the entry of findings that he received from a public customer \$10,000 to purchase an annuity. Weldon did not apply the funds as instructed and, instead, without the knowledge and consent of the customer, deposited the funds into his personal bank account and converted the funds to his own use and benefit.

**Davis W. Wetmore (Registered Principal, Bellaire, Texas)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$25,000, suspended from association with any NASD member in any capacity for 60 days, and suspended from association with any NASD member in a principal capacity for six months. Wetmore also must requalify by exam as a general securities representative. Without admitting or denying the allegations, Wetmore consented to the described sanctions and to the entry of findings that he engaged in a series of purchase and sale transactions for U.S. government agency securities and agreed to execute, and caused to be executed, such transactions at prices that were not reasonably related to the then-current market price for the securities. The NASD also found that Wetmore was negligent in failing to make a reasonable effort to determine the market prices for the securities and engaged in a practice commonly identified as adjusted trading. The findings stated that Wetmore failed to reflect on the books and records of his member firm that the transactions were not effected at the then-current market prices and that the adjusted sale price on the first leg of each adjusted trade was conditioned upon the subsequent purchase at a further inflated or adjusted price. The NASD also determined that Wetmore failed to reflect on the books and records of his member firm the identity of the true contra-party on government agency trades by interpositioning another member firm between the two parties.

**Allen G. Whitmire (Associated Person, Elgin, South Carolina)** was fined \$20,000 and barred from association with any NASD member in any capacity. The sanctions were based

on findings that Whitmire failed to respond to an NASD request for information regarding his termination from a member firm.

### **Individuals Fined**

**Russell B. Anderson (Registered Representative, Orem, Utah)** was fined \$20,000 and required to requalify by exam as a general securities sales representative. The sanctions were based on findings that Anderson effected seven transactions in the securities accounts of five customers without obtaining authorization from these customers prior to each of these transactions.

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

**Beacon Securities, Inc.** (New York, New York)  
**Sheen Financial Resources, Inc.** (Boca Raton, Florida)

### **Firms Suspended**

The following firms were suspended from membership in the NASD for failure to comply with formal written requests to submit financial information to the NASD. The actions were based on the provisions of Article IV, Section 5 of the NASD Rules of Fair Practice and Article VII, Section 2 of the NASD By-Laws. The date the suspension began is listed after each entry. If the firm has complied with the requests for information, the listing also includes the date the suspension concluded.

**Aesop Brokerage Services, Inc.**, West Bloomfield, Michigan (December 27, 1995)  
**Boston International Group Securities Corporation**, Boston, Massachusetts (January 2, 1996)  
**Hunter International Securities**, Pompano Beach, Florida (December 27, 1995)  
**Penn Capital Financial**, Pittsburgh, Pennsylvania (December 27, 1995)  
**TWC Capital Corp**, Ft. Lauderdale, Florida (January 2, 1996)

### **Suspension Lifted**

The NASD has lifted the suspension from membership on the date shown for the following firm, because it has complied with formal written requests to submit financial information.

**WH Securities Group, Inc.**, New Orleans, Louisiana (December 29, 1995)

### **Firms Suspended Pursuant To Article VI Section 2 Of The NASD Code Of Procedures For Failure To Pay Arbitration Awards**

The date the suspension began is listed after each entry.

**J.W. Bullard & Company**, New York, New York (December 26, 1995)  
**M. Rimson & Co., Inc.**, New York, New York (January 15, 1996)

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

**Robert W. Arthur** (Scottsdale, Arizona)  
**Gary L. Donahue** (New Rochelle, New York)

**Kerry Patrick Kennedy** (Northbrook, Illinois)  
**Danny G. Pinkerton** (Denver, Colorado)  
**Brian J. Sheen** (Boca Raton, Florida)

**Individuals Whose Registrations Were Canceled/Suspended Pursuant to Article VI  
Section 2 Of The NASD Code Of Procedures For Failure To Pay Arbitration Awards**

The date the suspension began is listed after each entry.

**Steve Ropas**, Staten Island, New York (December 26, 1995)  
**Jose S. Rubio**, Edgewood, Pennsylvania (December 27, 1995)