

Regulatory & Compliance Alert

A PUBLICATION OF NASD REGULATION, INC.

15.4 WINTER 2001

NASD Regulation Reminds Members Of Rule Requiring Registration Of Chief Compliance Officers; Effective Date: January 1, 2002

Last June, the Securities and Exchange Commission (SEC) approved amendments to NASD Rule 1022(a), "General Securities Principal." These changes, which become effective on January 1, 2002, require the chief compliance officer designated on Schedule A of a member's Form BD to be registered as a general securities principal unless the member's activities are limited to particular areas of the investment banking or securities business. In that case, the individual may apply for a limited principal registration, such as Limited Principal Investment Company and Variable Contracts Products (Series 26), Limited Principal Direct Participation Programs (Series 39), and the Government Securities Principal, if the activities of the chief compliance officer's firm are limited to these areas. NASD Regulation will accept, in lieu of any of these NASD principal examinations, the New York Stock Exchange (NYSE) Series 14 Compliance Official examination.

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NASD REGULATION, INC.

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The amendments also permit individuals who have been listed continuously as a chief compliance officer on Schedule A of a member's Form BD for the two years preceding January 1, 2002, to be grandfathered, *i.e.*, not be required to take a principal examination, provided they have no significant disciplinary history as described in the rule. Schedule A requires firms to list the names of certain firm officers, including the chief compliance officer (and individuals with similar status or functions). The amendments merely require individuals who function as a firm's chief compliance officer to register in the appropriate capacity. In some cases, the chief

executive officer may also function as the firm's compliance officer. In that case, that person should already have been registered in the appropriate principal capacity. The amendments do not require firms to hire an additional person to function as the firm's chief compliance officer. For more information see *NASD Notice to Members 01-51* (August 2001) located on the NASD Regulation Web Site at <http://www.nasdr.com/pdf-text/0151ntm.pdf>.

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

ADVERTISING REGULATION

Presentation Of Variable Life Insurance Performance In Member Communications

The Advertising Regulation Department (the Department) has seen an increase in member sales material that promotes variable life insurance products. Members are required to file variable life insurance sales material within 10 days of first use under NASD Rule 2210 (the rule). Frequently, this material includes performance information that can be an important factor for investors in determining whether to purchase variable life insurance. The increasing complexity and the significant differences among variable life insurance products raise regulatory issues with respect

to the presentation of variable life insurance performance information.

The rule requires member communications to provide a sound basis for evaluating the facts regarding a particular security, and prohibits exaggerated, unwarranted, and misleading statements. The Department interprets these standards to require member communications that present variable life insurance performance to prominently disclose the significant impact that fees have on such performance.

The Department has determined that variable life insurance performance presentations, preceded or accompanied by a prospectus, comply with the rule if they meet the following standards:

- ❖ Performance information reflects, at a minimum, the deduction of all fees and charges applicable at the underlying fund level.
- ❖ The communication clearly, prominently, and in close proximity to the performance shown:
 - i.) identifies the fees and charges deducted from the performance;
 - ii.) identifies the fees and charges not deducted from the performance;
 - iii.) discloses that, if all fees and charges had been deducted, the performance quoted would be significantly lower.
- ❖ The communication includes a statement urging investors to obtain a personalized performance illustration. The illustration must reflect all applicable fees and charges, including the cost of insurance.
- ❖ The communication refers investors to the hypothetical illustrations in the prospectus (if applicable) that show the effect that fees and charges have on performance.

The Department will also consider alternative methods of presenting variable life insurance performance on a case-by-case basis.

Members should contact the Advertising Regulation Department at (240) 386-4500 with any questions regarding variable life insurance performance presentations.

REGULATORY SHORT TAKES

NASD Regulation Publishes Investor Alerts

NASD Regulation continues to publish *Investor Alerts*—communications about issues and trends we identify that investors should know about quickly. These *Alerts* are intended to provide investors the information that they need to protect themselves and avoid the latest scams without having to wait until formal charges are resolved, as well as provide timely information about markets and products.

NASD Regulation invites securities firms to review and share the *Investor Alerts* with their customers to help educate investors. NASD Regulation has already posted *Alerts* to its Web Site on the following topics:

- ❖ Anthrax and terrorism investment scams
- ❖ Investing after the markets re-opened (in light of the events of 9/11)
- ❖ Guidance about “stretch” IRAs

- ❖ Stock spams and scams
- ❖ Exchanging variable annuities
- ❖ Understanding mutual fund classes
- ❖ Guidance about promissory notes

You may access the *Alerts* and other investor education information on the NASD Regulation Web Site by clicking on “Investor,” found across

the top of the Site’s Web Pages, or directly access the “Investor Center” at <http://investors.nasdr.com/>.

If you would like to distribute these documents to your customers, establish Web links to them, or suggest possible Alert topics, please contact John Gannon, NASD Regulation, Investor Education, at (202) 974-2842 or john.gannon@nasd.com.

CRD/IARD/PUBLIC DISCLOSURE

2002 Renewals Program—Final Renewals Process

Final Renewal Statements

Beginning January 2, 2002, the NASD will make available Final Renewal Statements on Web CRDSM. These statements will reflect the final status of firm and agent registrations as of December 31, 2001. Any adjustments in fees owed as a result of registration terminations or approvals subsequent to the Preliminary Renewal Statement will be made in this final reconciled statement. If a member has more agents and/or branch offices registered at year’s end than it did in November when the Preliminary Renewal Statement was generated, additional fees will be assessed. If a member has fewer agents and/or branch offices registered at year’s end than it did in November, a credit/refund will be issued.

The statement will list:

- ❖ The number of agents with approved registrations with specific regulators and the amount paid to the regulators to renew the registrations.
- ❖ The regulators with which the firm is registered and the amount paid to the regulators to renew the registrations.
- ❖ The number of agents having an approved registration with the NASD for 2002 and the amount paid to the NASD. This appears on the statement as the NASD Personnel Assessment Fee.
- ❖ The \$30 NASD System Processing Fee, which will be charged for any agent who is renewed through Web CRD regardless of the regulator with which the agent is registered.
- ❖ The number of branch offices having a renewed registration with the NASD for 2002 and the amount paid to the NASD.
- ❖ The total adjusted amount due. If the amount due is less than the amount initially paid, the firm will be credited. Conversely, if the amount due is greater than the amount initially paid, the firm needs to pay the balance.

- ❖ If the firm failed to renew with regulators other than the NASD, only NASD-related fees (*i.e.*, Branch Fees, Registration Fees, and the System Processing Fee) will appear on the Final Renewal Statement.

For the first time, NASD Regulation is renewing investment adviser firms that have filed via the Investment Adviser Registration Depository (IARDSM). Joint firms' (broker/dealers and investment advisers) Final Renewal Statements will include all applicable firm fees for both broker/dealer and investment adviser registration/Notice Filings.

Final Renewal Statement Instructions

Since this reconciled statement has been adjusted to reflect the payments made in response to the November Preliminary Renewal Statement, the "Amount Due" or "Credit Due" reflects any additional amount due at this time or any credit the firm may be owed by the NASD. The total fees are based on the year-end calculation for the number of agent and firm registration approvals held by the firm subject to year 2002 Renewal Fees—as assessed by the participating states and the New York Stock Exchange (NYSE), American Stock Exchange (AMEX), Chicago Board Options Exchange (CBOE), International Securities Exchange (ISE), Pacific Exchange (PCX), and Philadelphia Stock Exchange (PHLX).

1. If the statement shows an amount due (*i.e.*, positive amount or debit balance), then the total NASD, AMEX, CBOE, ISE, PCX, PHLX, and state fees paid on the firm's behalf exceeded

the Preliminary Renewal Payment. The company check, with the firm's CRD Number and the word "Renewals" noted on the front of the check, and made payable to NASD Regulation, Inc., for the exact amount due, should be returned to NASD Regulation—Renewals, together with the first page of the Final Renewal Statement, no later than March 15, 2002.

Send payment to:

US Mail: NASD Regulation, Inc.
CRD-IARD
P.O. Box 7777-W8705
Philadelphia, PA 19175-8705

Note: This P.O. Box will not accept courier or overnight deliveries.

Express Delivery: NASD Regulation, Inc./CRD-IARD
W8705
c/o Mellon Bank, Room 3490
701 Market Street
Philadelphia, PA 19106
Telephone Number: (301) 869-6699

Members should remember to use the full address, including the "W8705" in either address to ensure prompt processing.

2. If the statement reflects a credit due (*i.e.*, negative amount or credit balance), then the firm's Preliminary Renewal Payment exceeded the total fees due. The firm may either have this credit amount applied to its Daily Account or refunded to the firm.

- ❖ To have the credit applied to the firm's Daily Account, contact the Gateway Call Center at (301) 869-6699.

- ❖ To request a refund check, have an appropriate signatory sign the first page of the Final Renewal Statement and mail it before March 15, 2002, to:

*NASD Regulation, Inc.
Discoverly
User Support—CRD Accounting
9509 Key West Avenue
Rockville, MD 20850*

3. If no request for a refund is received by March 15, 2002, the credit amount will be transferred to the firm’s Daily Account by April 1, 2002.

4. If the firm’s statement shows a zero balance due, the total fees due as of year-end were equal to the total fees paid by the firm; no further action is required.

Final Renewal Reports

On or after January 2, 2002, firms will also be able to request Final Renewal Reports via Web CRD through the Reports Tab. During the Final Renewals Period, firms will be able to request the following reports:

CRD Renewals	Firm Renewal Roster
CRD Renewals	Branches Renewal Roster
CRD Renewals	Billing Code Summary
CRD Renewals	Billing Code Detail
CRD Renewals	Firm Renewal Download

The Firm (Agent) Renewal Roster will list all renewed personnel with the NASD, NYSE, AMEX, CBOE, ISE, PCX, PHLX, and each state. Persons whose registrations are approved with

any of these regulators during November and December will be included in this roster, while registrations that are pending approval or are deficient at year’s end will not be included in the Renewal Process or on the report.

At this time, firms can also request an NASD Renewal Branches Renewal Roster that lists all branches for which they have been assessed. This year’s Renewal Reports, which firms can request via Web CRD, will also include two additional reports: a Billing Code Summary Report and a Billing Code Detail Report. These reports should aid firms in their internal research and allocation of fees.

Requesting Renewal Reports

To request a report, follow these steps:

- ❖ Logon to Web CRD at the following address:
https://crd.nasdr.com/crdmain/
- ❖ Accept the disclaimer. (The system will then display the Site Map.)
- ❖ Click on the Reports Tab. (If you do not have entitlement to see the Reports Tab, please contact your Account Administrator.)
- ❖ Select the report that you would like to receive by clicking on the report title. (A form will open up and you will need to submit all required information for fields with an asterisk (*) next to them.)
- ❖ Click the Submit Button. (You will receive a Report ID Number, which you can use to track the status of your report, under the “Status” link.)

- ❖ Most reports will be available to view shortly after requested.

Viewing Reports

To view the report when it is available:

- ❖ Click on the Reports Tab
- ❖ Click View Report. (A new browser window will appear that will list all of the reports requested.)
- ❖ Click on the hyperlink for the report. (The report will be listed as a hyperlink and include the Report ID Number that you received when you requested the report. The link will either open the report in the browser window or prompt you to save the document to your computer depending on the type of report requested.)
- ❖ Please note that some reports may take longer than others to appear in View Reports. (If you do not see your report when you first go into View Reports, please check back in another 15 to 20 minutes.)
- ❖ Reports will expire after a certain amount of time. For example, a Branches Renewal Roster will remain in the ReportMart for 60 days. The length of time each report remains in the ReportMart is detailed in the Glossary.

Remember: Firm Final Renewal Reports will not be automatically generated. Firms must request them under the Reports Tab.

Report Discrepancies

The 2002 Renewals Program includes a reconciliation period expiring March 15, 2002. Firms will have approximately two months in which to reconcile any discrepancies on their Renewal Reports. To resolve discrepancies, all regulators should be contacted directly in writing.

If the firm finds any discrepancies between its records and those maintained on Web CRD, report the discrepancy, in writing, to User Support-Research no later than March 15, 2002. Copies of all appropriate documentation (such as Notices of Approval/Termination, copies of U-4 or U-5 or Schedule E Amendments, etc.) should be included.

Discrepancies—NASD: Contact the CRD/PD Gateway Call Center at (301) 869-6699 in regard to the NASD Roster. Copies of appropriate documentation should be readily available.

- ❖ If review of the Final Renewal (Agent) Roster reveals any discrepancies between the firm's records and those maintained on Web CRD, the firm must report the discrepancy directly to the appropriate regulatory authority, in writing, before March 15, 2002.
- ❖ *Discrepancies—NYSE/AMEX/CBOE/ISE/PCX/PHLX/States:* All regulators should be contacted directly in writing. A complete listing of regulators, including their addresses, is located on the CRD Page of the NASD Regulation Web Site, www.nasdr.com.

NASD Reports Registration Renewals To Regulators

All individuals reported to each respective regulator for the calendar year 2002 will be listed in the state rosters. All firm registration renewals reported to the regulators participating in the 2002 Renewals Program will also be included.

These rosters should be reviewed promptly to determine if all state agent and firm registrations, as of year-end 2001, have been reported through Web CRD to the respective regulators. For a complete listing of all regulators participating in this year's Renewals Program, please see the SRO/State Regulator's Directory on the CRD Page of the NASD Regulation Web Site, www.nasdr.com.

These reports should be made a permanent part of the firm's records.

If A Firm Fails To Renew

If a firm fails to pay the full amount due on the Preliminary Renewal Statement, the agent registrations will terminate at midnight (12:00 a.m.) on December 31, 2001. The firm will have to contact each regulator in which it was registered to request agent and firm re-registration instructions. Please be advised that many states levy fines for failure to renew properly.

In January 2002, firms will be able to retrieve a Final (Adjusted) Renewal Statement for NASD fees only, a list of branch offices, and a list of agents registered with the NASD. If the firm pays

the Final Renewal Statement, in full, the NASD registration ONLY can be renewed for 2002.

All state agent registrations for firms will terminate effective December 31, 2001, except California, which does not assess Renewal fees. In addition, firms' state registration will be terminated effective December 31, 2001, if the firm was previously registered in the states listed below.

Alabama	Nevada
Arkansas	New Jersey
Delaware	New Mexico
District of Columbia	North Carolina
Florida	Ohio
Georgia	Oklahoma
Hawaii	Oregon
Indiana	Rhode Island
Iowa	South Dakota
Kentucky	Texas
Louisiana	Utah
Maryland	Vermont
Massachusetts	Virginia
Michigan	Washington
Missouri	West Virginia
Montana	Wisconsin
Nebraska	

The firm will have to contact the states in which it was registered (except California) for further instructions and information on reapplying for firm and/or agent registrations. If the firm is instructed by a state to re-file Forms U-4 with CRD to reinstate agent registrations, the firm

must electronically submit an amended U-4 filing, re-requesting the registration, for any individual who has a Form U-4 filed in Web CRD. A check, payable to NASD Regulation, Inc., in the amount of the Transfer (Re-Registration) Fee charged by each state, will be required for all filings.

For questions about the 2002 CRD Renewals Program or the Final Renewals Process, contact the Gateway Call Center at (301) 869-6699. Additional information and instructions concerning the Final Renewal Statements and Reports will appear in the January 2002 issue of NASD Notices to Members.

TRADING & MARKET MAKING

Providing Firm Contact Information Over The OATS Web Interface

Order Sending Organizations (OSO) Administrators at Order Audit Trail System (OATS) Transmitting and Reporting firms are responsible for maintaining a list of contacts with whom OATS technical and regulatory staff can communicate concerning a variety of OATS issues.

There are three types of OATS contacts:

1. **OATS Administrator** – *The primary contact for the OATS program.*
2. **OATS Technical Support** – *Assists the NASD in resolving OATS-related technical issues.*
3. **OATS Compliance** – *Assists the NASD in resolving OATS-related compliance issues.*

The OATS Administrator is the only user who can perform Contact Administration functions.

It is extremely important that the OATS Administrator keep contact information current. The NASD specifically requests OATS Administrators to include a current e-mail address as part of the contact information so that the NASD may expedite the process of notifying firms should the need arise.

Contact information is necessary for all transmitting or reporting firms, whether they are reporting for others, for themselves, or through some third party.

For more information on how to provide contact information, please see Chapter 3 of the OATS Subscriber Manual located on the NASD Regulation Web Site, www.nasdr.com. Questions should be directed to the NASD Gateway Business Applications Support Help Desk at 1-800-321-NASD.

The Importance Of OATS Announcements

Periodically, important messages need to be broadcast to the OATS user community. The quickest medium is the OATS Announcements Page on the OATS Web Interface. The information posted to the OATS Announcement Page is usually urgent and may affect what you can process or see on the Web Site. It is very important that you monitor the OATS Announcements on a daily basis to see the status of OATS. OATS Announcements may include information on outages, processing delays, reminders of upcoming events, and notices of new publications.

The outages and delays announcements notify the membership of current system availability. This includes when OATS is down or delayed, and when it is again running normally. The Announcements provide advice during delays on the status notifications and on rejections or other statistics.

The reminder announcements notify the membership of important upcoming events such as enhancements or changes to the CT and PD environments. The reminders also inform of changes in published documents such as the *OATS Technical Specifications* (located on the NASD Regulation Web Site – www.nasdr.com) so that firms' files and systems remain compliant with OATS rules.

Please take the time to read the OATS Announcements frequently, as they are the fastest way for the NASD to communicate with you.

Questions about OATS Announcements or about any facet of OATS may be directed to the NASD Gateway Business Applications Support Help Desk at 1-800-321-NASD.

Securities Industry/Regulatory Council On Continuing Education Introduces Continuing Education Web Site

The Securities Industry/Regulatory Council on Continuing Education (Council), on which NASD Regulation participates, has developed a Web Site (www.securitiescep.com) containing information, publications, and reference materials relating to the Securities Industry Continuing Education Program. The Site includes a library of continuing education information. Sections on the Web Site include:

- ❖ **The Mission and History** of the Securities Industry Continuing Education Program.
- ❖ **Regulatory Element**—This section has the following sub-sections:
 - ❖ Frequently Asked Questions.
 - ❖ The Content Outline for the General Program (S101) and Investment Representative Program (S106).
 - ❖ A listing of domestic and international delivery sites.
 - ❖ In-Firm Delivery information—technology and site requirements and required administrative procedures.
 - ❖ A catalog from which retired Regulatory Element scenarios may be ordered. Scenarios can be used for Firm Element training or compliance needs.
- ❖ **Firm Element**—This section has the following sub-sections:
 - ❖ Frequently Asked Questions.
 - ❖ The Firm Element Organizer—a software tool to help conduct the firm's Needs Analysis and to help develop Firm Element training curricula.
 - ❖ The capability to search the Firm Element Organizer database of regulatory bulletins and publications from industry-related sources.
- ❖ **Registration for E-mail Updates**—Firms can register to receive e-mail alerts about new items added to the Web Site database, such as notices from self-regulatory organizations (SROs) and other industry organizations, new publications, and rule and regulation updates. These may be used for Firm Element or for general training and compliance.

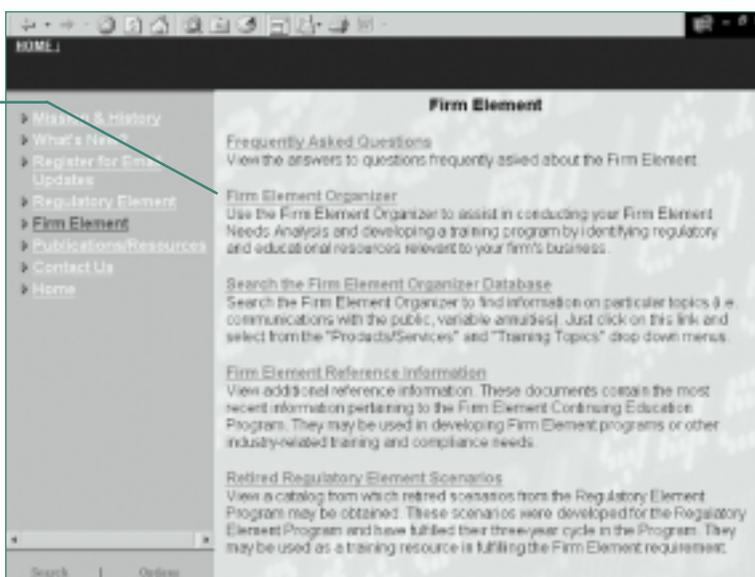
Using The Firm Element Organizer

The Firm Element Organizer is a software application contained on the Continuing Education Program Web Site. At the heart of the Firm Element Organizer is a database of *NASD Notices to Members*, *NYSE Information Memos*, and publications from other SROs and the SEC from the past three years. To keep the database current, new items are added as often as they appear. The following example shows how the Firm Element Organizer might be used when developing a training plan for training about variable annuities at XYZ Co., a hypothetical firm with one office and 25 registered persons.

Begin by logging on to www.securities.com and click on Firm Element.



Click on Firm Element Organizer to launch the program.

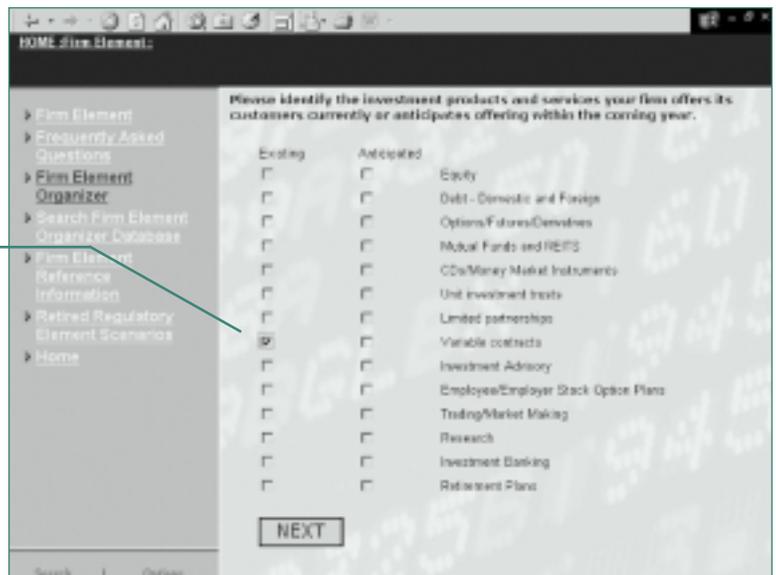


Next step: Select the financial products or services for which you wish to develop training.

Read the explanatory text to prepare for the information request on the next screen—your firm’s products and services.

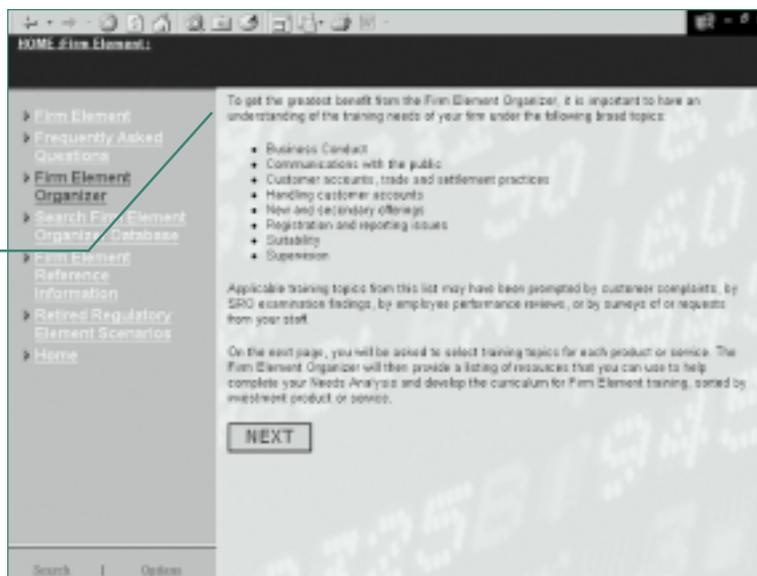


For our example, Variable Contracts (which includes variable annuities) is selected as an existing product of the firm. Any and all existing or anticipated (i.e., planned) products or services may be selected.



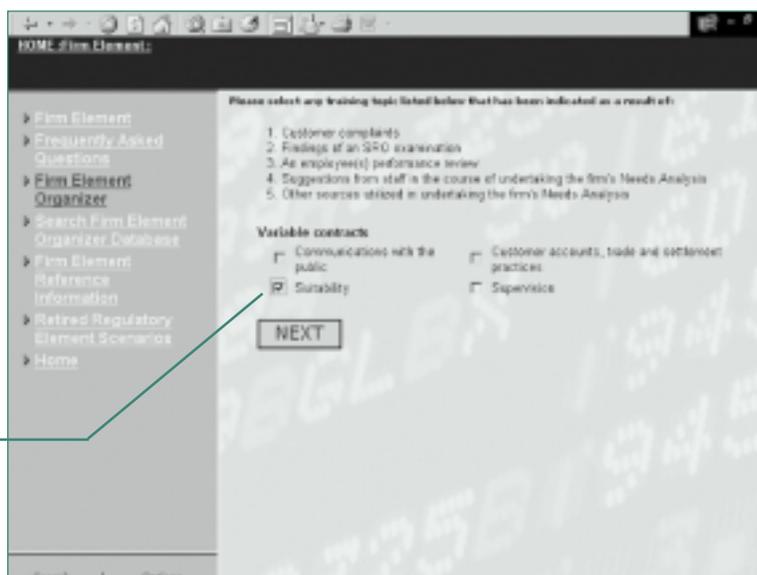
Next step: Select topics for training.

Read the explanatory text to prepare for the information request on the next screen—training topics related to the products and services you have chosen.

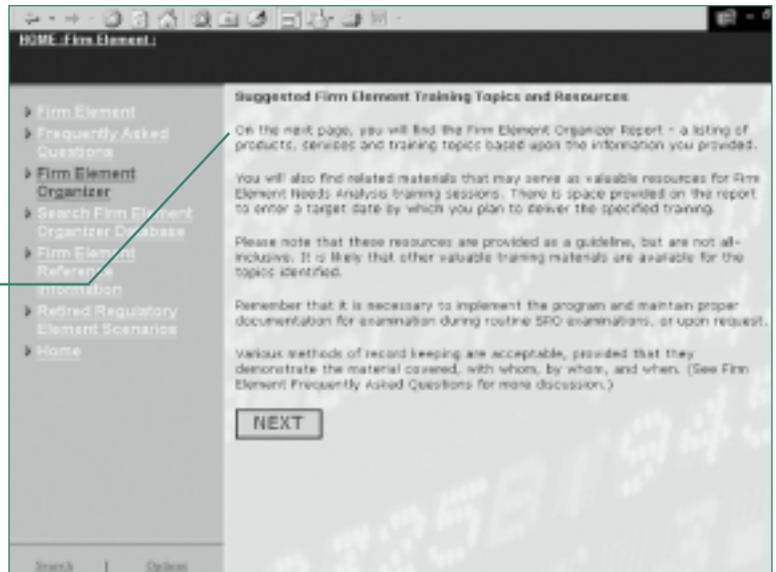


For our example, Suitability is selected. Any and all training topics that are listed may be selected.

Next step: Produce the report from the Firm Element Organizer database. The report shows resources related to the product(s) and training topic(s) you've chosen.

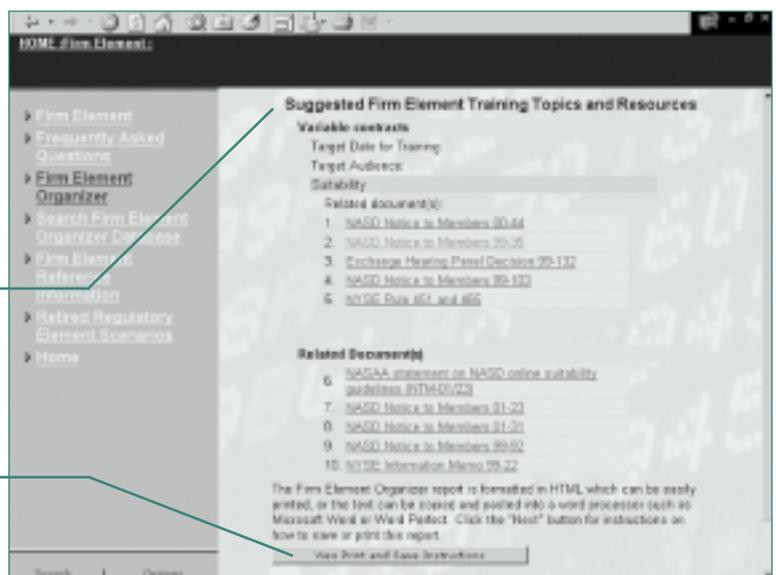


Read the explanatory text for a description of the Firm Element Organizer Report, as well as reminders about the importance of plan implementation and documentation.



The Firm Element Organizer Report.

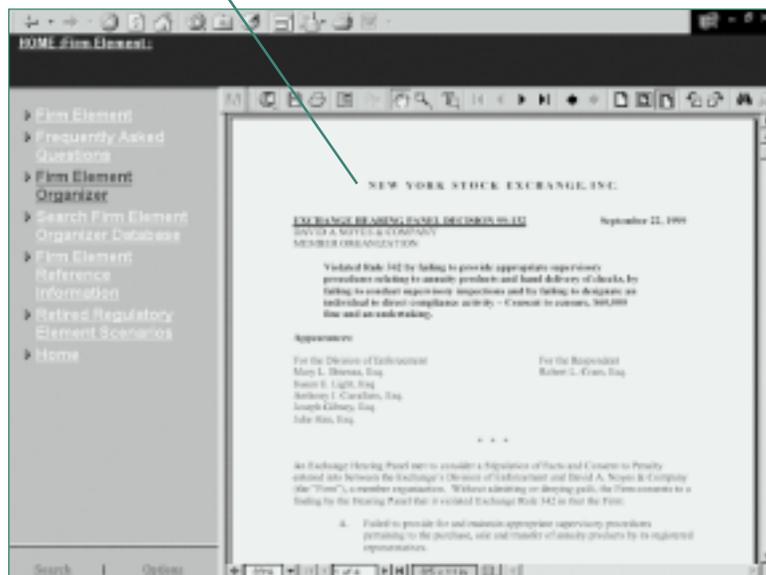
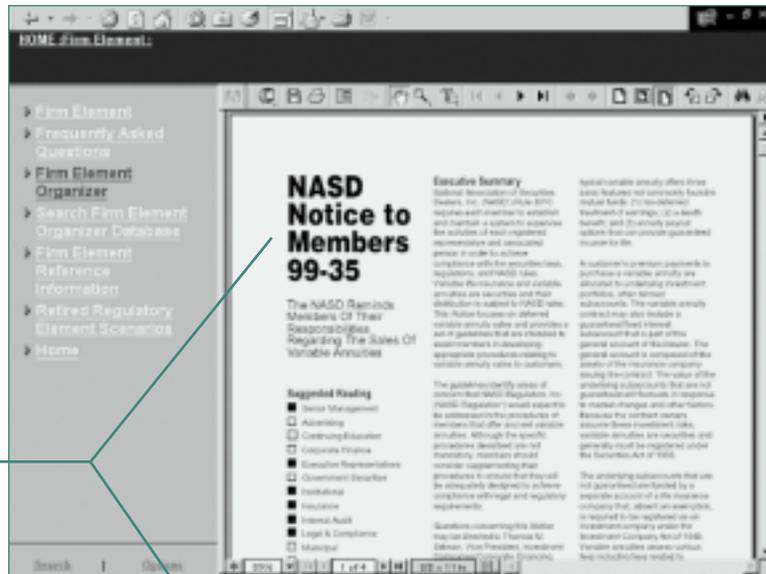
Next steps: Click on each listing to see the document in pdf format. Decide which documents to use in your training plan.



[Take note of this button.]

Examples of documents chosen from the Firm Element Organizer Report for use in your Firm Element training. Back out of each pdf document to return to the Firm Element Organizer Report screen.

Next step: Preparing a Firm Element training plan for variable annuities.



These instructions about how to cut and paste the Firm Element Organizer Report into a word processing program are launched from the bottom of the Firm Element Organizer Report Page.



This text has been copied from the Firm Element Organizer Report and pasted into a word processor for editing. Documents not used can be deleted and additional information can be added to develop a training plan.

View how the hypothetical broker/dealer, XYZ Co., has put together its training plan for variable annuities using input from the Firm Element Organizer and other internal and external training sources.

Suggested Firm Element Training Topics and Resources

Variable contracts

Target Date for Training:

Target Audience:

Suitability

Related document(s):

1. NASD Notice to Members 00-44
2. NASD Notice to Members 99-35
3. Exchange Hearing Panel Decision 99-132
4. NASD Notice to Members 99-103
5. NYSE Rule 451 and 465

Related Document(s)

6. NASD Notice to Members 00-23
7. NASD Notice to Members 01-31
8. NASD Notice to Members 99-92
9. NYSE Information Memo 99-22

The Firm Element Organizer report is formatted HTML, which can be easily printed, or the text can be copied and pasted into a word processor such as Microsoft Word or WordPerfect. Click the "Next" button for instructions on how to save or print this report.

To return to the Firm Element page, please click 'Return' below.

XYZ, Inc. — Firm Element Training¹

Subject:	Variable Annuities
Target Date for Completion of Training:	3/31/2002
Target Audience:	All salespersons and sales supervisors ²
Supervisor/Principal Responsible:	XYZ Chief Compliance Officer

Training Topic	Trainer/Training Resource ³
The investment characteristics (features, benefits, risks) of variable annuities.	ABC Ins. Co. wholesaler/presentation reviewed by XYZ management
Suitability considerations: ❖ For whom is a variable annuity suitable? ❖ For whom is a variable annuity not suitable?	XYZ compliance/handout and <i>NASD Notice to Members 99-35</i>
Insurance licensing and appointment process; securities registration.	XYZ compliance/handout
1035 Exchanges – when to exchange and when not to exchange.	ABC wholesaler and XYZ compliance and operations/handout, [NYSE] Exchange Hearing Panel Decision 99-132, and XYZ procedure manual.
Supervisory approval for 1035 exchanges.	XYZ compliance and operations/ handout.
Using variable annuity illustrations with prospects/customers.	ABC wholesaler and XYZ compliance/handout, XYZ procedure manual.

Questions about this article may be directed to John Linnehan, NASD Regulation, Continuing Education, at (240) 386-4684. Daniel M. Sibears of NASD Regulation's Member Regulation Department may be contacted at (202) 728-6911 with regulatory questions about continuing education rules and member obligations. Members may also direct questions to their local NASD Regulation District Office.

- 1 XYZ is a hypothetical broker/dealer with one office and 25 registered persons. In this example, XYZ has chosen to utilize two of the resources from the Firm Element Organizer along with resources from within and outside the firm such as the firm's compliance manual and a product wholesaler.
- 2 Smaller firms might find it practical to list the names of the persons for whom the training is intended. Attendance must be taken and kept in the continuing education file.
- 3 Copies of all training resource material must be maintained in the firm's continuing education file.

Testing Update

Excellence In Service Award For Testing Centers

NASD Regulation established an Excellence In Service Award Program for those centers 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 third quarter of 2001 are:

★ Consecutive Quarter Winners

- | | | |
|---------------------|----------------------------|---------------------|
| ★ Ft. Smith AR | Anaheim Hills CA | ★ Atascadero CA |
| ★ Glendale CA | Rancho Cucamonga CA | Riverside CA |
| Westlake Village CA | Hamden CT | Jacksonville FL |
| ★ Orlando FL | ★ Homewood IL | ★ Waltham MA |
| Salisbury MD | Grand Rapids MI | Livonia MI |
| ★ Utica MI | ★ Charlotte NC | Greenville NC |
| ★ Bismarck ND | ★ Omaha NE | Deptford NJ |
| ★ Albuquerque NM | Las Vegas NV | Ithaca NY |
| ★ Melville NY | Wappingers Falls NY | ★ Cuyahoga Falls OH |
| ★ Strongsville OH | ★ Oklahoma City OK | North Wales PA |
| Pittsburgh PA | ★ Pittsburgh (N. Hills) PA | Columbia SC |
| Myrtle Beach SC | ★ Memphis TN | Newport News VA |
| Puyallup WA | ★ Fox Point WI | New Berlin WI |

Update: Testing And Continuing Education – International Delivery

NASD Regulation is now offering delivery of computerized testing and Continuing Education in the following cities:

- ❖ Sydney, Australia
- ❖ Hong Kong, China
- ❖ Paris, France
- ❖ Frankfurt, Germany
- ❖ Tokyo, Japan
- ❖ Seoul, South Korea New Location
- ❖ Singapore New Location
- ❖ London, United Kingdom New Location

Note: Continuing Education Session 2-201 is not yet available for scheduling or delivery. NASD Regulation anticipates that it will be available in the near future. NASD Regulation is approving extensions to eligibility windows for candidates who want to schedule the 2-201 session internationally, since it cannot be accommodated them at this time.

If a Continuing Education window for Session 2-201 needs to be extended, please call NASDR Field Support Services in the U.S. at (800) 999-6647, Option 1. Indicate that the Continuing Education window needs to be extended because the individual is attempting to complete the session internationally.

For detailed information about site addresses, appointment scheduling phone numbers, and policies/procedures for scheduling candidate appointments, visit the NASD Regulation Web Site at www.nasdr.com/2634_scheduling.asp.

Prometric Technology Center Re-Opens In Glastonbury, CT

A new, Prometric corporate-operated testing center is now open in Glastonbury, CT. The center is located at:

**68 National Drive, Suite C
Glastonbury, CT 06033
860-633-7236**

Questions about this article may be directed to Linda Christensen, Member Regulation, NASD Regulation, at (610) 627-0377.

Certification Testing & Continuing Education Delivery Location List

Current as of December 2001

Alabama

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

Alaska

Anchorage	907-276-6007
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Arizona

Goodyear	623-932-7800
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	310-337-6696
Diamond Bar	909-861-1146
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	858-526-0858
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

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

Boulder	303-449-1700
Colorado Springs	719-593-1272
Denver	303-692-8745
Littleton	303-972-7276
Pueblo	719-545-0838

Connecticut

Glastonbury	860-633-7236
Hamden	203-287-9677
Norwalk	203-847-0031

Delaware

Dover	302-741-0412
Wilmington	302-998-3817

District of Columbia

Washington	202-955-5887
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Florida

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
Sarasota	941-923-9399
Tallahassee	850-386-8707
Tampa	813-289-1246
Temple Terrace (Tampa)	813-989-9988
Winter Park	407-671-2332

Georgia

Atlanta	404-255-9957
Augusta	706-868-1888
Jonesboro	770-478-5356
Macon	912-474-5909

Marietta	770-980-1117		
Savannah	912-354-2660		
Valdosta	912-245-1069		
Idaho			
Boise	208-322-3555		
Illinois			
Carbondale	618-529-4664		
Carpentersville	847-836-2031		
Chicago (S. Wabash)	312-663-5632		
Homewood	708-798-0238		
Northbrook	847-559-2461		
Peoria	309-682-0825		
Springfield	217-546-0381		
Westchester	708-947-2800		
Indiana			
Evansville	812-479-6855		
Indianapolis (E. 86th St.)	317-257-7546		
Indianapolis (Girl's School Rd)	317-486-4541		
Lafayette	765-447-0626		
Merrillville	219-736-1113		
Mishawaka	219-254-1055		
Terre Haute	812-232-6348		
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	502-423-0340		
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	410-843-6401		
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		
Brookline	617-264-4152		
E. Longmeadow	413-525-4901		
Lexington	781-861-0723		
Waltham	781-890-0466		
Worcester	508-853-7250		
Michigan			
Ann Arbor	734-477-6970		
Grand Rapids	616-957-0368		
Lansing	517-372-7413		
Livonia	734-462-2750		
Portage	616-321-8351		
Troy	248-643-7323		
Utica	810-739-0270		
Minnesota			
Bloomington	952-831-7461		
Duluth	218-723-1494		
Rochester	507-292-9270		
St. Cloud	320-529-4830		
Woodbury	651-702-6791		
Mississippi			
Jackson	601-366-6400		
Missouri			
Ballwin	314-394-7742		
Jefferson City	573-761-7317		
Lee's Summit	816-525-5445		
Springfield	417-882-0740		
St. Joseph	816-671-9900		
St. Louis	314-993-9092		
Montana			
Billings	406-656-4646		
Helena	406-443-9205		
Nebraska			
Columbus	402-564-2862		
Lincoln	402-465-8800		
Omaha	402-334-9449		
Nevada			
Las Vegas	702-795-7323		
Reno	702-829-2700		
New Hampshire			
Portsmouth	603-433-6800		
New Jersey			
Deptford	856-384-4744		
East Brunswick	732-390-4040		

Fairlawn	201-475-1670	Reynoldsburg	614-864-4090
Hamilton Township	609-631-9794	Strongsville	440-238-0530
Toms River	732-349-4609	Oklahoma	
Union	908-964-2862	Oklahoma City	405-843-8378
New Mexico		Tulsa	918-249-0820
Albuquerque	505-296-0609	Oregon	
New York		Eugene	541-485-4589
Albany	518-438-6762	Milwaukie	503-659-9575
Amherst/Buffalo	716-565-0570	Portland	503-254-2009
East Syracuse	315-433-9038	Pennsylvania	
Garden City	516-746-7367	Allentown	610-791-5320
Ithaca	607-277-4821	Clark Summit	717-586-4362
Manhasset	516-869-1238	Erie	814-864-6100
Melville	516-845-9063	Harrisburg	717-652-0646
NYC Manhattan Area	212-760-1137	Lancaster	717-391-6519
NYC Midtown Area	800-578-6273	North Wales	215-412-7822
NYC Penn Plaza (15th Fl)	800-578-6273	Philadelphia	215-238-8380
NYC Penn Plaza (17th Fl)	800-578-6273	Pittsburgh (North Hills)	412-367-4620
NYC Wall Street Area	800-578-6273	Pittsburgh (Braddock Ave.)	412-247-4463
Rego Park	718-997-6356	Plymouth Meeting	610-941-6284
Rochester	716-385-4810	York	717-755-7471
Staten Island	718-980-3079	Puerto Rico	
Vestal	607-798-1715	Guaynabo	787-706-7640
Wappingers Falls	845-298-8378	Hato Rey	787-753-6394
Watertown	315-788-2588	Rhode Island	
White Plains	914-289-0437	Cranston	401-942-8552
North Carolina		South Carolina	
Asheville	828-253-4224	Charleston	843-766-5599
Charlotte	704-364-7758	Columbia	803-354-9221
Gastonia	704-853-2038	Greenville	864-676-1506
Greensboro	336-288-1311	Irmo	803-749-0356
Greenville	252-756-0342	South Dakota	
Raleigh	919-846-1975	Sioux Falls	605-362-4875
Wilmington	910-392-0891	Tennessee	
North Dakota		Chattanooga	423-894-6249
Bismarck	701-224-1171	Clarksville	931-647-2003
Fargo	701-293-1234	Franklin	615-790-5018
Ohio		Knoxville	423-690-0671
Cincinnati	513-671-7030	Madison (Nashville)	615-860-0376
Columbus	614-451-4131	Memphis	901-266-4606
Cuyahoga Falls (Akron)	330-922-5587	Texas	
Dayton	937-435-8417	Abilene	915-698-7858
Hilliard	614-529-4232	Amarillo	806-359-1037
Lima	419-331-7323	Arlington	817-572-6690
Mentor	440-255-0055	Austin	512-441-1978
Niles	330-652-1886		

<i>Beaumont</i>	409-899-9798		
<i>Corpus Christi</i>	512-993-3793		
<i>Dallas</i>	972-385-1181		
<i>El Paso</i>	915-587-7323		
<i>Houston (Saturn Ln)</i>	281-488-6144		
<i>Mesquite</i>	972-686-3310		
<i>Midland</i>	915-520-9418		
<i>San Antonio</i>	210-494-7263		
<i>Sugar Land</i>	281-491-9200		
<i>Tyler</i>	903-510-2842		
<i>Waco</i>	254-772-2467		
Utah			
<i>Orem</i>	801-226-5544		
<i>Salt Lake City</i>	800-578-6273		
Vermont			
<i>Williston</i>	802-872-0845		
Virgin Islands			
<i>St. Croix</i>	340-773-5751		
		Virginia	
		<i>Arlington/DC Area</i>	703-807-5813
		<i>Lynchburg</i>	804-832-0778
		<i>Mechanicsville</i>	804-730-5844
		<i>Newport News</i>	757-873-0208
		<i>Roanoke</i>	540-344-3688
		Washington	
		<i>Lynnwood</i>	425-774-3922
		<i>Puyallup</i>	253-848-0771
		<i>Spokane</i>	509-467-8715
		West Virginia	
		<i>Morgantown</i>	304-293-0699
		<i>South Charleston</i>	304-744-4144
		Wisconsin	
		<i>Fox Point</i>	414-540-2223
		<i>Madison</i>	608-231-6270
		<i>New Berlin</i>	414-796-0836
		<i>Racine</i>	414-554-9009
		Wyoming	
		<i>Casper</i>	307-235-0070

NASD DISCIPLINARY ACTIONS

NASD Disciplinary Actions

In September, October, November, and December 2001, 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 December 2001.

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

September Actions

Hoefer & Arnett, Incorporated (CRD #10883, San Francisco, California) and Arthur Edward Raitano (CRD #1007119, Registered Principal, San Francisco, California) submitted an Offer of Settlement in which they were censured and fined \$15,000, jointly and severally. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that Raitano engaged, and the firm permitted him to engage, in proprietary trading in securities and the direct supervision of such trading, without being registered as a limited representative-equity trader. (NASD Case #C01010005)

Joseph Frank Keppard (CRD #2558464, Registered Representative, Fremont, California) 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 must be paid before Keppard reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Keppard 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.

Keppard's suspension began August 6, 2001, and will conclude at the close of business August 5, 2003. (NASD Case #C01000022)

October Actions

None.

November Actions

None.

December Actions

CNS Distributors, Inc. (CRD #43607, San Francisco, California) and John Kenneth Durden, Jr. (CRD #43607, Registered Principal, Livermore, California) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and the firm and Durden were fined \$10,000, jointly and severally. In addition, Durden was suspended from association with any NASD member in any capacity for five 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 Durden, failed to make a securities record or ledger that reflected accurately all long and short positions held by customers and failed to perform a computation of the amount required to be deposited into a Special Reserve Account for the Exclusive Benefit of Customers. The findings also stated that the firm, acting through Durden, failed to establish a Special Reserve Account for the Exclusive Benefit of Customers and to deposit into the account the required amount, and failed to establish written supervisory procedures reasonably designed to ensure compliance with the SEC's Customer Protection Rule 15c3-3. Durden's suspension began November 19, 2001, and concluded at the close of business November 26, 2001. (NASD Case #C01010011)

Jaffna V. More (CRD #2843698, Registered Representative, Mill Valley, 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 10 business days. The fine must be paid before More reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, More consented to the described sanctions and to the entry of findings that she signed the names of public customers to an option client information form without the knowledge and consent of the customers and submitted it to her member firm. More's suspension began November 19, 2001, and concluded at the close of business December 3, 2001. (NASD Case #C01010010)

Alex Hung Nguyen (CRD #2843949, Registered Representative, San Jose, California) submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 90 days. Without admitting or denying the allegations, Nguyen consented to the described sanctions and to the entry of findings that he created a letter purportedly from a public customer and signed the customer's name to the letter without her knowledge or consent, had the signature guaranteed, and provided the letter to a complex of mutual funds for the purpose of obtaining a commission. Nguyen's

suspension began December 3, 2001, and will conclude March 2, 2002. (NASD Case #C01010007)

Raymon Salinas (CRD #2017792, Registered Representative, San Francisco, California) was barred from association with any NASD member in any capacity. The sanction was based on finding that Salinas willfully failed to disclose a material fact on a Form U-4. (NASD Case #C01000017)

Samuel Elias Urquidez (CRD #2915736, Registered Representative, Gonzales, 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, Urquidez consented to the described sanction and to the entry of findings that he exercised discretionary power in the account of a public customer without the customer giving him prior written authorization and without the account having been accepted by the firm. The findings also stated that Urquidez misappropriated \$14,500 from his member firm by improperly entering customer service credits and promotional credits to a customer's account. (NASD Case #C01010012)

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

September Actions

Henry Belkin (CRD #3176804, Associated Person, San Diego, 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, Belkin consented to the described sanction and to the entry of findings that he submitted a Form U-4 that failed to disclose a material fact. The findings also stated that Belkin submitted an inaccurate amended Form U-4 and provided a false response to a question on the Form U-4. (NASD Case #C02010038)

October Actions

Clements Company Investment Advisors, Inc. n/k/a First Geneva Securities (CRD #47000, San Diego, California) and James Michael Clements (CRD #2626038, Registered Principal, San Diego, California) submitted a Letter of Acceptance, Waiver, and Consent in which they were censured, fined \$7,500, jointly and severally, and required to pay \$6,593.21, plus interest, in restitution to customers. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that, in connection with offsetting riskless principal transactions corresponding to public customer buys/sells, the firm, acting through Clements, violated its obligation to deal fairly with its customers. According to the findings, the firm,

acting through Clements, failed to adequately disclose on the customer order confirmations the difference in the price that securities were purchased from and sold to customers and the firm's contemporaneous offsetting purchase or sale price to or from a market maker. Specifically, the NASD found that the firm failed to disclose, or to disclose accurately, the extent of the mark-up or markdown it charged its customers on confirmations, nor was the firm a market maker in the securities. The findings also stated that the firm, acting through Clements, charged its customers more than a fair markup or markdown taking into consideration all relevant circumstances, including market condition with respect to such securities at the time of the transaction, the expense of executing the orders, and the value of any services they may have rendered by reason of experience in, and knowledge of, such securities and the markets. (NASD Case #C02010039)

Bobby Joe Garrison, Jr. (CRD #1449625, Registered Representative, Studio City, California) was named as a respondent in an NASD complaint alleging that he induced a public customer to replace an old variable annuity with a new variable annuity by falsely stating that the new annuity was not subject to contingent deferred sales charges. As a result of the alleged activities, Garrison directly, or indirectly, by the use of means or instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, employed devices, schemes, or artifices to defraud, made untrue statements of material fact, and engaged in acts, practices, or courses of business which operated as a fraud or deceit upon the customer. The NASD further alleges that Garrison provided the customer with a fabricated letter purportedly from an employee of an insurance company that falsely stated that surrender penalties would not apply to the new variable annuity. (NASD Case #C02010045)

November Actions

Centex Securities, Inc. (CRD #18493, La Jolla, California) and Bruce Alan Biddick (CRD #1124697, Registered Principal, Rancho Santa Fe, California) submitted a Letter of Acceptance, Waiver, and Consent in which they were censured and fined \$15,000, jointly and severally, and Biddick was suspended from association with any NASD member in any capacity for five 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 Biddick, failed to file an amended Form U-4 disclosing material information on behalf of an individual registered through the firm.

Biddick's suspension began October 15, 2001, and concluded at the close of business October 19, 2001. (NASD Case #C02010046)

Stephen Roy Connors, Sr. (CRD #726642, Registered Representative, Castaic, California) was barred from association with any NASD member in any capacity and ordered to pay \$20,000, plus interest, in restitution to a public

customer. The sanctions were based on findings that Connors guaranteed a customer against loss. (NASD Case #C02000062)

Glenmore F. Diaz (CRD #11015945, Associated Person, Northridge, California) was barred from association with any NASD member in any capacity. The sanction was based on findings that Diaz received a \$10,283.15 check from a public customer to purchase bonds on the customer's behalf, cashed the check, and converted the funds for his personal benefit. (NASD Case #C02010026)

Jeffrey Alan Katz (CRD #1321299, Registered Representative, Glendale, Arizona), Gennaro Chiappetta, (CRD #1933002, Registered Representative, Glendale, Arizona), and Jeffrey Schwertfeger (CRD #2719032, Registered Representative, Sun City, California) submitted Offers of Settlement in which Katz and Chiappetta each were fined \$10,000 and suspended from association with any NASD member in any capacity for 90 days. Schwertfeger was fined \$30,000, suspended from association with any NASD member in any capacity for 120 business days, and required to pay \$4,745.17, plus interest, in restitution to public customers (husband and wife). Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that Katz and Chiappetta negligently employed devices in reliance on, amongst others, their compliance officer's advice, which resulted in misunderstandings regarding the sale of certificates of deposit (CDs) to public customers.

According to the findings, Katz and Chiappetta distributed to public customers a one-page document prepared by their member firm that they should have known misrepresented to the customers that their commission would be paid by an entity identified in the document as the "institution" when, in fact, the firm deducted miscellaneous commissions and fees, including commissions ultimately paid to Katz and Chiappetta, from the total amounts paid by the customers before investing the balance of their principal investments in the CDs, and that Katz and Chiappetta did not receive any monies until after the CD at issue was purchased and issued to the customers. Katz and Chiappetta should have known that the commissions and fees charged would be taken "up front" from the customers' principal, and not from the earnings on their investments. Moreover, the NASD found that Katz and Chiappetta failed to disclose that only a portion of the customers' funds would actually be sent to the bank to be invested in the CDs, and presented an offer sheet to the customers at the time of their purchase which inferred that the full amounts given by the customers would be Federal Deposit Insurance Corporation (FDIC) insured when they should have known and should have disclosed that a portion of the full principal amounts paid by the customers would be taken out as commissions and fees which would not be FDIC insured. The NASD also determined that Katz and Chiappetta disclosed to the customers that the CD purchased would be issued in the name of the CD's issuer and would have a confirmation number on the CD that would correlate to the customers although they should have known, and failed to

disclose, that the customers would most likely be incapable of giving instructions to, or making direct inquiries regarding the CD with, the issuing bank. They also failed to disclose that any insurance proceeds paid by the FDIC would be paid directly to the issuer and not to the customers, and, if necessary, the customers would have to rely on the issuer in turn to provide any insurance proceeds to them. Furthermore, the NASD found that Katz and Chiappetta provided the customers with CD receipts that they should have known could cause customers to believe that they would earn certain yields (average annual yield), when, in fact, those yields could only be realized in the event the CDs were held to maturity, and they provided the customers with CD receipts that displayed inaccurately the customers' investment amount.

The NASD also found that Schwertfeger sold two CDs through his member firm to public customers (husband and wife) and failed to observe the high standards of commercial honor. The findings stated that, in this regard, Schwertfeger distributed member firm approved documents to the customers that he should have known were not sufficiently clear as to how the customers would pay commission, fees, and costs to the firm, the issuer of the CD, and to Schwertfeger; the exact amount of the customers' principal investment in each CD prior to maturity; certain yield information related to the interest rate for the CDs; the nature and extent of the issuer's role in the transactions; and certain yield information in advertising approved by the member firm.

Katz's suspension began October 15, 2001, and will conclude at the close of business January 11, 2002. Chiappetta's suspension will begin January 16, 2002, and will conclude at the close of business April 15, 2002. Schwertfeger's suspension began September 18, 2001, and will conclude at the close of business March 7, 2002. (NASD Case #C02000042)

Robert David Mayfield (CRD #2386752, Registered Representative, Sun City, California) submitted an Offer of Settlement in which he was censured, fined \$8,451.50, and ordered to pay \$2,219.50 in restitution to public customers. Without admitting or denying the allegations, Mayfield consented to the described sanctions and to the entry of findings that he recommended to public customers the purchase and sale of securities without having reasonable grounds for believing that such recommendations were suitable for the customers in light of the nature of the transactions and the facts disclosed by the customers as to their other securities holdings, financial situation, investment objectives, circumstances, and needs. The findings also stated that Mayfield engaged in unethical conduct in that he provided the customers and his member firm with a materially false and misleading mutual fund switch form, negatively impacting their ability to assess the suitability of the transactions accurately. (NASD Case #C02010003)

Steven Richard Moody (CRD #3158815, Registered Representative, Yorba Linda, 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, Moody consented to the described sanction and to the entry of findings that he obtained \$33,000 in public customer funds under false pretenses and used the funds for his own personal benefit. According to the findings, Moody told customers that his member firm was engaged in the issuance of an initial public offering (IPO) of equity securities and that by providing funds directly to him, the customers could participate in the offering through an allotment available to him. The NASD found that no such offering existed. (NASD Case #C02010052)

Lawrence Elliott Smith (CRD #1139782, Registered Representative, Laguna Niguel, California) 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 10 business days. Without admitting or denying the allegations, Smith consented to the described sanctions and to the entry of findings that he made unsuitable recommendations to a public customer without having reasonable grounds for believing that such recommendations were suitable in light of the nature of the transactions; the facts disclosed by the customer as to her other securities holdings, financial situation, circumstances, and needs; and in further light of the size and frequency of the transactions and the nature of the account.

Smith's suspension will begin November 19, 2001, and will conclude at the close of business December 3, 2001. (NASD Case #C02010047)

Deviaut Ung (CRD #3113409, Associated Person, Richmond, California) was barred from association with any NASD member in any capacity. The sanction was based on findings that Ung provided false responses on his Form U-4. The findings also stated that Ung failed to respond to NASD requests for information. (NASD Case #C02010011)

West America Securities Corp. (CRD #35035, Westlake Village, California) and Robert Brian Kay (CRD #1133657, Registered Principal, Westlake Village, California) submitted a Letter of Acceptance, Waiver, and Consent in which they were fined \$51,371, jointly and severally. In addition, the firm was suspended from engaging in any penny stock business for one year, except the firm may effect transactions for its proprietary account and effect transactions for customers that are non-recommended. Kay was suspended from association with any NASD member as a general securities principal 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 Kay, failed to comply with all of the provisions of the SEC's Penny Stock Rules with respect to securities transactions as a result of the firm's failure to establish and maintain a system to supervise the activities of various registered persons that was reasonably designed to achieve compliance with the Penny Stock Rules.

The firm's suspension began November 5, 2001, and will conclude at the close of business November 4, 2002. Kay's suspension began November 5, 2001, and will conclude at

the close of business December 4, 2001. (NASD Case #C02010051)

December Actions

James Warren Anderson (CRD #1060765, Registered Principal, Southlake, Texas) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$20,000 and suspended from association with any NASD member in the capacity of a general securities principal for 20 days. Without admitting or denying the allegations, Anderson consented to the described sanctions and to the entry of findings that he failed to establish and maintain a system to supervise registered representatives' activities at his member firm that was reasonably designed to achieve compliance with NASD rules. According to the findings, the representatives recommended purchase and sales transactions in the securities accounts of public customers without having reasonable grounds for believing that such recommendations were suitable for the customers in view of the frequency and nature of the recommended transactions and the customers' financial situations, objectives, circumstances, and needs. Anderson's suspension began November 19, 2001, and concluded December 8, 2001. (NASD Case #C02010049)

Ronald Duane Brouillette (CRD #1689348, Registered Representative, La Jolla, California) was barred from association with any NASD member in any capacity. The sanction was based on findings that Brouillette effected unauthorized trading in the accounts of public customers. Brouillette also failed to respond to NASD requests for information. (NASD Case #C02010015)

Jeffrey Arthur Kahn (CRD #263122, Registered Representative, Calabasas, 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, Kahn consented to the described sanction and to the entry of findings that he executed securities transactions in the accounts of public customers without their prior knowledge, authorization, or consent. (NASD Case #C02010058)

Thomas Vincent Meaglia (CRD #862483, Registered Representative, Monrovia, California) and Richard Steven Meza (CRD #2570853, Registered Representative, Lancaster, California) submitted Offers of Settlement in which Meaglia was fined \$37,803.57 and suspended from association with any NASD member in any capacity for one year. Meza was fined \$2,500 and suspended from association with any NASD member in any capacity for 10 days. Meaglia and Meza must pay the fines before they reassociate with any NASD member following the suspensions or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that Meaglia and Meza exercised discretion in the accounts of public customers without having obtained prior

written authorization from the customers and prior written acceptance of the accounts as discretionary by their member firm. The findings also stated that Meaglia and Meza recommended and engaged in purchase and sale transactions in the account of public customers without having reasonable grounds for believing that the recommendations and resultant transactions were suitable for the customers on the basis of their financial situations, investment objectives, and needs.

Meaglia's suspension began November 5, 2001, and will conclude at the close of business November 4, 2002. Meza's suspension began November 5, 2001, and concluded at the close of business November 14, 2001. (NASD Case #C02010002)

Khashayar Mehdi Pashakhan (CRD #2670228, Registered Representative, Irvine, California) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$15,000 and suspended from association with any NASD member in any capacity for six months. The fine must be paid before Pashakhan reassociates with any NASD member firm. Without admitting or denying the allegations, Pashakhan consented to the described sanctions and to the entry of findings that he participated in an outside business activity and failed to provide prompt written notification to his member firm of such activity. The findings also stated that Pashakhan engaged in a private securities transaction without prior written notice to, and approval from, his member firm.

Pashakhan's suspension began November 19, 2001, and will conclude at the close of business May 18, 2002. (NASD Case #C02010059)

John Lawton Phillips (CRD #2500981, Registered Representative, San Diego, 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, Phillips consented to the described sanction and to the entry of findings that he failed to establish and maintain a system to supervise a registered representative's activities that was reasonably designed to achieve compliance with certain NASD rules and failed to supervise the individual with respect to unsuitable recommendations. The findings also stated that Phillips recommended purchase and sale transactions for the account of a public customer without having reasonable grounds for believing that such recommendations were suitable for the customer in view of the frequency and nature of the recommended transactions and the customer's financial situation, objectives, circumstances, and needs. (NASD Case #C02010048)

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

District 3A - Denver

September Actions

Ernest Paul Daulong, II (CRD #1042072, Registered Representative, Houston, Texas) submitted an Offer of Settlement in which he was fined \$10,000 and suspended from association with any NASD member in any capacity for six months. The fine must be paid before Daulong reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Daulong consented to the described sanctions and to the entry of findings that he engaged in private securities transactions for compensation, and failed to provide prior written notice to, or to receive written permission from, his member firm before engaging in the transactions.

Daulong's suspension began August 20, 2001, and will conclude at the close of business February 19, 2002. (NASD Case #C3A010010)

Kristen Nichole Speegle (CRD #2907192, Registered Representative, Aurora, Colorado) submitted a Letter of Acceptance, Waiver, and Consent in which she was barred from association with any NASD member in any capacity and required to pay \$16,156, plus interest, in restitution to public customers. Satisfactory proof of payment of restitution, plus interest, must be made before Speegle reassociates with any NASD member or requests relief from any statutory disqualification. Without admitting or denying the allegations, Speegle consented to the described sanctions and to the entry of findings that she received compensation for securities transactions that exceeded the compensation to which she was entitled because she entered commission amounts on her member firm's internal record that were greater than the commission amounts reported to the clearing firm and what the customers were charged. The findings also stated that Speegle effected transactions in the accounts of public customers without the prior authorization of the customers. (NASD Case #C3A010015)

Michael Neal Titus (CRD #706561, Registered Principal, Littleton, Colorado) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity and ordered to pay \$43,464, plus interest, in restitution to a public customer. Satisfactory proof of payment of restitution, plus interest, must be provided by Titus before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Titus consented to the described sanctions and to the entry of findings that he converted public customer funds to his own use and benefit. (NASD Case #C3A010026)

October Actions

Castle Securities Corporation (CRD #16077, Freeport, New York), John Joseph Fisher (CRD #208642, Registered Representative, Wantagh, New York), and Victor Soare (CRD #2169051, Registered Principal, Merrick, New York) were named as respondents in an NASD complaint alleging that they engaged in unsuitable trading in the account of a public customer, resulting in churning. The complaint also alleges that the firm and Fisher used a margin guarantee agreement for a public customer that was not reasonable in light of the customer's age, mental condition, physical condition, financial situation, and lack of investment sophistication. (NASD Case #C3A010036)

Sadell Garcia (CRD #4137987, Registered Principal, Aurora, Colorado) submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for one year. Without admitting or denying the allegations, Garcia consented to the described sanctions and to the entry of findings that he willfully failed to disclose material information on his Form U-4.

Garcia's suspension began October 1, 2001, and will conclude at the close of business September 30, 2002. (NASD Case #C3A010025)

Scott Hancey (CRD #4310217, Registered Representative, Pine, Colorado) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$7,500 and suspended from association with any NASD member in any capacity for 10 business days. The fine must be paid before Hancey reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Hancey consented to the described sanctions and to the entry of findings that he submitted a Form U-4 that contained inaccurate information.

Hancey's suspension began October 1, 2001, and concluded at the close of business October 12, 2001. (NASD Case #C3A010027)

Robert Melvin McCulley (CRD #725980, Registered Principal, Fort Collins, Colorado) was fined \$15,000 and suspended from association with any NASD member in any capacity for 10 business days. The sanctions are based on findings that McCulley engaged in outside business activity, for compensation, and failed to provide his member firm with prompt written notice.

McCulley's suspension began August 20, 2001, and concluded at the close of business August 31, 2001. (NASD Case #C3A000054)

Roger Ray Myatt (CRD #1204148, Registered Principal, Fort Collins, Colorado) 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 one year. The fine must be paid before Myatt reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Myatt

consented to the described sanctions and to the entry of findings that he participated in a private securities transaction without providing prior written notice to his member firm.

Myatt's suspension began October 1, 2001, and will conclude at the close of business September 30, 2002. (NASD Case #C3A010031)

Jeffrey Don Petersen (CRD # 3247559, Registered Representative, Roy, Utah) 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. Without admitting or denying the allegations, Petersen consented to the described sanctions and to the entry of findings that he willfully failed to disclose material information on a Form U-4.

Petersen's suspension began October 1, 2001, and will conclude at the close of business September 30, 2002. (NASD Case #C3A010028)

November Actions

Davis Distributors, LLC (CRD #7975, Tucson, Arizona) submitted a Letter of Acceptance, Waiver, and Consent in which it was censured and fined \$25,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to file a Form U-4 for an individual who was engaged in securities activities that required registration but was not properly registered. The findings also stated that the firm allowed an individual whose registration was inactive due to non-compliance with the Regulatory Element of continuing education to remain associated with the firm as a mutual fund wholesaler and to engage in activities that required registration. In addition, the NASD found that the firm's written supervisory procedures were not reasonably designed to ensure that associated persons were properly registered before engaging in securities activities and to ensure compliance with the NASD's Regulatory Element of Continuing Education. (NASD Case #C3A010033)

Duane Wilson Grenier (CRD #1049916, Registered Representative, Moline, Illinois) 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 Grenier, no monetary sanction has been imposed. Without admitting or denying the allegations, Grenier consented to the described sanction and to the entry of findings that he participated in private securities transactions without providing written notice to, or receiving permission to participate from, his member firm. The NASD also found that Grenier received compensation for participating in business financing activities without providing his member firm prompt written notice of outside business activity.

Grenier's suspension began November 5, 2001, and will conclude at the close of business November 4, 2003. (NASD Case #C3A010037)

Neal Bruce Kearley, Jr. (CRD #1068410, Registered Representative, Clearview, Florida) submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member firm in any capacity for three months. In light of the financial status of Kearley, no monetary sanction has been imposed. Without admitting or denying the allegations, Kearley consented to the described sanction and to the entry of findings that he participated in a private securities transaction without providing prior written notice to, or receiving permission to participate from, his member firm.

Kearley's suspension began October 15, 2001, and will conclude at the close of business January 14, 2002. (NASD Case #C3A010035)

Keith Gregory Nelson (CRD #2745776, Registered Principal, Middle Village, 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, Nelson consented to the described sanction and to the entry of finding that he failed to respond to NASD requests to appear for an on-record interview. (NASD Case #C3A010032)

Brian Prendergast (CRD #825814, Registered Principal, Englewood, Colorado) was censured and barred from association with any NASD member in any capacity. The SEC affirmed the sanctions following appeal of a July 1999 NAC decision. The sanctions were based on findings that Prendergast invested funds from the sale of securities offered pursuant to a private placement memorandum in a manner that was inconsistent with representations in the memorandum and solicited certain securities transactions using a private placement memorandum that contained material misrepresentations and omissions, and distributed communications to purchasers that failed to conform to NASD general and specific standards for sales literature. In addition, Prendergast caused an advertisement to be placed in a newspaper that constituted a general solicitation prohibited by the SEC and the NASD. Prendergast also failed to provide proper notice to his member firm that he had opened an account with another firm and failed to inform the executing member firm that he was associated with another firm. Moreover, Prendergast failed to respond to NASD requests for information and to provide on-the-record testimony. (NASD Case #C3A960033)

Zachary Mesch Samuels (CRD #2571775, Registered Representative, Denver, Colorado) 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 withheld profits by Samuels' former member firm, no monetary sanction has been imposed. Without admitting or denying the allegations, Samuels consented to the described sanction and to the entry of findings that he executed "backdated" purchase transactions in his variable annuity and processed corresponding money transfers between sub-accounts. Specifically, the findings stated that Samuels would transfer money from his fixed-interest sub-account to purchase shares in a fund sub-account or other

stock-based sub-accounts and backdated the purchase date for the fund sub-account or other stock-based sub-accounts. Samuels would backdate the trades because he knew "yesterday's" price and "today's" price for the funds, and by backdating the purchase date at "yesterday's" price, he could lock in a risk-free profit by entering a simultaneous sell ticket at "today's" price. The NASD determined that Samuels would subsequently transfer the proceeds back to the fixed-interest sub-account, and as a result of his "backdated" transactions, he generated a gross profit of approximately \$56,738. (NASD Case #C3A010038)

Kenneth Eugene Schaub (CRD #1601008, Registered Representative, Gilbert, Arizona) 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, Schaub consented to the described sanction and to the entry of finding that he participated in private securities transactions without providing prior written notice of his intention to participate in these transactions to his member firm. (NASD Case #C3A010034)

Jason Blaine Stevens (CRD #2802938, Registered Representative, Scottsdale, Arizona) was named as a respondent in an NASD complaint alleging that he made unsuitable recommendations to public customers without reasonable grounds for believing his recommendations were suitable based on the customers' securities holdings, financial situations, and needs of the customers. The complaint also alleges that Stevens made baseless price predictions regarding a speculative security to public customers without any reasonable basis for the predictions and made material omissions of fact in his recommendations of securities to public customers. (NASD Case #C3A010039)

Michael Anthony Visbal (CRD #1305080, Registered Representative, Pacific Palisades, California) submitted an Offer of Settlement in which he was fined \$10,000 and suspended from association with any NASD member in any capacity for six months. The fine must be paid before Visbal reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Visbal consented to the described sanctions and to the entry of findings that he participated in private securities transactions without providing his member firm with prior written notice of his intention to participate in the transactions, a description of the proposed transactions, his role therein, and whether or not he would receive compensation for his participation. The NASD found that Visbal established securities accounts at a member firm that was not his member firm, effected transactions in the accounts, failed to advise his member firm of the accounts in writing, and failed to advise the carrying member in writing that he was associated with a member firm.

Visbal's suspension began October 15, 2001, and will conclude at the close of business April 14, 2002. (NASD Case #C3A000056)

Trisha Stephens Wyatt (CRD #3122798, Registered Representative, Tooele, Utah) 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, Wyatt consented to the described sanction and to the entry of findings that she accepted checks from public customers representing funds intended to be applied to the payment of insurance premiums and a check made payable to an insured drawn on the account of the insurance company with which she was affiliated, deposited the funds into a bank account she controlled, and used the funds for her personal benefit prior to making the premium payments by money orders on behalf of the insured. (NASD Case #C3A010040)

December Actions

Tom Ray Byerly (CRD #2616833, Registered Representative, Sand Springs, Oklahoma) 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 nine months. The fine must be paid before Byerly reassociates with a member firm following the suspension, or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Byerly 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 permission from, his member firm of his intention to participate.

Byerly's suspension began November 19, 2001, and will conclude August 18, 2002. (NASD Case #C3A010043)

Global Capital Securities Corporation f/k/a EBI Securities, Inc. (CRD #16184, Englewood, Colorado) 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 received a customer complaint, an arbitration complaint, and two lawsuits alleging misconduct by a former representative of the firm who was terminated. The NASD found that each of these matters contained information that was required to be disclosed in an amendment to the Uniform Notice of Securities Industry Termination (Form U-5) previously filed by the firm in connection with the representative's termination. The findings also stated that the Form U-5 was not amended to disclose this information until after the NASD advised the firm of the need for an amendment. (NASD Case #C3A010041)

Robert John Richmeier, Jr. (CRD #710982, Registered Representative, Littleton, Colorado) submitted a Letter of Acceptance, Waiver, and Consent in which he was censured and fined \$10,848 which includes the disgorgement of commissions received of \$2,848. Without admitting or denying the allegations, Richmeier consented to the described sanctions and to the entry of findings that he failed to take all

necessary steps to establish the availability of an exemption from registration for shares of securities that were purchased and resold, resulting in the sale of unregistered securities. (NASD Case #C3A010044)

SunAmerica Securities, Inc. (CRD #20068, Phoenix, Arizona) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$75,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to report customer complaints in quarterly reports, filed a customer complaint late, failed to report matters on accelerated reports, and failed to report terminations for cause. The findings also stated that the firm failed to amend the Forms U-4 and U-5 (Uniform Registration Forms for electronic filing in Web CRD) for registered representatives after becoming aware of information that triggered an obligation to update the forms and was delinquent in amending the Form U-4 for registered representatives. The NASD found that the firm was late in amending the Form U-5 for registered representatives and failed to respond completely to NASD requests for information. In addition, the NASD determined that the firm's written supervisory procedures were not reasonably designed to ensure compliance with NASD Conduct Rule 3070, and to ensure that Forms U-4 and U-5 were promptly amended upon the receipt of information triggering an obligation to update the forms. (NASD Case #C3A010042)

District 3B - Seattle

September Actions

Dennis Gerald Hanson (CRD #1439752, Registered Representative, Bend, Oregon) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$7,500 and suspended from association with any NASD member in any capacity for three months. Without admitting or denying the allegations, Hanson consented to the described sanctions and to the entry of findings that he affixed the signatures of public customers to annuity applications and other documents to effect the purchase of variable annuity contracts without the knowledge or consent of the customers and in the absence of written or oral authorization to exercise discretion on their behalf.

Hanson's suspension began August 20, 2001, and will conclude at the close of business November 19, 2001. (NASD Case #C3B010012)

October Actions

Ronald Lloyd Copple (CRD #53935, Registered Representative, Auburn, 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, Copple consented to the described sanction and to the entry of

findings that he received \$30,000 from public customers to invest in securities, deposited the funds in his personal checking account, and failed to use the funds to purchase securities, thereby converting \$30,000 to his own use and benefit. (NASD Case #C3B010013)

Robert Edward Morris (CRD #2664262, Registered Representative, Portland, Oregon) submitted a Letter of Acceptance, Waiver, and Consent in which he was censured and fined \$11,011, which includes the disgorgement of \$8,511 in transaction profits. The fine must be paid before Morris reassociates with any NASD member or requests relief from any statutory disqualification. Without admitting or denying the allegations, Morris consented to the described sanctions and to the entry of findings that he purchased shares of stock during IPOs prior to the secondary trading of the shares when they traded at a premium in violation of the NASD's Free-Riding and Withholding Interpretation. (NASD Case #C3B010015)

Robert David Trowbridge (CRD #1314808, Registered Principal, Sedro-Woolley, Washington) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$50,000 and suspended from association with any NASD member in any capacity for two years. The fine must be paid before Trowbridge reassociates with any NASD member or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Trowbridge consented to the described sanctions and to the entry of findings that, while acting as an investment adviser, he recommended and engaged in transactions in the managed accounts of public customers involving the purchase on margin of speculative, low-priced equity securities totaling \$616,108 without having reasonable grounds for believing that the recommendations and resultant transactions were suitable for the customers on the basis of their financial situations, investment objectives, and needs. In connection with the managed accounts, the findings also stated that Trowbridge's purchase of individual equity securities did not comply with the mutual fund timing & asset allocation service agreements executed by the public customers that permitted him to purchase or sell individual equity securities for their managed accounts. Trowbridge did not receive commissions and was compensated through periodic fee payments.

Trowbridge's suspension began September 17, 2001, and will conclude at the close of business September 16, 2003. (NASD Case #C3B010014)

November Actions

None.

December Actions

Dennis Leroy Dunn (CRD #1606413, Registered Representative, Salem, Oregon) 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 two years. The fine must be paid before Dunn reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Dunn consented to the described sanctions and to the entry of findings that he effected securities transactions for public customers without being registered as a broker or dealer. The findings also stated that Dunn executed securities transactions without first obtaining written advice from his firm stating whether it had approved his participation in the transactions. In addition, the NASD found that Dunn deposited checks from public customers in his law firm operating account where they were commingled with Dunn's own funds until subsequently applied toward the customers' purchases of stock. Dunn's suspension began November 19, 2001, and will conclude at the close of business November 18, 2003. (NASD Case #C3B010017)

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

September Actions

Jeffrey David Eise (CRD #2164695, Registered Representative, St. Louis, Missouri) was barred from association with any NASD member in any capacity. The sanction was based on findings that Eise received \$21,128.29 from a public customer to purchase a mutual fund, endorsed the customer's check, and signed it over to a third party not affiliated with any mutual fund, thereby converting the customer's funds for his own use and benefit, without the customer's knowledge or consent. Eise also failed to respond to NASD requests for information. (NASD Case #C04010002)

John Elliott Raines, Jr. (CRD #2555534, Registered Representative, Mill Valley, California) 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 Raines, no monetary sanction has been imposed. Without admitting or denying the allegations, Raines consented to the described sanction and to the entry of findings that he participated in outside business activities and private securities transactions without providing prior written notice to, and receiving approval from, his member firms. (NASD Case #C04010028)

Nicolette Smith (CRD #4166334, Associated Person, Cedar Rapids, Iowa) was barred from association with any NASD member in any capacity. The sanction was based on findings that Smith failed to disclose a material fact on her Form U-4 and failed to respond to NASD requests for information. (NASD Case #C04010008)

October Actions

Russell Jon Jundt (CRD #2496393, Registered Principal, Andover, Minnesota) 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, Jundt consented to the described sanction and to the entry of findings that he willfully failed to update his Form U-4 to disclose a material fact. The findings also stated that Jundt failed to respond to NASD requests for information. (NASD Case #C04010011)

Meyers Pollock Robbins, Inc. (CRD #13436, Boca Raton, Florida), Michael Ploshnick (CRD #1014589, Registered Principal, Boca Raton, Florida), Bruce Harvey Barbers (CRD #1011037, Registered Representative, Edgewater, New Jersey), and Harry Scott Barbers (CRD #1494670, Registered Representative, South Orange, New Jersey) submitted Offers of Settlement in which the firm was expelled from membership in the NASD. Ploshnick and Bruce Barbers were barred from association with any NASD member in any capacity, and Harry Barbers was suspended from association with any NASD member in any capacity for 30 days and required to requalify prior to reassociating with a member firm following the suspension. In light of the financial status of Harry Barbers, no monetary sanction has been imposed. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Ploshnick and Bruce Barbers, recommended and sold secured notes to public customers. In connection with the sales to retail customers, the NASD also found that the firm, acting through Ploshnick and Bruce Barbers, by the use of the instrumentalities of interstate commerce or the mails, intentionally or recklessly employed devices to defraud these customers by making untrue statements of material facts or omitting to state material facts necessary to make the statements not misleading.

According to the findings, customers were told that payment of principal and interest on notes was insured by performance bonds issued by an insurance company or companies and were purportedly signed by a vice president when, in fact, no performance bond was obtained on the notes and the individual was not an officer, director, or otherwise authorized to incur debt on behalf of the notes. The findings also stated that the firm, acting through Ploshnick, Bruce Barbers, and Harry Barbers, recommended and sold securities to public customers when no registration statement had been filed with the Securities and Exchange Commission (SEC), nor did the securities qualify for any exemption from registration.

Harry Barbers' suspension began September 17, 2001, and will conclude at the close of business October 16, 2001. (NASD Case #C04970029)

November Actions

None.

December Actions

Richard Andrew Gallaher (CRD #1921881, Registered Representative, St. Louis, Missouri) 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, Gallaher consented to the described sanction and to the entry of findings that he engaged in private securities transactions in connection with the solicitation and sale of securities to investors without providing prior written notice to, and receiving approval from, his member firm. The findings also stated that Gallaher failed to respond completely to NASD requests for information. (NASD Case #C04010038)

Donald Lee Heyne (CRD #2444873, Registered Representative, Sioux Falls, South Dakota) 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 60 days. Without admitting or denying the allegations, Heyne consented to the described sanctions and to the entry of findings that he failed to respond completely to NASD requests for information. Heyne's suspension began November 5, 2001, and will conclude at the close of business January 3, 2002. (NASD Case #C04010035)

Shannon Mae McDermott (CRD #4129251, Registered Representative, Granby, Missouri) was named as a respondent in an NASD complaint alleging that, without the knowledge or consent of a public customer, she initiated cash withdrawals totaling \$4,500 from the customer's bank account, deposited the cash funds into an account she controlled, and used the funds for her own benefit or for some purpose other than the benefit of the customer. The complaint also alleges that McDermott failed to respond to NASD requests for information. (NASD Case #C04010037)

LaRissa Lee Peltola (CRD #3254951, Registered Representative, Eagan, Minnesota) 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, Peltola consented to the described sanction and to the entry of findings that she willfully failed to disclose a material fact on her Form U-4. The findings also stated that Peltola failed to respond to NASD requests for information. (NASD Case #C04010026)

Mary Marie Price (CRD #3130830, Associated Person, Stacy, Minnesota) 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, Price consented to the described sanction and to the entry of findings that, without a public customer's knowledge or consent, she deposited a \$36,183.35 check made payable to the customer into an account over which she had control with the intention of using the funds for her own benefit or for some purpose other than the customer's benefit. The findings also stated that Price failed to respond to NASD requests for information. (NASD Case #C04010039)

Darrin Duane Spencer (CRD #2267888, Registered Principal, Chesterfield, Missouri) 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, Spencer consented to the described sanction and to the entry of findings that he engaged in inappropriate trading irregularities that resulted in profits and the subsequent payment of \$596,334.13 in restitution to his member firm. According to the findings, Spencer bought shares of stock from his member firm's inventory account, sold it to his personal account at the firm at a price that was below the current market price, and sold the stock from his personal account back to the firm's inventory account at a price that was higher than the closing bid price. The findings also stated that after shares of stock were canceled from his member firm's inventory account, Spencer purchased the stock in his personal account at a price that was below the current market price and subsequently sold the stock from his personal account to the firm's inventory account at a price that was higher than the closing bid price. In addition, the NASD found that Spencer failed to respond to an NASD request for information. (NASD Case #C04010036)

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

September Actions

Carmen Gonzalez (CRD #2278521, Registered Representative, McAllen, Texas) 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 two years. The fine must be paid before Gonzalez reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Gonzalez consented to the described sanctions and to the entry of findings that she received \$445 as payment for a public customer's annual insurance premium and failed to submit the funds to her member firm on the customer's behalf until a later date, thereby misusing the funds without the customer's knowledge or consent.

Gonzalez' suspension began August 20, 2001, and will conclude at the close of business August 19, 2003. (NASD Case #C05010031)

Michael Glyn Grimes (CRD #2859084, Registered Representative, Memphis, Tennessee) was named as a respondent in an NASD complaint alleging that he received \$323 from a public customer to pay the premium on the customer's variable life insurance policy and failed to apply the premium payments as instructed. The complaint further alleges that Grimes converted the funds to his own use and benefit without the knowledge or consent of the customer. In addition, the complaint alleges that Grimes failed to respond to NASD requests for information. (NASD Case #C05010033)

Malcolm T. Preece, III (CRD #1345897, Registered Representative, Louisa, 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, Preece consented to the described sanction and to the entry of findings that he received property and casualty insurance premium payments to be deposited into a bank account he controlled and later remitted to an insurance company. Preece neglected to promptly deposit the funds, resulting in periodic negative balances in the account, including an eventual negative balance of \$16,123.28. (NASD Case #C05010030)

Leon Salmon (CRD #4306283, Registered Representative, Metairie, Louisiana) 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 30 business days. The fine must be paid before Salmon reassociates with any NASD member or requests relief from any statutory disqualification. Without admitting or denying the allegations, Salmon consented to the described sanctions and to the entry of findings that he willfully failed to disclose a material fact on a Form U-4.

Salmon's suspension began September 4, 2001, and will conclude at the close of business October 15, 2001. (NASD Case #C05010034)

October Actions

Robert Baker Adams, III (CRD #2456626, Registered Representative, Germantown, Tennessee) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$31,900 and suspended from association with any NASD member in any capacity for two years. The fine must be paid before Adams reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Adams 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 or consent.

Adams' suspension began October 1, 2001, and will conclude at the close of business September 30, 2003. (NASD Case #C05010040)

Gary Scott Barnhill, Sr. (CRD #3099928, Registered Representative, Friendswood, Texas) was fined \$6,555.11 and suspended from association with any NASD member in any capacity for two weeks for purchasing a hot issue, and barred from association with any NASD member in any capacity for failing to respond to NASD requests for information. The fine must be paid upon reentry into the securities industry. The sanctions are based on findings that Barnhill purchased securities in a public offering that traded at a premium in the secondary market, put the securities into the account of a family member, and falsely marked the account to indicate the customer was not related to him.

Barnhill's bar was effective August 17, 2001. (NASD Case #C05010025)

James Parker Gardner (CRD #843375, Registered Principal, Houston, Texas) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000, which includes disgorgement of commissions, and suspended from association with any NASD member in any capacity for 10 business days. Without admitting or denying the allegations, Gardner consented to the described sanctions and to the entry of findings that he executed transactions in the accounts under the control of a public customer without the customer's prior knowledge or consent.

Gardner's suspension began October 1, 2001, and will conclude at the close of business October 12, 2001. (NASD Case #C05010037)

John Lawson Greer, III (CRD #860076, Registered Principal, Knoxville, Tennessee) was fined \$5,000, suspended from association with any NASD member in any capacity for six months, and required to complete the supervisory section of the Regulatory Element of the Continuing Education Program within 180 days of the date this decision becomes final. The National Adjudicatory Council (NAC) imposed the sanctions following the call for review of an Office of Hearing Officers decision. The sanctions were based on findings that Greer submitted falsified documents to his member firm on behalf of a fictitious customer and placed a trade in the account using a cashier's check on which he changed the name of the purchaser to the fictitious customer. The NASD also found that Greer misrepresented to the NASD and the State of Tennessee that he had opened the account for his son.

Greer's suspension began October 1, 2001, and will conclude at the close of business March 29, 2002. (NASD Case #C05990035)

Albert Henry Kocher (CRD #1768753, Registered Principal, Boca Raton, Florida) 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 month. Without admitting or denying the allegations, Kocher consented to the described sanctions and to the entry of findings that he signed a guaranty of two signatures on letters of instruction to a broker/dealer authorizing the deposit of certified securities into an account for the benefit of the owner of the securities when he knew, or should have known, that one of the signatures on the letters was a forgery.

Kocher's suspension began September 17, 2001, and will conclude at the close of business October 16, 2001. (NASD Case #C05010036)

Greg Dennis Sanfilippo (CRD #2628773, Registered Representative, Staten Island, New York) submitted an Offer of Settlement in 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, Sanfilippo 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 consent of the customer.

Sanfilippo's suspension began October 1, 2001, and will conclude at the close of business October 19, 2001. (NASD Case #C05000065)

Jeffrey Scott Tatum (CRD #2761936, Registered Representative, McKinney, 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, Tatum consented to the described sanction and to the entry of findings that he received checks totaling \$50,000 from the account of public customers, forged the endorsements, and deposited the checks into a bank account he controlled, thereby converting the funds to his own use and benefit without the customers' knowledge or consent. (NASD Case #C05010035)

November Actions

Richard Craig Hammill (CRD #1596644, Registered Representative, Edmond, Oklahoma) 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, Hammill consented to the described sanctions and to the entry of findings that he effected unauthorized transfers in the accounts of public customers without their knowledge or consent.

Hammill's suspension began November 5, 2001, and will conclude at the close of business November 16, 2001. (NASD Case #C05010043)

Paul William Inman, II (CRD #1724573, Registered Representative, Roseville, 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, Inman consented to the described sanction and to the entry of findings that he executed securities transactions in the accounts of public customers without their prior knowledge or consent. The findings also stated that Inman acted in the capacity of a general securities representative registered to conduct business in two states while not being registered in such capacity, thereby circumventing state registration laws. In addition, Inman intercepted a written complaint from a public customer, which he failed to refer to his branch office manager. (NASD Case #C05010041)

Charles Edward Ledbetter, III (CRD #1284694, Registered Representative, San Antonio, 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, Ledbetter consented to the described sanction and to the entry of findings that he arranged for loans totaling \$34,771.95 against the life insurance policy of a public customer, forged

the customer's signature on the checks, and converted the funds to his own use and benefit without the customer's knowledge or consent. The findings also stated that Ledbetter received \$15,000 from public customers as an insurance premium payment and to increase an insurance policy. In addition, the findings stated that Ledbetter failed and neglected to submit and apply the funds on behalf of the customers and instead misused the funds without the customers' knowledge or consent. The NASD also found that Ledbetter failed to respond to NASD requests to appear for an on-the-record interview and for information. (NASD Case #C05010038)

James Kevin Matter (CRD #2252552, Registered Representative, 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, Matter consented to the described sanction and to the entry of findings that he withdrew checks totaling \$146,911.10 from the annuity accounts of public customers, forged the customers' signatures to withdrawal agreement forms, and submitted the documents to his member firm. The NASD found that Matter deposited the checks into his personal bank account, thereby converting the funds to his own use and benefit without the customers' knowledge or consent. The findings also stated that Matter received checks totaling \$153,094.82 from public customers for insurance premium payments, failed to submit the funds to his member firm, and converted the funds to his own use and benefit without the customers' knowledge or consent. In addition, the findings stated that Matter failed to respond to NASD requests for information. (NASD Case #C05010039)

Stephanie Ann Scott (CRD #3121358, Registered Representative, Oklahoma City, Oklahoma) was named as a respondent in an NASD complaint alleging that she issued corporate cashier checks to herself totaling \$520. The complaint alleges that in order to fund these checks, Scott executed an advance in the amount of \$520 on the line of credit of a public customer without his knowledge or consent. Scott allegedly negotiated one of the cashier checks for \$260 and destroyed remaining checks prior to negotiation. The complaint also alleges that Scott debited her firm's general ledger account totaling \$200 and converted these funds to her own use and benefit. In addition, the complaint alleges that Scott failed to respond to NASD requests for information. (NASD Case #C05010042)

VonFeldt & Associates, Inc. (CRD #37591, Oklahoma City, Oklahoma) and Dwayne Richard VonFeldt (CRD #455630, Registered Principal, Oklahoma City, Oklahoma) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was expelled from NASD membership and VonFeldt was fined \$10,000, suspended from association with any NASD member in any capacity for one month, and barred from association with any NASD member in any principal 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 VonFeldt, engaged in a securities business when its net capital was below the

required minimum. The findings also stated that VonFeldt attempted to conceal net capital deficiencies from the NASD.

VonFeldt's suspension began November 5, 2001, and will conclude at the close of business December 4, 2001. (NASD Case #C05010044)

December Actions

Keith Gordon Anderson (CRD #1401002, Registered Representative, Atlanta, Georgia) 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. Without admitting or denying the allegations, Anderson consented to the described sanctions and to the entry of findings that he recommended and engaged in a series of purchase and sale transactions in the account of public customers without having reasonable grounds for believing that these recommendations and resultant transactions were suitable for the customers on the basis of their financial situation, investment objectives, and needs. Anderson's suspension began November 19, 2001, and concluded at the close of business December 3, 2001. (NASD Case #C05010048)

James Joseph Black, Jr. (CRD #1487059, Registered Representative, Germantown, Tennessee) submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity and ordered to pay \$57,839.70 in restitution to a public customer. Satisfactory proof of payment of restitution must be made before Black reassociates with any NASD member. Without admitting or denying the allegations, Black consented to the described sanctions and to the entry of findings that he received funds totaling \$57,839.70 belonging to a public customer, deposited the funds into an account under his control, and converted the funds to his own use and benefit, without the knowledge or consent of the customer. The findings also stated that Black failed to respond to an NASD request to appear and provide on-the-record testimony. (NASD Case #C05010024)

James Wilton Bowen (CRD #2850154, Registered Representative, Mt. Juliet, Tennessee) 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, Bowen consented to the described sanction and to the entry of findings that he sent correspondence on his member firm's letterhead to a financial institution for a loan that contained false and misleading information in that the correspondence falsely indicated he was owed \$3,258 in commissions from his member firm. The findings also stated that Bowen failed to obtain prior approval of the correspondence from a principal of his member firm. (NASD Case #C05010047)

Robert Anthony Celio (CRD #C05010049, Registered Principal, Broussard, Louisiana) 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, Celio consented

to the described sanction and to the entry of findings that he received an insurance refund check for \$10,000 made payable to a customer. The findings also stated that Celio failed to mail the check to the customer and, instead, endorsed the customer's name to the check, deposited the check into his personal checking account, and converted the funds to his own use and benefit without the customer's knowledge or consent. (NASD Case #C05010049)

Delta Capital Securities Corporation (CRD #36367, Cordova, Tennessee) and Donald Lee Mundie (CRD #1623710, Registered Principal, Eads, Tennessee) submitted a Letter of Acceptance, Waiver, and Consent in which they were censured and fined \$15,000, 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 Mundie, participated in a "part or none" contingency offering and issued a reconfirmation offer to subscribers offering to extend retroactively the original expiration date thus rendering false the representation in the original offering circular that the contingency was being made on a "part or none" contingency basis. The findings also stated that the firm, acting through Mundie, broke escrow in the escrow bank account for an offering of preferred shares when the specified minimum number of shares required to close the issue was met, in part, by the sale of shares to a partner of an affiliate of the firm. (NASD Case #C05010046)

District 6 - Texas

September Actions

Robert William Douglass (CRD #2216606, Registered Representative, Dallas, Texas) 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 fine must be paid before Douglass reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Douglass consented to the described sanctions and to the entry of findings that he purchased shares of stock in his personal account and on the same day sold the shares, earning a profit of \$4,529.38, but failed to disclose to his member firm that he was financially unable to pay for the shares of stock.

Douglass' suspension began August 20, 2001, and will conclude at the close of business August 19, 2002. (NASD Case #C06010016)

Robert Gene Henry, Jr. (CRD #1697736, Registered Representative, Houston, Texas) was fined \$10,000 and suspended from association with any NASD member in any capacity for 60 business days for engaging in a private securities transaction, and barred from association with any NASD member in any capacity for failing to respond properly. The sanctions were based on findings that Henry effected a private securities transaction and failed to provide written

notice to his member firm describing the transaction, his role therein, and whether he had received, or might receive, selling compensation in connection with the transaction. Henry also failed to respond to NASD requests for information and failed to respond to another request in a complete and timely manner.

Henry's bar became effective July 10, 2001. (NASD Case #C06000038)

Melvin Donald Herrell, Jr. (CRD #2216596, Registered Representative, Coral Springs, Florida) was fined \$10,000 and suspended from association with any NASD member in any capacity for 60 business days for failing to provide notice of an outside business activity and barred from association with any NASD member in any capacity for failing to respond. The sanctions were based on findings that Herrell engaged in an outside business activity without providing prompt written notice to his member firm. Herrell also failed to respond to NASD requests for information.

Herrell's bar was effective July 20, 2001. (NASD Case #C06010002)

October Actions

Perry Rick DeGeurin (CRD #1648847, Registered Representative, Houston, Texas) 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, DeGeurin consented to the described sanction and to the entry of findings that he prepared and distributed to a public customer correspondence in the form of a letter that failed to provide a sound basis for evaluating the facts in regard to certain securities and included untrue statements of material fact that he knew, or should have known, were false or misleading. The findings also stated that DeGeurin did not have the letter approved by a principal at the firm prior to sending it to the customer. DeGeurin also failed to respond to NASD requests for information. (NASD Case #C06010014)

Robert Gene Henry, Jr. (CRD #1697736, Registered Representative, Houston, Texas) was fined \$10,000 and suspended from association with any NASD member in any capacity for 60 business days for engaging in a private securities transaction, and barred from association with any NASD member in any capacity for failing to respond properly. The sanctions were based on findings that Henry effected a private securities transaction and failed to provide written notice to his member firm describing the transaction, his role therein, and whether he had received, or might receive, selling compensation in connection with the transaction. Henry also failed to respond to NASD requests for information and failed to respond to another request in a complete and timely manner.

Henry's bar became effective July 10, 2001. (NASD Case #C06000038)

Melvin Donald Herrell, Jr. (CRD #2216596, Registered Representative, Coral Springs, Florida) was fined \$10,000 and suspended from association with any NASD member in any capacity for 60 business days for failing to provide notice of an outside business activity and barred from association with any NASD member in any capacity for failing to respond. The sanctions were based on findings that Herrell engaged in an outside business activity without providing prompt written notice to his member firm. Herrell also failed to respond to NASD requests for information.

Herrell's bar was effective July 20, 2001. (NASD Case #C06010002)

Wallace Thomas Holden (CRD #2949218, Registered Representative, Covington, Louisiana) was fined \$11,500, ordered to pay \$15,000, plus interest, in restitution to a public customer, suspended from association with any NASD member in any capacity for six months for engaging in private securities transactions, and barred from association with any NASD member in any capacity for failure to respond to NASD requests for information. The fine shall be due and payable upon Holden's re-entry into the securities business. The sanctions were based on findings that Holden engaged in private securities transactions and failed to provide written notice to his member firm describing the transactions, his role therein, and whether he had received, or might receive, selling compensation in connection with the transactions.

Holden's bar was effective September 3, 2001. (NASD Case #C06010006)

Michael Brent McCowan (CRD #2618030, Registered Representative, Oklahoma City, Oklahoma) 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 allegations, McCowan consented to the described sanction and to the entry of findings that he removed blank corporate checks from his member firm and made two of these checks payable to a hotel totaling \$507 without the firm's authorization, knowledge, or consent.

McCowan's suspension began September 17, 2001, and will conclude at the close of business September 16, 2003. (NASD Case #C06010019)

November Actions

Jeffrey Charles Bruteyn (CRD #2575306, Registered Representative, Dallas, Texas) was named as a respondent in an NASD complaint alleging that he executed unauthorized transactions in the account of a public customer without the customer's prior knowledge or authorization. In addition, the complaint alleges that Bruteyn guaranteed the securities account of a customer against loss of the principal investment amount in exchange for the customer granting the respondent discretionary authority over her account. The complaint also alleges that Bruteyn failed to follow customer instructions and made misrepresentations to a customer. (NASD Case #C06010029)

James Newton Darwin, II (CRD #1779045, Registered Representative, Spicewood, 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, Darwin consented to the described sanction and to the entry of findings that he created, forged, and submitted fraudulent applications for tax sheltered annuities to an insurance company that contained the names of fictitious persons and addresses. The findings also stated that Darwin received \$24,000 in advance commissions and used the funds for his own benefit. Darwin also willfully failed to disclose a material fact on his Form U-4. (NASD Case #C06010026)

December Actions

Founders Equity Securities, Inc. (CRD #41855, Dallas, Texas), and Thomas James Spackman, Jr., (CRD #2797920, Registered Principal, Dallas, Texas) submitted a Letter of Acceptance, Waiver, and Consent in which they were fined \$11,500, jointly and severally. In addition, the firm was fined \$7,500, jointly and severally, with another individual. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Spackman, failed to deposit funds received in a separate bank account as agent or trustee or to promptly transmit funds received to a bank escrow account in connection with certain contingency offerings. The findings stated that the firm, acting through Spackman, deposited the funds into securities accounts under its control at a clearing firm. The NASD also determined that the firm, acting through Spackman, held customers' funds in connection with these offerings and during this period, the firm failed to perform reserve computations and to make required deposits into a Special Reserve Bank Account for the Exclusive Benefit of Customers of the respective offerings. In addition, the NASD found that the firm rendered false the representation in an offering memorandum that the offering would terminate on or before a specified date when the firm continued the offerings. Furthermore, the findings stated 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. (NASD Case #C06010033)

Roy Wayne Isom (CRD #1631583, Registered Representative, Jasper, 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, Isom consented to the described sanction and to the entry of findings that he served as trustee for trusts that were established for the benefit of minor children and that during this time, he removed \$215,000 from the trusts and converted the funds to his own use and benefit without the authorization, knowledge, or consent of the trust grantor or the trust beneficiaries. The findings also stated that Isom failed to respond to NASD requests for information and documentation. (NASD Case #C06010030)

Allan Watkins Matthews (CRD #3111519, Registered Representative, Galveston, 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, Matthews consented to the described sanction and to the entry of findings that, without prior authorization, knowledge, or consent from insurance customers, he deposited customer checks totaling \$1,090 into his personal bank account. The findings stated that Matthews forwarded checks totaling \$310 to the insurance company to pay portions of the customers' homeowners insurance premiums, retaining the difference of \$780 for his personal use and benefit. (NASD Case #C06010032)

Michael Dale Peay (CRD #2915288, Registered Representative, Allen, 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, Peay consented to the described sanction and to the entry of findings that without prior authorization, knowledge, or consent from the trustee of a customer account, he caused checks totaling \$29,833 to be drawn on the account, deposited the checks into his personal securities account at his member firm, and utilized the funds for his personal use and benefit. (NASD Case #C06010031)

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

September Actions

Charon Marie Bogner (CRD #2132017, Registered Representative, Ocala, Florida) 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 60 days. Without admitting or denying the allegations, Bogner consented to the described sanctions and to the entry of findings that she participated in private securities transactions without providing prior written notice to, or receiving prior written authorization from, her member firm.

Bogner's suspension began August 20, 2001, and will conclude at the close of business October 18, 2001. (NASD Case #C07010056)

Norman Gerald Lieberman (CRD #823757, Registered Representative, Weston, Florida) 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 further suspended in all capacities after the expiration of the 30-day suspension until he requalifies. In light of his financial status, no monetary sanction was imposed. Without admitting or denying the allegations, Lieberman consented to the described sanctions and to the entry of findings that he recommended to a public customer the purchase of securities, including mutual funds on a short-term basis with the use of margin, without having

reason to believe such recommendations were suitable for the customer in light of the customer's investment objectives and financial situation.

Lieberman's suspension began August 6, 2001, and will conclude at the close of business September 4, 2001. (NASD Case #C07010053)

Terrell Javon McCuiston (CRD #4190927, Registered Representative, Jonesboro, Georgia) submitted an Offer of Settlement 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 McCuiston reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, McCuiston consented to the described sanctions and to the entry of findings that he willfully failed to disclose a material fact on his Form U-4. The findings also stated that McCuiston failed to respond timely to NASD requests for information.

McCuiston's suspension began August 20, 2001, and will conclude at the close of business February 19, 2002. (NASD Case #C07010038)

Kevin Arthur Sawicki (CRD #3100380, Registered Representative, West Palm Beach, Florida) was barred from association with any NASD member in any capacity. The sanction was based on findings that Sawicki failed to respond to NASD requests for information and to appear for an on-the-record interview. Sawicki also made material misrepresentations and omissions of fact to public customers when soliciting the customers to purchase securities. Moreover, Sawicki failed to disclose that he was paid commission on such sales, and failed to discuss any negative or cautionary information regarding the stock to the customers. (NASD Case #C07010006)

October Actions

George Anaya, Jr. (CRD #2830436, Registered Representative, Jupiter, Florida) was named as a respondent in an NASD complaint alleging that he engaged in a course of unsuitable and excessive trading in the accounts of a public customer and failed to obtain the customer's prior approval for trades in the account. The complaint further alleges that Anaya engaged in a course of trading that was inconsistent with the customer's financial situation, needs, and investment objectives. Furthermore, the NASD alleges that Anaya failed to respond to an NASD request to appear to give testimony. (NASD Case #C07010064)

Herman D. Fonseca (CRD #2367303, Registered Representative, Key Biscayne, Florida) 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 days. Without admitting or denying the allegations, Fonseca consented to the described sanctions and to the entry of findings that he sold insurance

products through a partnership arrangement with another representative, provided an insurance policy to a public customer for which his partner was the selling agent, and signed his partner's name to the delivery receipt without authorization. Subsequently, the NASD found that Fonseca completed an insurance policy application form listing his partner as the selling agent and signed his partner's name to the application without authorization.

Fonseca's suspension began September 17, 2001, and concluded at the close of business September 26, 2001. (NASD Case #C07010058)

Cynthia Foote Goolsby (CRD #2517862, Registered Representative, Marietta, Georgia) 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, Goolsby consented to the described sanction and to the entry of findings that, in connection with her employment with a bank affiliated with her member firm, Goolsby signed the names of bank clients to loan documents without their authorization. (NASD Case #C07010065)

Sandra Jean Hassel (CRD #2418950, Registered Representative, Melbourne, 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, Hassel consented to the described sanction and to the entry of findings that she failed to respond to NASD requests for information. (NASD Case #C07010059)

November Actions

Mary Hendricks (CRD #4130511 and #1354303, Associated Person, Pompano Beach, Florida) was barred from association with any NASD member in any capacity. The sanction was based on findings that Hendricks provided her member firm with a false social security number and failed to disclose past criminal charges against her on certain employment forms. The findings also stated that Hendricks failed to respond to NASD requests for information. (NASD Case #C07010025)

Michael Anthony Lara (CRD #2926115, Registered Representative, Naples, 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, Lara consented to the described sanction and to the entry of findings that he caused checks totaling \$643,044.75 to be issued from the accounts of public customers without authorization. The NASD found that Lara obtained these checks, forged the endorsements of public customers, and converted the proceeds to his own use and benefit. The findings also stated that Lara failed to respond to NASD requests for information. (NASD Case #C07010066)

Robert Arthur McDuffie (CRD #3128686, Registered Representative, Port Charlotte, Florida) was barred from association with any NASD member in any capacity. The sanction was based on findings that McDuffie received a \$2,000 check from a public customer for investment purposes, and instead of investing the funds, endorsed and cashed the check, thereby converting the funds to his own use and benefit. McDuffie also failed to respond to NASD requests for information. (NASD Case #C07010022)

Nancy Lucille Nichols (CRD #2517723, Registered Representative, Rocky Face, Georgia) 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, Nichols consented to the described sanction and to the entry of findings that she accepted \$1,500 in cash from a public customer to open an account with a bank affiliated with her member firm. The NASD found that Nichols converted \$500 of the funds to her own use and deposited the funds in her personal bank account without authorization from the customer. (NASD Case #C07010068)

John Perez (CRD #1093871, Registered Representative, Alhambra, California) was named as a respondent in an NASD complaint alleging that he converted to his own use and benefit \$5,000 given to him by a public customer to be invested. The complaint also alleges that Perez failed to respond to NASD requests for information. (NASD Case #C07010067)

David Wayne Rash (CRD #1560976, Registered Representative, Valencia, 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, Rash consented to the described sanction and to the entry of findings that he completed a margin account application and an option account agreement and application for a customer, and signed the customer's name to these forms without authorization. (NASD Case #C07010069)

Walter Ray Reinhardt (CRD #2468084, Registered Representative, Hillsborough, North Carolina) was fined \$20,000, suspended from association with any NASD member in any capacity for two years, and ordered to requalify by exam as an investment company and variable contracts products representative before re-entering the securities industry for forgery, and barred from association with any NASD member in any capacity for engaging in private securities transactions. The fine must be paid before Reinhardt reassociates with any NASD member. The sanctions were based on findings that Reinhardt engaged in private securities transactions for compensation without giving prior written notice to, and receiving written approval from, his member firm. Reinhardt also forged the signature of a public customer on several account transfer documents without prior authorization from the customer.

Reinhardt's bar became effective September 20, 2001. (NASD Case #C07000090)

December Actions

John Robert Bacon (CRD #4064268, Registered Representative, Deerfield Beach, Florida) was named as respondent in an NASD complaint alleging that he received checks totaling \$5,000 from a public customer to be invested and received a new account form to establish a securities account. The allegations state that, instead of establishing the account and making the investment as instructed, Bacon converted the funds for his own use and benefit. The complaint further alleges that Bacon failed to respond to NASD requests for information. (NASD Case #C07010074)

Wanda Huff Brown (CRD #1877671, Registered Principal, Greenville, South Carolina) was fined \$10,000 and suspended from association with any NASD member in any capacity for one year for failing to file FOCUS reports, and barred from association with any NASD member in any capacity for failing to respond. The fine shall be due and payable upon Brown's re-entry into the securities business. The sanctions were based on findings that Brown, on behalf of her member firm, failed to file FOCUS Part IIA reports with the NASD. In addition, Brown failed to respond to NASD requests for information. Brown's bar became effective October 29, 2001. (NASD Case #C07010035)

Sheila Marie Cali (CRD #3082147, Registered Representative, Columbia, South Carolina) was named as a respondent in an NASD complaint alleging that she received insurance premium payments from her public customers totaling \$1,698.15, failed to remit these payments to her member firm, and converted the funds to her own use and benefit. (NASD Case #C07010075)

Stephen Contino (CRD #2440108, Registered Representative, York, South Carolina) 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 30 days. The fine must be paid before Contino reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Contino consented to the described sanctions and to the entry of findings that he failed to disclose his outside business activity to his member firm.

Contino's suspension began November 5, 2001, and concluded at the close of business December 4, 2001. (NASD Case #C07010071)

Christian Debiasi (CRD #3002925, Registered Representative, Naples, 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, Debiasi consented to the described sanction and to the entry of findings that he effected, or caused to be effected, trades in a public customer's account without obtaining the customer's prior authorization for the trades. The findings also stated that Debiasi failed to respond timely to NASD requests for information. (NASD Case #C07010077)

Elliott George Downs (CRD #2795169, Registered Representative, Derry, Pennsylvania) was fined \$25,000 and suspended from association with any NASD member in any capacity for two years for unauthorized transactions and failure to execute a sell order, fined \$50,000 and suspended from association with any NASD member in any capacity for one year for unsuitable recommendations, and barred from association with any NASD member in any capacity for material misrepresentations and omissions and failure to respond to NASD requests for information. The fine is due and payable upon Downs' reassociation with an NASD member. The sanctions were based on findings that Downs made material misrepresentations and omissions when making recommendations to public customers, including baseless price predictions, false statements, and inadequate risk disclosure. In addition, Downs made unauthorized transactions and failed to execute a transaction. Furthermore, Downs made unsuitable recommendations to a public customer. Downs' bar became effective October 15, 2001. (NASD Case #C07010031)

Evelyn Freeman (CRD #2665159, Registered Principal, Atlanta, Georgia) 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, Freeman consented to the described sanction and to the entry of findings that she received \$19,500 from a public customer to be invested, deposited the funds into her personal banking account, and ultimately, only invested \$14,000 for the benefit of the customer. (NASD Case #C07010076)

Lewis Douglas Hanchell (CRD #3025649, Registered Representative, Miami, Florida) was named as a respondent in an NASD complaint alleging that he effected trades in a public customer's account without authorization from the customer. The complaint further alleges that Hanchell failed to respond to NASD requests for information. (NASD Case #C07010078)

Reginald Bernard Knight (CRD #3100095, Registered Representative, West Palm Beach, Florida) was barred from association with any NASD member in any capacity and required to pay \$2,095.75, plus interest, in restitution to a member firm. The sanctions were based on findings that Knight knowingly used funds that were credited to his securities account in error to effect securities transactions for personal profit. (NASD Case #C07010034)

Robert Lynn Lasine (CRD #2293715, Registered Representative, Richmond, Virginia) submitted an Offer of Settlement in which he was fined \$2,500 and suspended from association with any NASD member in any capacity for 60 days. The fine must be paid before Lasine reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Lasine consented to the described sanctions and to the entry of findings that he failed to disclose a material fact on his Form U-4.

Lasine's suspension began November 19, 2001, and will conclude at the close of business January 18, 2002. (NASD Case #C07010027)

Debra Janet Lyles (CRD #2308720, Registered Representative, Washington, DC) was barred from association with any NASD member in any capacity. The sanction was based on findings that Lyles failed to disclose material information on her Form U-4 and failed to respond to NASD requests for information. (NASD Case #C07010028)

Albert Medina (CRD #2730223, Registered Representative, Brooklyn, 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, Medina consented to the described sanction and to the entry of findings that he executed unauthorized transactions in the accounts of public customers without obtaining prior authorization from the customers. The NASD also found that Medina failed to respond timely to an NASD request for information. (NASD Case #C07000086)

Erik Robert Olufson (CRD #2875845, Registered Representative, Miami, Florida) was barred from association with any NASD member in any capacity. The sanction was based on findings that Olufson engaged in fraudulent sales practices to induce public customers to purchase securities. The findings also stated that Olufson made baseless price predictions and failed to provide adequate risk disclosure to the customers. The NASD also found that Olufson acted as a registered representative with a member firm without being registered with the NASD and failed to respond to NASD requests for information. (NASD Case #C07010039)

Samuel Thomas Southard (CRD #2390261, Registered Representative, Bayonet Point, 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, Southard consented to the described sanction and to the entry of findings that he forged the signature of an insurance customer on credit card applications and a check. The findings also stated that Southard added himself as an additional cardholder and effected purchases and cash advances without authorization. In addition, the NASD found that Southard willfully failed to amend his Form U-4 to disclose a material fact. (NASD Case #C07010057)

Stonebriar Securities, Inc. (CRD #19193, North Palm Beach, Florida) and Matthew James Fitzgibbon (CRD #4112304, Registered Principal, Columbus, Indiana) were named as respondents in an NASD complaint alleging that the firm, acting through Fitzgibbon, recommended the purchase of common stock and made price predictions to public customers without having a reasonable basis for the representations and predictions. The complaint also alleges that the firm, acting through Fitzgibbon, failed to disclose to customers that the stock was a speculative investment, had flat revenues and suffered losses, and had limited operating capital and needed additional funds to grow. The complaint further alleges that the firm failed to disclose the ownership

of the stock and the sale of shares by accounts affiliated with and/or controlled by a representative of the firm. In addition, the complaint alleges that the firm failed to obtain information to timely approve accounts for penny stock trading, and to obtain written agreements for transactions involving penny stocks. The complaint alleges that Fitzgibbon guaranteed a public customer against loss in his account in connection with the recommendation to purchase a common stock and made unsuitable recommendations to public customers based on their trading inexperience and financial situations. Furthermore, the complaint alleges that Fitzgibbon failed to execute customer sell orders. (NASD Case #C07010072)

Anthony Martin Westonsmart (CRD #2046085, Registered Representative, Columbus, Georgia) was barred from association with any NASD member in any capacity and required to pay \$9,127.50, plus interest, in restitution to a public customer. The sanctions are based on findings that Westonsmart converted customer's funds to his own use and benefit and forged a customer's endorsement on a check drawn to the customer's order, cashed the check, and converted a portion of the proceeds to his own use and benefit. The findings also stated that Westonsmart failed to respond to NASD requests for information. (NASD Case #C07010036)

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

September Actions

Terrence Denis Brazeau (CRD #2622967, Registered Representative, Chicago, Illinois) submitted an Offer of Settlement in which he was fined \$5,000, suspended from association with any NASD member in any capacity for two years, and ordered to requalify by exam for the Series 7 registration before again acting in that capacity. The fine must be paid before Brazeau reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Brazeau consented to the described sanctions and to the entry of findings that he sat for the Series 7 exam, and contrary to written instructions, took notes that contained material relevant to the exam into the exam room.

Brazeau's suspension began August 20, 2001, and will conclude at the close of business August 19, 2003. (NASD Case #C8A000067)

Robert Charles Cole (CRD #734521, Registered Representative, Spring Lake, Michigan) 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, Cole consented to the described sanction and to the entry of findings that he received \$49,000 in cash from a public customer for

investment purposes, invested \$19,500 of the cash as directed, and used the remaining \$29,500 for some purpose other than the benefit of the customer without the customer's knowledge or consent. (NASD Case #C8A010044)

Freedom Investors Corp. (CRD #23714, Pewaukee, Wisconsin) and James Russell Fay (CRD #1003069, Registered Principal, Oconomowoc, Wisconsin) were censured and fined \$40,000, jointly and severally. Fay was also suspended from association with any NASD member in any principal capacity for 90 days and required to requalify by exam before serving in any principal capacity. The NAC imposed the sanctions following appeal of an Office of Hearing Officers (OHO) decision. The sanctions were based on findings that the firm, acting through Fay, conducted a securities business while it failed to maintain the minimum required net capital, prepared inaccurate books and records, and prepared and filed inaccurate FOCUS Part IIA reports. Also, the firm and Fay failed to respond timely to NASD requests for information.

Fay's suspension began August 20, 2001, and will conclude November 17, 2001. (NASD Case #C8A990071)

Gardner Rich & Company (CRD #23681, Chicago, Illinois), Christopher Paul Gardner (CRD #1080424, Registered Principal, Chicago, Illinois) and Maria Luisa Rodriguez (CRD #2316911, Registered Principal, Chicago, Illinois) submitted a Letter of Acceptance, Waiver, and Consent in which they were censured and fined \$10,000, jointly and severally, and the firm was fined an additional \$2,000. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Gardner and Rodriguez, used the mails or other means or instrumentalities of interstate commerce to effect transactions in securities when it failed to maintain the minimum required net capital. The findings also stated that the firm filed FOCUS Part IIA reports late. (NASD Case #C8A010041)

Gregory Lee Woodring (CRD #1469359, Registered Representative, Muskegon, Michigan) 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 two months, and ordered to disgorge \$1,375 in commissions to a public customer. Payment of the fine and proof of disgorgement shall be a prerequisite before Woodring reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Woodring consented to the described sanctions and to the entry of findings that he participated in a private securities transaction, failed and neglected to give written notice of his intention to engage in such activities to his member firm, and failed to receive written approval from the firm prior to engaging in such activities.

Woodring's suspension began August 6, 2001, and will conclude at the close of business October 5, 2001. (NASD Case #C8A010046)

October Actions

Calvin Eugene Cheney (CRD #1139652, Registered Representative, Louisville, Colorado) submitted an Offer of Settlement in which he was fined \$100,000, suspended from association with any NASD member in any capacity for two years, ordered to re-qualify by exam as a general securities representative, and ordered to qualify by exam as a general securities principal. Without admitting or denying the allegations, Cheney consented to the described sanctions and to the entry of findings that he engaged in private securities transactions and failed to provide prior written notice to, or receive prior written authorization from, his member firm before engaging in such activities.

Cheney's suspension began October 15, 2001, and will conclude at the close of business October 14, 2003. (NASD Case #C8A000019)

Stephen Kyle Ehman (CRD #2636377, Registered Representative, Noblesville, Indiana) 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, Ehman consented to the described sanction and to the entry of findings that he bought and sold securities in the form of shares of stock and options for his personal margin and cash account, though he knew that he did not have sufficient funds to pay for the shares and options, did not deposit the required margin, or make full cash payments for the shares in a prompt fashion or otherwise before selling the shares. The NASD also found that Ehman effected transactions in the account of a public customer on a discretionary basis without obtaining prior written authorization from the customer and prior written approval from his member firm. (NASD Case #C8A010058)

James Lee Judd (CRD #2690192, Registered Representative, Fenton, Michigan) submitted a Letter of Acceptance, Waiver, and Consent 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 before Judd reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Judd consented to the described sanctions and to the entry of findings that he affixed the signature of a public customer on an application to open a securities account with his member firm and on a securities disclosure form without the customer's knowledge or consent. The NASD also found that Judd induced the purchase of the shares of reserves to public customers by making the misstatement of material fact that the investors could withdraw funds after one year from the date on which they invested when, in fact, the investors could not withdraw their funds until after four years from the date on which they invested.

Judd's suspension began October 1, 2001, and will conclude at the close of business September 30, 2002. (NASD Case #C8A010051)

Robert Edwin McBride (CRD #1195514, Registered Principal, Chicago, Illinois) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$15,500 and suspended from association with any NASD member firm in any capacity for 30 business days. The fine must be paid before McBride reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, McBride consented to the described sanctions and to the entry of findings that a member firm, acting through McBride, permitted the distribution of sales literature in the form of form letters containing solicitations for securities transactions that were not approved by the appropriate principal of the member firm or submitted to the NASD within 10 days of their first use, and failed to include the full address and telephone number of the member firm's registered branch office or Office of Supervisory Jurisdiction (OSJ) responsible for supervision of the proposed trading activity.

In addition, the findings stated that the sales literature omitted material facts and obscured essential information resulting in misleading presentation; contained exaggerated, unwarranted, or misleading statements or claims and failed to reflect the risks of a fluctuating market; failed to disclose in discussing dollar-cost averaging that the plan does not assure a profit or protect against loss in declining markets, and identified purchases of stock, which is improper in option educational material; failed to disclose that options might not be a suitable type of investment for the investor; and failed to contain a complete explanation of the risks of day trading, which include market volatility, potential delay in trade execution, and loss of capital. The NASD also found that a member firm, acting through McBride, permitted individuals to engage in the securities business, to function as representatives, and to place securities transactions while they were not effectively registered with the member firm. Furthermore, the NASD found that the member firm, acting through McBride, failed to report to the NASD statistical and summary information relating to customer complaints against various representatives received by the firm.

McBride's suspension began October 1, 2001, and will conclude at the close of business November 9, 2001. (NASD Case #C8A010059)

November Actions

Salam Aburas (CRD #2969004, Registered Representative, Berwyn, Illinois) was fined \$5,000 and suspended from association with any NASD member in any capacity for 10 business days. The sanctions were based on findings that Aburas effected an unauthorized transaction in the account of a public customer.

Aburas' suspension began October 15, 2001, and concluded at the close of business October 26, 2001. (NASD Case #C8A010014)

James Burling Chase (CRD #368743, Registered Representative, Milwaukee, Wisconsin) was fined \$25,000, suspended from association with any NASD member in any capacity for one year, and ordered to requalify as a general securities representative before re-entering the industry. The NAC imposed the sanctions following the appeal of an OHO decision. The sanctions were based on findings that Chase recommended and effected transactions in a public customer's account without a reasonable basis for believing that such recommendations were suitable for the customer due to the nature of the securities, the concentration of the securities in the account, and the customer's investment objectives, financial situation, and needs.

Chase has appealed this action to the SEC, and the sanctions are not in effect pending consideration of the appeal. (NASD Case #C8A990081)

Merrill Weber & Co., LLC (CRD #31799, Northfield, Illinois) and Merrill Evan Weber (CRD #2305631, Registered Principal, Chicago, Illinois) submitted a Letter of Acceptance, Waiver, and Consent in which they were censured and fined \$25,000, jointly and severally. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that they permitted an individual, who was not registered with the firm in any capacity, to engage in the investment banking or securities business of the member firm. (NASD Case #C8A010062)

Theodore Richard Miller (CRD #2760427, Registered Representative, Madison, Wisconsin) 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 disgorge \$49,295 in commissions earned to public customers. Satisfactory proof of payment of disgorgement must be made before Miller reassociates with any NASD member or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Miller consented to the described sanctions and to the entry of findings that he participated, for compensation, in private securities transactions by participating in the sale of securities in the form of promissory notes to public customers. The NASD found that Miller failed and neglected to give written notice of his intention to engage in such activities to, and receive written approval from, his member firm prior to engaging in such activities. (NASD Case #C8A010049)

Bruce William Rhodes (CRD #2690462, Registered Representative, Rochester, Illinois) was barred from association with any NASD member in any capacity. The sanction was based on findings that Rhodes received \$795,500 from a public customer for investment in certificates of deposit and/or government bonds and, instead, invested some of the money in mutual funds and used \$103,323.83 for some purpose other than to benefit the customer. In addition, Rhodes failed to respond to NASD requests for information. (NASD Case #C8A010025)

William Carl Seitz (CRD #418331, Registered Representative, Madison, Wisconsin) was barred from association with any NASD member in any capacity. The sanction was based on findings that Seitz failed to disclose material facts on his Form U-4. (NASD Case #C8A010015)

Susan Mary Waterhouse (CRD #1287276, Registered Representative, Newport, Michigan) and Barbara Andrus Grose (CRD #2180730, Registered Representative, Trenton, Michigan) submitted a Letter of Acceptance, Waiver, and Consent in which Waterhouse was fined \$6,500, which includes the disgorgement of \$1,500 commissions earned, and suspended from association with any NASD member in any capacity for 30 business days. Grose was fined \$10,250, which includes the disgorgement of \$5,250 in commissions earned, and suspended from association with any NASD member in any capacity for 45 business days. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that they participated, for compensation, in private securities transactions by participating in the sale of securities in the form of promissory notes without giving written notice of their intention to engage in such activities to their member firm and failed to receive written approval from the member firm prior to engaging in such activities.

Waterhouse's suspension began November 5, 2001, and will conclude at the close of business December 17, 2001. Grose's suspension began November 5, 2001, and will conclude at the close of business January 9, 2002. (NASD Case #C8A010064)

December Actions

Brian Coleman Barge (CRD #3243595, Registered Representative, Detroit, Michigan) was named as a respondent in an NASD complaint alleging that he received \$1,225 from public customers to purchase automobile insurance policies and failed to apply the funds as directed and, without the knowledge or authorization of the customers, used the funds for his own benefit or for some purpose other than the benefit of the customers. The complaint also alleges that he affixed the signature of a public customer to an automobile insurance application without the knowledge or consent of the customer and failed to respond to NASD requests for information and documents. (NASD Case #C8A010078)

Daniel Guy Danker (CRD #2000099, Registered Principal, Indianapolis, Indiana) 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, Danker consented to the described sanction and to the entry of findings that he was responsible for the bookkeeping and daily operations of an investment company that sold investments in common stock to customers. The NASD determined that the funds received were not invested in the company but were commingled with other funds from investors who believed they were investing

in other companies. The NASD found that the funds were deposited into bank accounts and distributed for the personal use of Danker and others. The findings also stated that Danker knowingly caused documents, including a stock confirmation statement, to be sent to investors substantiating their purported purchases of investment. (NASD Case #C8A010077)

Lawrence Howard Harris (CRD #4039551, Registered Representative, Rohnert Park, California) submitted a Letter of Acceptance, Waiver, and Consent in which he was censured and fined \$41,832.81, which includes the disgorgement of a transaction profit of \$39,832.81. Without admitting or denying the allegations, Harris consented to the described sanctions and to the entry of findings that he purchased, or allowed to be purchased, shares of common stock for his account held at a member firm at the public offering price per share. The NASD also found that Harris engaged in such activities while failing to give written notice to his member firm that he had opened and was maintaining the account, and failing to give written notice to the member firm at which he opened the account that he had become associated and then registered with his member firm. (NASD Case #C8A010073)

Richard Michael Janicki (CRD #2236373, Registered Representative, Orland Park, Illinois) 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 \$34,400, plus interest, in restitution. Satisfactory proof of payment of restitution must be made before Janicki reassociates with any NASD member or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Janicki consented to the described sanctions and to the entry of findings that he caused \$34,400 to be withdrawn from the life insurance policies and securities accounts of a public customer and used the proceeds for his own use or benefit, or for purposes other than for the benefit of the customer. (NASD Case #C8A010076)

Leader Investments, Inc. (CRD #42927, Arlington Heights, Illinois) and Richard Joseph Kapsch, Sr. (CRD #876560, Registered Principal, Palatine, Illinois) submitted a Letter of Acceptance, Waiver, and Consent in which they were fined \$27,500, jointly and severally, which includes restitution of \$10,712.91 to a public customer and disgorgement of \$8,868. The firm agreed to amend its written supervisory procedures relating to its mutual fund business to the satisfaction of the NASD. Kapsch was 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 Kapsch, failed to supervise a registered representative by failing to promptly detect and take adequate steps to curtail the excessive and unsuitable trading in mutual fund shares by the representative in the individual retirement account (IRA) of a public customer. The findings also stated that the firm, acting through Kapsch, failed to establish, maintain, and enforce adequate written supervisory procedures reasonably

designed to achieve compliance with applicable securities laws, regulations, and NASD rules relating to the firm's mutual fund business in that, among other things, the firm's procedures failed to include a sufficiently clear identification of the person(s) responsible for ensuring compliance; a statement as to what steps and reviews will be taken by the responsible person to ensure compliance; a statement as to how often the responsible person will conduct such reviews; and a statement as to how such reviews will be evidenced.

Kapsch's suspension will begin December 17, 2001, and will conclude at the close of business January 15, 2002. (NASD Case #C8A010079)

Leonard & Company (CRD #36527, Troy, Michigan) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$12,500, jointly and severally. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it effected transactions in securities when it failed to maintain its minimum required net capital. The NASD also found that the firm failed to prepare accurate trial balances and net capital computations and filed with the NASD a FOCUS Part IIA report that was inaccurate in that, among other things, it overstated the firm's net capital. (NASD Case #C8A010067)

Ezra Pascal Mager (CRD #316853, Registered Representative, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was censured and fined \$14,360.66, which includes the disgorgement of a transaction profit of \$12,360.66. Without admitting or denying the allegations, Mager consented to the described sanctions and to the entry of findings that he purchased, or allowed to be purchased, shares of common stock for his account held at a member firm at the public offering price per share. The NASD also found that Mager engaged in such activities while failing and neglecting to give written notice to his member firm that he had opened and was maintaining the account, and failed and neglected to give written notice to the member firm at which he opened the account that he had become associated and then registered with his member firm. (NASD Case #C8A010074)

Edward Arnold Moos (CRD #339448, Registered Principal, Short Hills, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which he was censured and fined \$20,500, which includes the disgorgement of a transaction profit of \$19,500. Without admitting or denying the allegations, Moos consented to the described sanctions and to the entry of findings that, in contravention of the NASD Free-Riding and Withholding Rule, he purchased, or allowed to be purchased, shares of a common stock for the trust account he opened and held at a member firm at the public offering price. (NASD Case #C8A010075)

Shashin J. Patel (CRD #1043487, Registered Principal, Chicago, Illinois) was barred from association with any NASD member in any capacity and ordered to pay \$325,000 in restitution to public customers. The sanction was based on findings that Patel participated in private securities transac-

tions without providing prior oral or written notification to, and receiving permission from, his member firm. (NASD Case #C8A010033)

Gina M. Stevens (CRD #4264673, Registered Representative, Plainfield, Illinois) 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, Stevens consented to the described sanction and to the entry of finding that she willfully failed to update her Form U-4, in that she failed to disclose material information. (NASD Case #C8A010071)

Mark Richard Wozniak (CRD#1321641, Registered Representative, Granger, Indianapolis) submitted an Offer of Settlement in which he was fined \$5,000, required to pay \$20,000 plus interest in restitution to public customers, and suspended from association with any NASD member in any capacity for three months. The fine must be paid and proof of restitution provided before Wozniak reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Wozniak consented to the described sanctions and to the entry of finding that he participated, for compensation, in private securities transactions and failed to provide written notice to, and obtain written authorization from, his member firm prior to engaging in such transaction.

Wozniak's suspension began November 19, 2001, and will conclude at the close of business February 18, 2002. (NASD Case #C8A010029)

District 8B - Cleveland

September Actions

Patrick Andrew Brady (CRD #2536672, Registered Representative, Toledo, Ohio) was fined \$42,943.31 and suspended from association with any NASD member in any capacity for one year for engaging in private securities transactions and barred from association with any NASD member in any capacity for failing to respond to information requests from the NASD. The sanctions are based on findings that Brady engaged in private securities transactions, for compensation, and failed to provide prior written notice to, or to receive prior written approval from, his member firm to engage in the transactions. The findings also stated that Brady failed to respond to NASD requests for information.

Brady's bar was effective July 16, 2001. (NASD Case #C8B000013)

Linda Joyce Depaolo (CRD #1390208, Registered Representative, Avon, Ohio) 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, Depaolo consented to the described sanction and to the entry of findings that she arranged for partial liquidations of \$47,000 from a public customer's variable annuity policy, asked the

issuer to send her the checks, converted them to cashier's checks, deposited the proceeds in an account she controlled, and used the proceeds for her benefit without the knowledge, consent, or authorization of the customer. The findings also stated that Depaolo arranged for a partial liquidation of \$27,000 from the same customer's variable annuity policy, asked that the liquidation check be made payable to a fund account, altered the check by deleting the customer's name and account number, and attempted to deposit the check into her own account without the knowledge, consent, or authorization of the customer. In addition, the NASD found that Depaolo failed to respond fully and completely to NASD requests for information. (NASD Case #C8B010016)

John Robert Engle (CRD #2211405, Registered Representative, Beavercreek, Ohio) 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 disgorge \$10,000, plus interest, to public customers. Satisfactory proof of payment of the disgorgement, plus interest, must be made before Engle reassociates with any NASD member or requests relief from any statutory disqualification. Without admitting or denying the allegations, Engle consented to the described sanctions and to the entry of findings that he engaged in private securities transactions and failed to provide his member firm with detailed written notice of the transactions, his role therein, and to receive permission from the firm to engage in the transactions. (NASD Case #C8B010018)

Allan Wayne Talib (CRD #2406626, Registered Representative, Dayton, Ohio) 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, Talib consented to the described sanction and to the entry of findings that he engaged in private securities transactions away from his member firm and failed to provide his firm with detailed written notice of the transactions, his role therein, and to receive permission from the firm to engage in the transactions. The findings also stated that Talib failed to respond to NASD requests for information and documents. (NASD Case #C8B010020)

October Actions

NatCity Investments, Inc. (CRD #17490, Cleveland, Ohio) 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 report the time of execution through ACT in last-sale reports of transactions in NNM securities for which it had recording and reporting obligations, failed to transmit through ACT last-sale reports in NNM securities within 90 seconds after execution, and reported through ACT a last-sale report of a transaction in NNM securities it was not required to report. The findings also stated that the firm failed to report the correct price of a transaction through ACT in last-sale

reports of transactions in eligible securities, failed to transmit through ACT one last-sale report of a transaction in eligible securities within 90 seconds after execution, and failed to report the time of execution through ACT in last-sale reports of transactions in eligible securities.

The NASD also found that the firm transmitted through ACT a last-sale report of a transaction in NNM securities and failed to designate through ACT that it was reflecting a price different from the current market when the execution was based on a prior reference point in time; transmitted a last-sale report in NNM securities that improperly designated through ACT a price different from the current market; and transmitted through ACT last-sale reports for the same transaction in a NNM security. In addition, the NASD determined that the firm failed to preserve for a period of not less than three years brokerage order memoranda. Furthermore, the NASD found that the firm failed to report to the NASD customer complaints on a timely basis and failed to report to the NASD conditions requiring disclosure to the NASD within 10 business days. (NASD Case #C8B010023)

Theresa Jane Stencil (CRD #1215453, Registered Representative, Amherst, Ohio) 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, Stencil consented to the described sanction and to the entry of findings that she engaged in private securities transactions and failed to provide her member firm with detailed written notice of the transactions, her role therein, and to receive permission from the firm to engage in the transactions. The NASD also found that Stencil failed to respond to NASD requests for information. (NASD Case #C8B010021)

November Actions

Charles Joseph Smercina (CRD #1915915, Registered Representative, Solon, Ohio) submitted an Offer of Settlement in which he was fined \$5,000, suspended from association with any NASD member in any capacity for three months, and required to requalify by exam prior to acting again in any capacity requiring registration. The fine must be paid before Smercina reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Smercina consented to the described sanctions and to the entry of findings that he received stock certificates and checks from a public customer to establish an IRA account and failed to establish the account. The findings also stated that Smercina retained the certificates and checks, totaling \$5,435.34, until he returned them to the customer at a later date.

Smercina's suspension began November 5, 2001, and will conclude at the close of business February 4, 2002. (NASD Case #C8B010013)

December Actions

Jeffrey Lee Atkinson (CRD #1679474, Registered Representative, Loveland, Ohio) 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 60 days, and required to disgorge \$5,812.03, plus interest, in commissions earned. Payment of the fine and satisfactory proof of payment of the disgorgement, plus interest, is required before Atkinson reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Atkinson consented to the described sanctions and to the entry of findings that he engaged in private securities transactions away from his member firm and failed to provide his firm with detailed written notice of the transactions, his role therein, and to receive permission from the firm to engage in the transactions. Atkinson's suspension began November 19, 2001, and will conclude at the close of business January 17, 2002. (NASD Case #C8B010026)

Dennis Lane Burgess (CRD #1020157, Registered Representative, Covington, Ohio) 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 60 days, and required to disgorge \$2,100, plus interest, in commissions to public customers. Payment of the fine and satisfactory proof of payment of the disgorgement, plus interest, is required before Burgess reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Burgess consented to the described sanctions and to the entry of findings that he engaged in private securities transactions away from his member firm and failed to provide his firm with detailed prior written notice of the transactions, his role therein, and to receive permission from the firm to engage in the transactions.

Burgess' suspension began November 19, 2001, and will conclude at the close of business January 17, 2002. (NASD Case #C8B010025)

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

District 9A - Philadelphia

September Actions

Michael Todd Farrah (CRD #2747298, Registered Principal, Connellsville, Pennsylvania) 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, Farrah consented to the described sanction and to the entry of findings that he failed to appear for an NASD on-the-record interview. (NASD Case #C9A010022)

Clinton Thomas Hoy (CRD #1280883, Registered Representative, Belle, West Virginia) 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 three months, and required to disgorge \$700, plus interest, to a public customer. Without admitting or denying the allegations, Hoy consented to the described sanctions and to the entry of findings that he engaged in private securities transactions outside the normal course of his association with his member firm and failed to provide the firm with prior written notice of the transactions.

Hoy's suspension began August 20, 2001, and will conclude at the close of business November 19, 2001. (NASD Case #C9A010028)

October Actions

Terrell Edwin Harvey (CRD #1541683, Registered Representative, Ridley Park, Pennsylvania) 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, Harvey consented to the described sanction and to the entry of findings that he participated in private securities transactions and failed to provide his member firm with prior written notice describing the proposed transactions, his proposed role therein, and to state whether he had received, or might receive, selling compensation in connection with the transactions. (NASD Case #C9A010031)

Edward Paul Haser, Jr. (CRD #3126540, Registered Representative, Pittsburgh, Pennsylvania) submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for 30 business days and ordered to disgorge \$10,000 representing commissions received. Satisfactory proof of payment of the disgorgement is required following the suspension before Haser reassociates with any NASD member or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Haser consented to the described sanctions and to the entry of findings that he sold alleged shares of initial public offerings (IPOs) to public customers and negligently misrepresented that a firm had agreements with member firms to acquire shares in the IPOs and that through these agreements acquired the shares. In fact, there were no agreements with these firms and the firms never acquired any shares in the IPOs.

Haser's suspension began October 1, 2001, and will conclude at the close of business November 9, 2001. (NASD Case #C9A010034)

Seth Jamal Jeffers (CRD #4266449, Associated Person, Clinton, Maryland) 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 30 days. The fine must be paid before Jeffers requests relief from any statutory disqualification. Without admitting or

denying the allegations, Jeffers consented to the described sanctions and to the entry of findings that he willfully failed to disclose material facts on a Form U-4, causing it to be materially inaccurate.

Jeffers' suspension began October 1, 2001, and will conclude at the close of business October 30, 2001. (NASD Case #C9A010036)

Patrick Joseph Kernick (CRD #3112594, Registered Representative, Pittsburgh, Pennsylvania) submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for 30 business days and ordered to disgorge \$10,000 representing commissions received. Without admitting or denying the allegations, Kernick consented to the described sanctions and to the entry of findings that he sold alleged shares of IPOs to public customers and negligently misrepresented that a firm had agreements with member firms to acquire shares in the IPOs and that through these agreements acquired the shares. In fact, there were no agreements with these firms and the firms never acquired any shares in the IPOs.

Kernick's suspension began October 1, 2001, and will conclude at the close of business November 9, 2001. (NASD Case #C9A010024)

Joseph Patrick Klock (CRD #1339507, Registered Principal, Wayne, Pennsylvania) 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 and required to disgorge \$35,000 to a public customer. Without admitting or denying the allegations, Klock consented to the described sanctions and to the entry of findings that he exercised effective control over the account of a public customer and conducted excessive trading in the account.

Klock's suspension began September 17, 2001, and concluded at the close of business September 28, 2001. (NASD Case #C9A010032)

Robert Bruce Sando (CRD #1132151, Registered Principal, Baltimore, Maryland) 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, Sando consented to the described sanction and to the entry of findings that he engaged in private securities transactions and failed to provide his member firm prior written notice describing the proposed transactions, his role therein, and stating whether he had received, or might receive, selling compensation in connection with the transactions. The findings also stated that Sando failed to respond to NASD requests for information and to provide sworn testimony. (NASD Case #C9A010035)

Bradley David St. Myer (CRD #2630827, Registered Representative, Wexford, Pennsylvania) submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any

capacity for 30 business days and ordered to disgorge \$25,000 representing commissions received. Satisfactory proof of payment of the disgorgement is required following the suspension before St. Myer reassociates with any NASD member or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, St. Myer consented to the described sanctions and to the entry of findings that he sold alleged shares of IPOs to public customers and negligently misrepresented that a firm had agreements with member firms to acquire shares in the IPOs and that through these agreements acquired the shares. In fact, there were no agreements with these firms and the firms never acquired any shares in the IPOs.

St. Myer's suspension began October 1, 2001, and will conclude at the close of business November 9, 2001. (NASD Case #C9A010019)

Guy Anthony Zarrilli (CRD #2194074, Registered Principal, Brick, New Jersey) submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for three months. The fine must be paid before Zarrilli reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Zarrilli consented to the described sanctions and to the entry of findings that he recommended and effected securities transactions for public customers and lacked reasonable grounds to believe that such recommendations were suitable for the customers in light of their ages, need for income, the speculative nature of the transactions, and the size of the transactions in comparison to the value of the accounts.

Zarrilli's suspension began September 17, 2001, and will conclude December 16, 2001. (NASD Case #C9A010007)

November Actions

Michael Charles Jones (CRD #1320040, Registered Representative, Gambrills, Maryland) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000, ordered to pay \$12,000 in disgorgement, and suspended from association with any NASD member in any capacity for one year. Payment of the fine and proof of disgorgement shall be a prerequisite before Jones reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Jones consented to the described sanctions and to the entry of findings that he engaged in private securities transactions without prior written notice to, or approval from, his member firm.

Jones' suspension began November 5, 2001, and will conclude at the close of business November 4, 2002. (NASD Case #C9A010038)

Patrick Eugene Keeney (CRD #2259850, Registered Representative, Centerville, Maryland) 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, Keeney consented to the described sanction and to the entry of findings that he failed to respond to NASD requests for information. (NASD Case #C9A010041)

Margot Rae Tomasella (CRD #4006221, Registered Representative, Williamsport, Pennsylvania) 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, Tomasella consented to the described sanction and to the entry of findings that she failed to respond to NASD requests for information. (NASD Case #C9A010039)

December Actions

Savas Zafer Alkoc (CRD #2019226, Registered Representative, Lakewood, New Jersey) was named as a respondent in an NASD complaint alleging that he settled a customer complaint away from his member firm for losses suffered by the customer totaling \$4,000 without the knowledge or consent of his member firm. The complaint also alleges that Alkoc received cash and checks from public customers totaling \$65,261.98 for investment purposes, and, instead, had treasurer's checks issued and deposited a portion of the funds in his personal securities account without the customer's authorization or consent to use their funds in this manner. (NASD Case #C9A010043)

Melanie Garman-Shaffer (CRD #2062404, Registered Representative, Mt. Pleasant Mills, Pennsylvania) submitted a Letter of Acceptance, Waiver, and Consent in which she was fined \$17,000, which includes disgorgement of \$11,800 in commissions, and suspended from association with any NASD member in any capacity for two months. Without admitting or denying the allegations, Garman-Shaffer consented to the described sanctions and to the entry of findings that she participated in a private securities transaction, failed to give written notice of her intention to engage in such activities to her member firm, and failed to receive written approval from the member firm prior to engaging in such activities.

Garman-Shaffer's suspension began December 3, 2001, and will conclude February 2, 2002. (NASD Case #C9A010045)

Thomas Albert Guice (CRD #2425808, Registered Representative, Baltimore, Maryland) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$30,000 and suspended from association with any NASD member in any capacity for two years. The fine must be paid before Guice reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Guice consented to the described sanctions and to the entry of findings that he sold promissory notes worth \$500,000 to investors outside the scope of his employment with his member firms and failed to provide written notice to his member firms describing the proposed transaction, his

intentions to engage in such activities, and whether he received, or might receive, selling compensation.

Guice's suspension began December 3, 2001, and will conclude at the close of business December 2, 2003. (NASD Case #C9A010044)

Gary Bennett Harkenreader (CRD #2384896, Registered Representative, White Heaven, Pennsylvania) 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, Harkenreader consented to the described sanction and to the entry of findings that he failed to respond to NASD requests to appear and provide testimony. (NASD Case #C9A010047)

Gregory Clark Keesecker (CRD #2809959, Registered Representative, Wheeling, West Virginia) submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for 30 business days and ordered to pay \$1,000 in disgorgement for commissions received. Satisfactory proof of payment of disgorgement must be made before Keesecker reassociates with any NASD member. Without admitting or denying the allegations, Keesecker consented to the described sanctions and to the entry of findings that he sold shares of initial public offerings (IPOs), and in connection with these alleged shares, negligently misrepresented that he had acquired these shares through agreements with member firms when in fact there were no agreements with these firms and the shares in the IPOs were never acquired.

Keesecker's suspension began November 5, 2001, and will conclude at the close of business December 17, 2001. (NASD Case #C9A010023)

James Andrew Sitter (CRD #2791924, Registered Representative, Pittsburgh, Pennsylvania) submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for 30 business days and ordered to pay disgorgement of \$8,000, representing commissions received. Without admitting or denying the allegations, Sitter consented to the described sanctions and to the entry of findings that while associated with a member firm, he sold shares of IPOs to public customers offered through another firm. The findings stated that Sitter negligently misrepresented that the firm had agreements with member firms to acquire shares in the IPOs and that through these agreements had acquired the shares. The NASD determined that there were no agreements between these firms and the shares in the IPOs were never acquired. Sitter's suspension began December 3, 2001, and will conclude at the close of business January 14, 2002. (NASD Case #C9A010027)

Valley Forge Securities, Inc., (BD #20892, Rosemont, Pennsylvania) and Robert Monroe Montani, Jr. (CRD #1284251, Registered Principal, Phoenixville, Pennsylvania) submitted a Letter of Acceptance, Waiver, and Consent in which they were censured and fined \$12,500, 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 Montani, failed to respond timely to NASD requests for information. (NASD Case #C9A010042)

District 9B - New Jersey

September Actions

Ronnilo Panaligan Cabral (CRD #1387489, Registered Representative, Basking Ridge, New Jersey) 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, Cabral consented to the described sanction and to the entry of findings that he participated in outside business activities and failed to provide prompt written notice of such activities to his member firms. (NASD Case #C9B010060)

Kenneth James Disbrow (CRD #1294717, Registered Representative, Upper Montclair, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$7,000, suspended from association with any NASD member in any capacity for 15 business days, and required to pay \$5,000 in restitution to a public customer. Without admitting or denying the allegations, Disbrow consented to the described sanctions and to the entry of findings that he purchased shares of stock for the account of a public customer without the customer's consent or authorization. The findings also stated that Disbrow caused his member firm's books and records to be inaccurate by marking customer order tickets as unsolicited when, in fact, Disbrow had solicited the transactions.

Disbrow's suspension began September 4, 2001, and will conclude at the close of business September 24, 2001. (NASD Case #C9B010062)

William Martin Ornstein (CRD #500470, Registered Principal, Livingston, New Jersey) 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 30 days. Without admitting or denying the allegations, Ornstein consented to the described sanctions and to the entry of findings that he participated in an agreement involving an unregistered person and his member firm. The unregistered person would refer prospective investors to Ornstein who were interested in purchasing securities equipment leases offered by the firm in return for a percentage of the commissions that Ornstein would receive from the sale. The NASD found that as a result of this conduct the individual received \$250,000 in commissions. The findings also stated that Ornstein failed to amend promptly his Form U-4 to disclose a civil complaint filed by former customers against him.

Ornstein's suspension began August 20, 2001, and will conclude at the close of business September 18, 2001. (NASD Case #C9B010063)

Nathan James Smith (CRD #1946055, Registered Representative, Chatham, New Jersey) was barred from association with any NASD member in any capacity. The sanction was based on findings that Smith failed to respond to NASD requests for information. Smith also converted \$200,000 in funds received from a public customer intended for investment purposes to his own use and benefit without the customer's authorization. (NASD Case #C9B010019)

Michael Verbitsky, a/k/a, Michael Levine (CRD #3070975, Registered Representative, Livingston, New Jersey) was barred from association with any NASD member in any capacity. The sanction was based on findings that Verbitsky effected unauthorized transactions in the accounts of public customers without the knowledge or consent of the customers, and in the absence of written or oral authorization from the customers to exercise discretion in said accounts. Verbitsky also failed to respond to NASD requests for information. (NASD Case #C9B010018)

Matthew Laurence Zimmerman (CRD #1800015, Registered Representative, Morris Plains, New Jersey) submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity and ordered to pay \$32,511, plus interest, in restitution to public customers. Without admitting or denying the allegations, Zimmerman consented to the described sanctions and to the entry of findings that he engaged in unauthorized transactions in the accounts of public customers and lulled the customers into inaction by providing false assertions regarding the transactions. The findings also stated that Zimmerman failed to respond to NASD requests to appear for investigative testimony. (NASD Case #C9B010027)

October Actions

C.J.M. Planning Corporation (CRD #5698, Pompton Lakes, New Jersey) and Joseph Charles Musumeci (CRD #821112, Registered Representative, Pompton Lakes, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which they were censured and fined \$12,000, jointly and severally. The firm was also fined an additional \$4,500. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Musumeci, used the instrumentalities of interstate commerce to conduct a securities business while failing to maintain minimum required net capital. The NASD also found that the firm permitted Musumeci to act as the firm's limited financial operations principal without proper registration. The findings also stated that the firm, acting through Musumeci, in connection with a limited partnership private placement offering, established an escrow account that did not meet the requirements of Section 15(c) of the Securities and Exchange Act and Rule 15c2-4(b)(2) thereunder, and permitted an affiliated person of the issuer to purchase a portion of the private placement offering and subsequently withdraw a portion of that purchase from the offering.

Furthermore, the NASD found that the firm claimed an exemption under the provisions of Section 15(c) of the Exchange Act, which prohibits the receipt of customer funds and/or securities, and acting through Musumeci, opened an account in the issuer's name acting on the issuer's behalf. Moreover, the firm, acting through Musumeci, received funds from subscribers in the private placement offering, therefore failing to comply with the claimed exemptions and was fully subject to the Customer Protection Rule. In addition, the findings state that the firm permitted registered representatives to conduct a securities business while their securities registration was inactive because of their failure to satisfy the Regulatory Element of the NASD's Continuing Education Requirement. The NASD also found that the firm failed to establish, maintain, and enforce written supervisory procedures reasonably designed to achieve compliance with applicable securities laws and regulations; failed to ensure compliance with the firm's continuing education policy; and failed to ensure that registered persons maintain the appropriate registrations for the functions they perform while registered with the firm. (NASD Case #C9B010067)

Kris Joseph Destefano (CRD #2949180, Registered Principal, Bethpage, New York) 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, Destefano consented to the described sanctions and to the entry of findings that he purchased shares of stock for the account of a public customer without the customer's consent or authorization.

Destefano's suspension began October 1, 2001, and concluded at the close of business October 5, 2001. (NASD Case #C9B010072)

Frederick Joseph Dirsh (CRD #4243703, Registered Representative, Philadelphia, Pennsylvania) 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 before Dirsh reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Dirsh consented to the described sanctions and to the entry of findings that he failed to disclose a material fact on his Form U-4.

Dirsh's suspension began October 1, 2001, and will conclude at the close of business November 9, 2001. (NASD Case #C9B010071)

Scott Douglas Flynn (CRD #2020872, Registered Principal, Highlands, New Jersey) submitted an Offer of Settlement in which he was fined \$20,000 and suspended from association with any NASD member in any capacity for three months, two months of which shall be deemed served by virtue of a two-month suspension imposed by his member firm. Without admitting or denying the allegations, Flynn consented to the described sanctions and to the entry of findings that he created and sent a fictitious monthly account

statement to a public customer to give the false appearance that a request made by the customer to transfer funds from one account to another had been fulfilled.

Flynn's suspension began September 4, 2001, and concluded at the close of business October 3, 2001. (NASD Case #C9B010044)

Jose Franco (CRD #4251466, Associated Person, Jersey City, New Jersey) 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 six months. The fine must be paid before Franco reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Franco consented to the described sanctions and to the entry of findings that he willfully failed to disclose a material fact on his Form U-4.

Franco's suspension began October 1, 2001, and will conclude at the close of business March 31, 2002. (NASD Case #C9B010070)

Anthony Paul Minervini (CRD #2383553, Registered Representative, Secaucus, New Jersey) 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, Minervini consented to the described sanction and to the entry of findings that he provided false testimony during an NASD on-the-record interview. (NASD Case #C9B010074)

Darren Joseph Shasho (CRD #2097386, Registered Principal, Bellmore, 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 days. Without admitting or denying the allegations, Shasho consented to the described sanctions and to the entry of findings that he purchased, or caused to be purchased, a security on margin for the account of a public customer and thereafter sold, or caused to be sold, the same security without the knowledge or consent of the customer and in the absence of any written or oral authorization to exercise margin discretion in the account.

Shasho's suspension began September 17, 2001, and concluded at the close of business September 26, 2001. (NASD Case #C9B010068)

Richard William Stopa (CRD #2368388, Registered Principal, New York, New York) submitted an Offer of Settlement in which he was suspended from association with any NASD member in any capacity for 30 business days. In light of the financial status of Stopa, no monetary sanction has been imposed. Without admitting or denying the allegations, Stopa consented to the described sanction and to the entry of findings that he executed unauthorized transactions in the accounts of public customers and improperly charged a five-percent markup by selling stock from a public customer's regular account and subsequently purchasing shares of the same stock into the customer's individual retirement account.

Stopa's suspension began September 4, 2001, and will conclude at the close of business October 15, 2001. (NASD Case #C9B010040)

November Actions

Christopher Aguado (CRD #3089463, Registered Representative, Secaucus, New Jersey) submitted an Offer of Settlement in which he was fined \$5,000, suspended from association with any NASD member in any capacity for two months, and required to requalify by exam before again becoming registered in any capacity. The fine must be paid before Aguado reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Aguado consented to the described sanctions and to the entry of findings that he recommended to, and effected for the securities account of a public customer, the sale and purchase of shares of common stock without having reasonable grounds for believing that such recommendation was suitable for the customer's financial situation and needs in that the recommendation involved investing the entire value of the account in a single speculative stock.

Aguado's suspension began October 15, 2001, and will conclude at the close of business on December 14, 2001. (NASD Case #C9B010045)

Gary Irving Berman (CRD #2413745, Registered Principal, Jersey City, New Jersey) 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, Berman consented to the described sanction and to the entry of findings that he willfully failed to disclose a material fact on a Form U-4. The findings also stated that Berman submitted a false and/or misleading written statement to the NASD when he falsely stated that he had inadvertently accessed his former member firm's proprietary account and effected a trade. The NASD determined that the statement was false and/or misleading in light of Berman's on-the-record testimony wherein he testified that without authorization he intentionally used his former supervisor's system log-on identification rather than his own to access accounts. (NASD Case #C9B010075)

Shafeqah Bakir Calder (CRD #4286879, Registered Representative, Newark, New Jersey) 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, Calder consented to the described sanction and to the entry of findings that she willfully failed to disclose material facts on her Form U-4. The NASD also found that Calder failed to respond to NASD requests for information. (NASD Case #C9B010080)

Michael John Fleyzor (CRD #1928099, Registered Representative, Clark, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,200, which includes disgorgement of \$200 in commissions in partial restitution to the customer, and suspended from association with any NASD member in any capacity for 30 days. The fine and disgorgement must be paid before Fleyzor reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Fleyzor consented to the described sanctions and to the entry of findings that he engaged in a private securities transaction, in that he sold a promissory note without prior written notice to, or approval from, his member firm.

Fleyzor's suspension began November 5, 2001, and will conclude at the close of business December 4, 2001. (NASD Case #C9B010078)

Howard Jay Goldman (CRD #1088882, Registered Representative, Marlboro, New Jersey) was barred from association with any NASD member in any capacity. The sanction was based on findings that Goldman made false statements to his member firm about certain short sell orders. Goldman also failed to respond to NASD requests for information. (NASD Case #C9B010004)

Heartland Securities, Inc. (CRD #43201, Edison, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$18,000, which includes \$10,000 of the financial benefit the firm obtained by permitting representatives to conduct a securities business while unregistered. 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 individuals were properly registered as equity traders in accordance with the NASD's Series 55 rule requirements. The findings also stated that the firm permitted several registered persons to conduct a securities business while they were inactive for failing to satisfy the Regulatory Element of the NASD's Continuing Education Requirements. In addition, the NASD found that the firm failed to establish, maintain, and enforce written supervisory procedures reasonably designed to achieve compliance with applicable securities laws and regulations. (NASD Case #C9B010082)

Elaine Lucille Pearson (CRD #4072006, Registered Representative, Elizabeth, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which she was fined \$10,000 and suspended from association with any NASD member in any capacity for six months. The fine must be paid before Pearson reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Pearson consented to the described sanctions and to the entry of findings that she willfully failed to disclose material facts on her Form U-4.

Pearson's suspension began November 5, 2001, and will conclude at the close of business May 4, 2002. (NASD Case #C9B010081)

December Actions

Benjamin Conde (CRD #2397658, Registered Principal, Fairfield, New Jersey) submitted an Offer of Settlement in which he was fined \$7,500, suspended from association with any NASD member in any capacity for nine months, and required to pay \$11,700, plus interest, in restitution to public customers. The fine and restitution must be paid before Conde reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Conde consented to the described sanctions and to the entry of findings that he purchased and sold shares of stock in the accounts of public customers without the prior knowledge, authorization, or consent of the customers.

Conde's suspension began November 19, 2001, and will conclude August 18, 2002. (NASD Case #C9B010052)

Robin Ramoen Crespo (CRD #4190368, Registered Representative, Paterson, 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 30 business days. Without admitting or denying the allegations, Crespo consented to the described sanctions and to the entry of findings that he failed to disclose material information on a Form U-4.

Crespo's suspension began November 19, 2001, and will conclude at the close of business January 2, 2002. (NASD Case #C9B010087)

Robert Nicholas Damato (CRD #1618632, Registered Representative, East Brunswick, 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 two months. Without admitting or denying the allegations, Damato consented to the described sanctions and to the entry of findings that he engaged in private securities transactions without prior written notice to, and approval from, his member firm in that he facilitated the investments made by public customers in a private placement offering of common stock.

Damato's suspension began November 1, 2001, and will conclude at the close of business December 31, 2001. (NASD Case #C9B010084)

Anthony Francis DeCarlo (CRD #2568723, Registered Representative, Woodbridge, New Jersey) was named as a respondent in an NASD complaint alleging that he reimbursed a public customer for a surrender charge without the knowledge or approval of his member firm. The NASD further alleges that DeCarlo failed to respond truthfully to the NASD during an on-the-record interview. (NASD Case #C9B010085)

Charles Evan Giaimo (CRD #2131244, Registered Principal, Westfield, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$7,500 and suspended from association with any NASD member in any capacity for six months. The fine must be paid before Giaimo reassociates with any NASD member following the suspension or before requesting relief from any statutory

disqualification. Without admitting or denying the allegations, Giaimo consented to the described sanctions and to the entry of findings that he failed to amend his Form U-4 to disclose a customer complaint and an arbitration. The NASD also found that Giaimo willfully failed to disclose material facts on his Form U-4.

Giaimo's suspension began November 19, 2001, and will conclude May 18, 2002. (NASD Case #C9B010089)

Jay Alan Gilston (CRD #1802595, Registered Representative, Bridgewater, 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 10 business days. In light of the financial status of Gilston, no monetary sanctions have been imposed. Without admitting or denying the allegations, Gilston consented to the described sanction and to the entry of findings that he engaged in outside business activities and received compensation without prior written notification to, or approval from, his member firm.

Gilston's suspension began November 19, 2001, and concluded at the close of business December 3, 2001. (NASD Case #C9B010083)

Hunter Securities Corporation (CRD #13134, South Orange, New Jersey) and Stephen Alan Steglitz (CRD #500512, Registered Principal, South Orange, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which they were censured and fined \$11,820, jointly and severally, which includes the disgorgement of excess profits of \$1,820. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Steglitz, failed to establish and maintain supervisory procedures reasonably designed to achieve compliance with NASD rules. The findings also stated that the firm, acting through Steglitz, failed to implement written training plans and failed to complete a training needs analysis and to develop written training plans concerning the Firm Element of the Continuing Education Program. The NASD also found that the firm, acting through Steglitz, effected sales of various municipal bonds to public customers on a principal basis at prices that were unfair and reasonable taking into consideration all relevant factors. (NASD Case #C9B010091)

SLS Securities Company (CRD #13332, Jersey City, New Jersey) and John William Bruno, Sr. (CRD #2401612, Registered Principal, Staten Island, New York) submitted a Letter of Acceptance, Waiver, and Consent in which they were censured and fined \$12,000, jointly and severally. The firm was fined an additional \$3,000. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Bruno, permitted individuals to engage in the investment banking or securities business and/or function as representatives with the firm, by trading in a proprietary account of the firm, prior to properly qualifying and/or registering in the appropriate capacities. The NASD also found that the firm, acting through Bruno, permitted a registered representative to perform duties as a registered

person, by trading in a proprietary account of the firm, while such representative's registration status with the NASD was inactive due to the representative's failure to timely complete the Regulatory Element of the NASD's Continuing Education Rule. In addition, the NASD determined that the firm, acting through Bruno, failed to enforce written supervisory procedures reasonably designed to achieve compliance with the Regulatory Element of the Continuing Education Requirements and registration. The findings also stated that the firm executed short-sale transactions in certain securities and failed to demonstrate that an affirmative determination was annotated for each of the transactions. (NASD Case #C9B010086)

District 10 - The five boroughs of New York City, and Long Island

September Actions

A.S. Goldman & Co., Inc. (CRD #23180, Red Bank, New Jersey) and Stuart Edward Winkler (CRD #1505029, Registered Principal, Brooklyn, New York). The firm was censured, fined \$150,000, jointly and severally with an individual, and ordered to pay \$549,903, plus interest, in restitution to public customers. In addition, the firm was ordered to retain an independent consultant to review the firm's procedures in regard to markups/markdowns procedures and compliance with SEC Rule 10b-6 and to implement any recommended changes. Winkler was censured, fined \$36,000, and suspended from association with any NASD member in any capacity for two years. The Securities and Exchange Commission (SEC) sustained the disciplinary action by the NASD after considering respondents' appeal of a National Adjudicatory Council (NAC) decision. The sanctions were based on findings that the firm, acting through Winkler, charged public customers fraudulently excessive markups in sales of warrants. The findings also stated that the firm and Winkler violated the antifraud provisions of the securities laws by bidding for and purchasing the warrants while engaged in a distribution of the warrants. In addition, the firm and Winkler failed to establish, maintain, and enforce adequate supervisory procedures, including written procedures, reasonably designed to achieve compliance with applicable securities laws and regulations.

Winkler's suspension began September 4, 2001, and will conclude at the close of business September 3, 2003. (NASD Case #C10960208)

Austin Securities, Inc. (CRD #17094, Forest Hills, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$10,700 (which includes disgorgement of \$5,700; \$5,000 of the fine is joint and several with another individual). Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that the firm, acting through its president, permitted an individual associated with the firm to act in a capacity requiring registration while his registration status was inactive due to his failure to complete the Regulatory Element of NASD's Continuing Education Requirement. (NASD Case #C10010104)

Zeng Yi Cai (CRD #1909173, Registered Principal, Bayside, 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, Cai consented to the described sanction and to the entry of findings that he executed unauthorized transactions in the accounts of public customers. The findings also stated that Cai failed to appear for NASD on-the-record interviews. (NASD Case #C10010095)

Michael Anthony Crispo (CRD #2281052, Registered Representative, South Ozone Park, New York) was barred from association with any NASD member in any capacity. The sanction was based on findings that Crispo submitted insurance applications for public customers, and forged the customers' signatures to the applications, without their authorization or consent. The findings also stated that Crispo made false, deceptive and/or misleading written statements to the NASD and failed to appear for an NASD on-the-record interview. (NASD Case #C10010026)

Timothy Jude Finegan (CRD #2324579, Registered Representative, Rockville Centre, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$10,000 (which includes disgorgement of \$1,000 in commissions to the NASD) and suspended from association with any NASD member in any capacity for two months. Without admitting or denying the allegations, Finegan consented to the described sanctions and to the entry of findings that he allowed unregistered persons to use his registered representative number to effect securities transactions on behalf of public customers. The findings also stated that Finegan allowed registered representatives to use his registered representative number to effect securities transactions on behalf of public customers residing in states where the other representatives were not registered, thereby circumventing state securities laws.

Finegan's suspension began August 20, 2001, and will conclude at the close of business October 19, 2001. (NASD Case #C10010092)

Adam David Gitstein (CRD #1884208, Registered Representative, New York, New York) and Ray Vahab (CRD #1041775, Registered Principal, New York, New York) were named as respondents in an NASD complaint alleging that Gitstein recklessly effected transactions in the accounts of a public person that were excessive in size and frequency in view of the customer's financial condition and investment objectives. The complaint also alleges that Gitstein, by the use of any means or instrumentality of interstate commerce or of the mails, knowingly or recklessly engaged in manipulative or deceptive devices or contrivances in connection with the purchase or sale of securities, and knowingly or recklessly effected transactions in, or induced the purchase or sale of, securities by means of manipulative or deceptive or other fraudulent devices or contrivances, thereby violating applicable anti-fraud provisions of federal securities laws and NASD rules.

Furthermore, the complaint alleges that Gitstein engaged in short-term transactions in a customer's accounts without reasonable grounds for believing that such a strategy was suitable for the customer on the basis of her financial situation, investment objectives, and needs. In addition, the complaint alleges that, in response to an NASD request for documents, Gitstein fabricated order tickets for the customer's accounts and Vahab then provided the NASD with photocopies of the fabricated order tickets and represented that they were of the original order tickets. The complaint also alleges that Gitstein, at the direction of Vahab, failed to respond truthfully, accurately, non-deceptively, and/or completely during an NASD on-the-record interview and Vahab failed to respond to an NASD request for information. (NASD Case #C10010105)

Kirlin Securities, Inc. (CRD #21210, Syosset, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$12,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to transmit through the Automated Confirmation Transaction ServiceSM (ACTSM), within 90 seconds after execution, last sale reports of transactions in Nasdaq National Market[®] securities (NNM[®]) and failed to designate last sale reports as late. The findings also stated that the firm failed to transmit through ACT the correct volume and/or price in last sale reports of transactions in NNM securities, and failed to report to ACT the correct symbol indicating whether transactions were buy, sell, sell short, sell short exempt, or cross for transactions in NNM securities. The NASD also found that the firm failed to show either the time of entry and/or correct time of execution on the memoranda of brokerage orders and failed to indicate on customer order tickets whether the order was long or short. In addition, the NASD found that the firm failed to indicate on customer order tickets for non-Nasdaq securities transactions the name of each dealer contacted and the quotations received to determine the best inter-dealer market. Furthermore, the NASD findings stated that the firm failed to include the time of entry and/or execution in terms of hours, minutes, and seconds on order tickets. Moreover, the NASD found that the firm executed short sale orders in securities and failed to maintain a written record of the affirmative determination made for such orders. (NASD Case #C10010101)

Frank Jack Zangara (CRD #1551637, Registered Principal, Hicksville, New York) was suspended from association with any NASD member in any capacity for 30 business days and ordered to pay \$20,214, plus interest, in restitution to a public customer for charging excessive mark-ups, and barred from association with any NASD member in any capacity for failing to respond. The sanctions are based on findings that Zangara effected sales of U.S. Treasury STRIPS (government zero coupon securities) to a public customer on a riskless principal basis and charged excessive mark-ups for the sales. The findings also stated that Zangara failed to respond to NASD requests for information.

Zangara's bar was effective July 24, 2001. (NASD Case #C10010027)

Frank Jack Zangara (CRD #1551637, Registered Principal, Hicksville, New York) was fined \$46,530 and barred from association with any NASD member in any capacity. The fine must be paid before Zangara re-enters the securities business. The sanctions are based on findings that Zangara opened an account at his member firm that was a fictitious entity and submitted a new account form to his firm and its clearing firm that listed the tax identification number of another company and contained a false name and address for the contact information on the account. The findings also stated that Zangara sold securities to a restricted account in violation of NASD's Free Riding and Withholding Interpretation. (NASD Case #C10010033)

October Actions

James Henry Bond, III (CRD #2001777, Registered Representative, New York, New York) was barred from association with any NASD member in any capacity. The sanction was based on findings that Bond executed unauthorized transactions in the accounts of public customers.

Bond has appealed this action to the NAC, and the sanction is not in effect pending consideration of the appeal. (NASD Case #C10000210)

Michael Henry Christ (CRD #1664410, Registered Principal, Lynbrook, New York) was barred from association with any NASD member in any capacity. The sanction was based on findings that Christ failed to implement, maintain, and enforce an effective supervisory system at his member firm and failed to establish, maintain, and enforce written procedures pertaining to his member firm's underwriting and retail brokerage activities. (NASD Case #C10000029)

Grady and Hatch & Company, Inc. (CRD #14262, Staten Island, New York) 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 reported transactions to ACT more than 90 seconds after the transactions' executions, failed to attach the ".SLD" late-trade modifier to transactions reported late, and incorrectly reported to ACT that it had acted as an agent in a transaction when, in fact, it had acted as a principal. The findings also stated that the firm failed to execute limit order transactions when the limit price was reached. In addition, the NASD found that the firm failed to time-stamp, or to accurately time-stamp, order tickets reported to ACT and that order tickets contained an inaccurate date or inaccurate account identity. The NASD also found that the firm failed to maintain order tickets in connection with transactions, failed to disclose the markup charged to the customer on a confirmation, failed to disclose the firm's status as a market maker on a confirmation, and failed to accurately disclose the firm's capacity on confirmations. (NASD Case #C10010117)

John Joseph Murphy a/k/a Jack Murphy (CRD #1069365, Registered Representative, Quogue, New York) was fined \$2,500 for failing to notify his member firm of a securities account, fined \$5,000 and suspended from association with any NASD member in any capacity for one year for willful failure to disclose material information on a Form U-4, and barred from association with any NASD member in any capacity for failure to respond to NASD requests for information. The sanctions are based on findings that Murphy failed to provide written notice to his member firm of a securities account he opened at another member firm.

Murphy's bar became effective September 6, 2001. (NASD Case #C10010045)

Samuel A. Ramirez & Co., Inc. (CRD #6963, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$15,000—of which \$7,500 is jointly and severally with an individual—and ordered to disgorge \$50,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it permitted individuals associated with the firm to act in a capacity that requires registration while their registration status was inactive for failure to complete the Regulatory Element of NASD's Continuing Education Requirement. The findings also stated that the firm, acting through an individual, permitted another individual associated with the firm to act in a capacity requiring registration while not properly registered with the NASD. (NASD Case #C10010106)

Mitchell Harris Sloane (CRD #2166032, Registered Principal, Brightwaters, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$8,000, suspended from association with any NASD member in any capacity for 15 business days, and ordered to pay \$25,450, plus interest, in restitution to public customers. Without admitting or denying the allegations, Sloane consented to the described sanctions and to the entry of findings that he charged excessive markups on U.S. Government Securities transactions in the accounts of public customers.

Sloane's suspension will begin October 15, 2001, and will conclude at the close of business November 2, 2001. (NASD Case #C10010118)

Vishram Vick Toolsie (CRD #3029954, Registered Representative, South 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. Without admitting or denying the allegations, Toolsie consented to the described sanction and to the entry of findings that he purchased on margin for his personal account shares of stock without the intent to pay for the trades. Toolsie's willful failure to pay for the trades resulted in an unsecured debit of \$154,981.02. The findings also stated that Toolsie provided his member firm with a fabricated letter allegedly provided to the NASD as an explanation for his trading on margin. (NASD Case #C10010099)

Trade.com Online Securities, Inc. f/k/a Bluestone Capital Partners, L.P. and Bluestone Capital Securities, Inc. (CRD #36189, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$50,000, which includes disgorgement of \$20,000 in commissions obtained by the firm. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it permitted individuals to act as registered persons with the firm while their registration was inactive due to their failure to complete the Regulatory Element of NASD's Continuing Education Requirement. The findings also stated that the firm failed to make, keep current, and/or maintain certain required books and records. In addition, the NASD found that the firm failed to establish, maintain, and enforce written supervisory procedures reasonably designed to achieve compliance with the books and records provisions related to the maintenance and proper time stamping and marking of order memoranda as long or short. (NASD Case #C10010102)

U.S. Securities & Futures Corp. (CRD #36045, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$17,000, of which \$8,500 is jointly and severally with individuals. The firm has paid \$2,908.65, plus interest, in restitution to public customers. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that the firm, acting through individuals, failed to report, or timely report, to the NASD statistical and summary information regarding written customer complaints received by the firm. The findings also stated that the firm, acting through an individual, failed to report to the NASD instances in which the firm was found to have violated state securities laws, and one instance in which the firm entered into a settlement agreement with a customer that exceeded \$25,000. The NASD also found that the firm, acting through an individual, failed to file an application with the NASD for approval of change in ownership at least 30 days prior to such a change. In addition, the NASD found that the firm failed to execute customer orders at the best available price; failed to show the time, or correct time, of execution on brokerage order memoranda; failed to show the time of entry on brokerage order memoranda; and failed to preserve for a period of not less than three years the memoranda of brokerage orders. Moreover, the NASD found that the firm failed to establish, maintain, and enforce adequate written supervisory procedures reasonably designed to achieve compliance with SEC and NASD rules. (NASD Case #C10010113)

Roberto Valoy, Jr. (CRD #1161451, Registered Representative, Millbrook, 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, Valoy consented to the described sanction and to the entry of findings that he willfully failed to disclose material facts on a Form U-4. (NASD Case #C10010112)

November Actions

Joseph Doria (CRD #2356685, Registered Representative, Franklin Square, New York) was barred from association with any NASD member in any capacity. The sanction was based on findings that Doria received \$60,000 from a public customer to invest in the stock market and, instead, converted the funds to his own use and benefit without the customer's prior knowledge, authorization, or consent. (NASD Case #C10010060)

Thomas Knudsen (CRD #4190461, Associated Person, New York, New York) was barred from association with any NASD member in any capacity. The sanction was based on findings that Knudsen failed to disclose material information on his Form U-4 and failed to respond to NASD requests for information. (NASD Case #C10010058)

Quentin Thomas Quintana (CRD #2317118, Registered Representative, Brooklyn, New York) was fined \$10,000 and suspended from association with any NASD member in any capacity for 90 days for the issuance of false statements and barred from association with any NASD member in any capacity and ordered to pay \$1,707.50, plus interest, in restitution for unauthorized transactions. The fine must be paid before Quintana reassociates with any NASD member or before requesting relief from any statutory disqualification. The sanctions were based on findings that Quintana effected transactions in the accounts of public customers without the customers' authorization. The findings also stated that Quintana issued a false and misleading document to a public customer indicating that a stock had been sold.

Quintana's bar became effective September 20, 2001. (NASD Case #C10000046)

December Actions

Arthur Andre Bennett (CRD #4136303, Associated Person, Bronx, 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 120 days. The fine must be paid before Bennett reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Bennett consented to the described sanctions and to the entry of findings that he failed to disclose material facts on a Form U-4.

Bennett's suspension began November 19, 2001, and will conclude at the close of business March 28, 2002. (NASD Case #C10010131)

John Joseph Carr, Jr. (CRD #2032129, Associated Person, Bayville, New Jersey) was fined \$5,000 and suspended from association with any NASD member in any capacity for 45 days for executing securities transactions when not registered with the NASD, and barred from association with any NASD member in any capacity for failing to respond to NASD requests for information. The fine must be paid upon Carr's

reentry into the securities industry. The sanctions were based on findings that Carr actively engaged in the securities business of a member firm by functioning as a registered representative even though he was not registered with the NASD in any capacity. The findings also stated that Carr failed to respond to NASD requests for information. Carr's bar became effective October 29, 2001. (NASD Case #C10010069)

Adam Jonathan Cohen (CRD #2164816, Registered Principal, Jericho, 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, Cohen consented to the described sanction and to the entry of findings that he failed to testify truthfully, accurately, non-deceptively and/or completely during an NASD on-the-record-interview and caused other individuals to do the same. The findings also stated that member firms, acting through Cohen, filed MC-400 applications with the NASD that contained false, misleading, inaccurate, or incomplete information regarding an individual's job functions with a member firm. The NASD also found that Cohen appeared before an NASD Statutory Disqualification Committee and failed to provide truthful, accurate, non-deceptive, and/or complete information regarding an individual and himself, and permitted the same individual whom he should have known was subject to statutory disqualification to remain associated with a member firm without approvals from the Securities and Exchange Commission (SEC) or the NASD. In addition, the NASD found that Cohen submitted false, misleading, inaccurate, or incomplete information and written materials to the NASD on an application for a change of ownership and modification of a restriction agreement regarding the supervisory experiences of individuals.

Furthermore, the NASD found that a member firm, acting through Cohen, failed to register an individual with the NASD as a representative or principal when the individual was actively engaged in activities that required registration as a representative or principal. Moreover, the NASD found that a member firm, acting through Cohen, failed to report to the NASD that the firm had become associated in business and/or financial activities with a person subject to statutory disqualification and failed to amend a Form BD to disclose that this person and Cohen had become control persons of the firm. In addition, the NASD found that a member firm, acting through Cohen, failed to establish, maintain, and enforce an effective supervisory system to enable the firm to comply with federal securities laws and NASD rules addressing qualifications of, and registration procedures for, associated persons. Cohen also failed to update his Form U-4 to disclose that he was the subject of an NASD investigation and that he might be named in an NASD disciplinary action. (NASD Case #C10990158)

John Michael Donaldson (CRD #1243689, Registered Representative, Basking Ridge, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$20,000 and suspended from association with any NASD member in any capacity for 15 business days. Without admitting or denying the allegations, Donaldson consented to

the described sanctions and to the entry of findings that he provided a public customer with incorrect price quotes on stock prices of positions held within the customer's accounts. Donaldson's suspension began November 19, 2001, and concluded at the close of business December 10, 2001. (NASD Case #C10010124)

First Montauk Securities Corp. (CRD #13755, Red Bank, New Jersey) and Herbert Kurinsky (CRD #276776, Registered Principal, Long Branch, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$50,000, jointly and severally, with Kurinsky. The fine includes the disgorgement of \$460 in connection with commissions received by the firm. Kurinsky was suspended from association with any NASD member in any supervisory capacity for 25 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 Kurinsky, failed to report to the NASD the existence of "conditions" in accordance with NASD Conduct Rule 3070(b), and failed to report and to timely report to the NASD statistical and summary information regarding customer complaints. The findings also stated that the firm, acting through Kurinsky, permitted individuals to engage in the securities business of the firm as over-the-counter traders while not registered in any capacity. The NASD also found that the firm, acting through Kurinsky, permitted a registered representative to execute public customer securities transactions while his registration was inactive due to his failure to comply with the NASD Continuing Education Regulatory Element.

Kurinsky's suspension began November 19, 2001, and will conclude at the close of business December 13, 2001. (NASD Case #C10010133)

First Republic Group, LLC (CRD #39781, New York, New York) and Anthony Robert LaGrega (CRD #2558435, Registered Principal, Aberdeen, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which they were censured and fined \$23,500, jointly and severally. The firm was also required to disgorge \$31,902, representing a portion of the financial benefits obtained by the firm. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through LaGrega, failed to file or timely file with the NASD statistical and summary information regarding written customer complaints received by the firm. The findings also stated that the firm, acting through LaGrega, failed to adopt, implement, and maintain adequate written supervisory procedures reasonably designed to address the reporting of customer complaints to the NASD. In addition, the NASD found that the firm, acting through LaGrega, permitted individuals to act in a capacity requiring registration while their registration status with the NASD was inactive due to their failure to complete the Regulatory Element of NASD's Continuing Education Requirement. (NASD Case #C10010134)

George Patrick Ford, Jr. (CRD #2335245, Registered Principal, Rye, New York) was named as a respondent in an NASD complaint alleging that he effected a transaction in the account of a public customer without the customer's prior knowledge, authorization, or consent. (NASD Case #C10010132)

GKN Securities Corporation (CRD #19415, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which it was censured and fined \$25,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to timely report to the NASD statistical and summary information regarding written customer complaints received by the firm. The findings also stated that the firm failed to maintain order tickets for transactions executed, failed to show both the time of entry and the time of execution on order tickets, and certain order tickets only contained the time of entry. The NASD also found that the firm incorrectly reported transactions to the Automated Confirmation Transaction ServiceSM (ACTSM) as short sales. (NASD Case #C10010130)

James Charles Green (CRD #1776913, Registered Principal, Brooklyn, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was censured and fined \$12,500. Without admitting or denying the allegations, Green consented to the described sanctions and to the entry of findings that he caused his member firm to violate its NASD Membership Agreement in that he allowed the owner of the firm to act as a de facto principal and control person of the firm, and allowed the owner to function in a principal capacity although he was not registered with the NASD as a principal. The findings also stated that Green failed to maintain and enforce supervisory procedures at the firm regarding compliance with applicable SEC and NASD rules regarding marking customer order tickets and short sales. (NASD Case #C10010122)

Edward Linzer (CRD #1050490, Registered Representative, Mineola, 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 15 days. Without admitting or denying the allegations, Linzer consented to the described sanctions and to the entry of findings that he actively engaged in the management of his member firm without being registered as a principal with the NASD.

Linzer's suspension began November 19, 2001, and will conclude at the close of business December 3, 2001. (NASD Case #C10010120)

M.S. Farrell & Company, Inc. (CRD #24232, New York, New York) and Thomas Anthony Gallo (CRD #1705791, Registered Principal, Shrewsbury, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which they were censured and fined \$25,000, jointly and severally. The firm was required to disgorge \$17,963.39 in commissions. Without admitting or denying the allegations, the respondents

consented to the described sanctions and to the entry of findings that the firm, acting through Gallo, continued to conduct a securities business although the firm's membership had been suspended for failure to pay an arbitration award. The findings also stated that the firm, acting through Gallo, failed to report to the NASD statistical and summary information regarding customer complaints received by the firm, an arbitration that the firm settled for an amount exceeding \$25,000, and customer claims that the firm settled for amounts exceeding \$25,000. The NASD found that the firm, acting through Gallo, permitted individuals associated with the firm to act as registered persons while their registration status with the NASD was inactive due to their failure to complete the Regulatory Element of the NASD's Continuing Education Requirement. In addition, the NASD found that the firm, acting through Gallo, failed to establish and maintain written supervisory procedures reasonably designed to ensure compliance with the Regulatory Element of the Continuing Education Requirements. (NASD Case #C10010129)

Needham & Company, Inc. (CRD #16360, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$32,500. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to execute, contemporaneously or partially, customer limit orders in Nasdaq securities after it traded each subject security for its own market-making account at a price that would have satisfied each customer's limit order. The findings also stated that the firm failed to reflect immediately retail customers' limit orders in its quotations. (NASD Case #C10010126)

Lawrence Gerald Redmond (CRD #2663849, Registered Representative, Staten Island, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$7,500 and suspended from association with any NASD member in any capacity for one year. The fine must be paid before Redmond reassociates with any NASD member following the suspension. Without admitting or denying the allegations, Redmond consented to the described sanctions and to the entry of findings that while registered with a member firm, he purchased options in his personal account for which he knew he could not pay, willfully causing credit to be extended to him in contravention of Regulation T of the Interpretation of the Board of Governors of the Federal Reserve System. The findings also stated that Redmond entered false information into his firm's computer system indicating that he had deposited funds into his account for the option purchases when, in fact, such deposits were never made. Redmond's suspension began November 5, 2001, and will conclude at the close of business November 4, 2002. (NASD Case #C10010119)

Thomas Daniel Roskin (CRD #2267315, Registered Representative, New York, New York) was named as a respondent in an NASD complaint alleging that he executed transactions in the accounts of public customers without their prior knowledge, authorization, or consent. The complaint also alleges that Roskin, through means or instrumentalities of interstate commerce or of the mails, intentionally,

knowingly or recklessly employed a device, scheme, and artifice to defraud and manipulative, deceptive, or other fraudulent device or contrivance; omitted to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; and engaged in acts, practices, or courses of business that operated as a fraud or deceit upon public customers. The complaint further alleges that Roskin made material, misleading, and/or false representations to public customers concerning securities that were without a reasonable basis and failed to disclose material information including, but not limited to, negative information about the companies and investment risks. In addition, the complaint alleges that Roskin exercised discretionary authority in the accounts of public customers without prior effective written authorization from public customers and without having his member firm's written acceptance of the account as discretionary. (NASD Case #C10010140)

Warren Joseph Sulmasy (CRD #2352071, Associated Person, Nesconset, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was censured and fined \$10,000. Without admitting or denying the allegations, Sulmasy consented to the described sanctions and to the entry of findings that he caused his member firm to violate the terms of its NASD Membership Agreement by acting as a de facto principal and control person of the firm when the Agreement required him to have no involvement in the firm's business or operations or to act in any capacity requiring him to become a registered person. The findings also stated that Sulmasy acted in a principal capacity without being registered with the NASD as a principal. (NASD Case #C10010121)

Eileen Marie Torrillo (CRD #1477895, Registered Principal, Dix Hills, New York) 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, Torrillo consented to the described sanction and to the entry of findings that she filed, or caused to be filed, with the NASD FOCUS reports that she knew contained false and misleading information. (NASD Case #C10010128)

Trautman Wasserman & Company, Inc. (CRD #33007, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$17,500. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to show the correct time of execution on the memorandum of broker orders involving Nasdaq National Market[®] (NNM[®]) securities and over-the-counter (OTC) transactions and failed to preserve for a period of not less than three years, the memorandum of a brokerage order involving an OTC transaction. The findings also stated that the firm erroneously reported NNM transactions to ACT, reported transactions to ACT without the required ".SLD" or ".B" modifiers, improperly reported a transaction to ACT with a ".B" modifier, improperly reported a transaction as a principal trade, and improperly reported a transaction to ACT as late. The firm also failed, within 90 seconds after execu-

tion, to transmit through ACT last-sale reports of transactions in NNM, SmallCapSM and OTC Equity securities; failed, within 90 seconds after execution, to transmit through ACT last-sale reports of transactions in NNM securities; and failed to designate through ACT such last-sale reports as late. The NASD also found that the firm failed to show the time of execution, or the correct time of execution, on brokerage order memoranda and failed to preserve brokerage order memoranda for a period of not less than three years. (NASD Case #C10010135)

Thomas Arthur Turnure (CRD #1316278, Registered Principal, Wyckoff, New Jersey) submitted an Offer of Settlement in which he was fined \$20,000, suspended from association with any NASD member in any capacity for 15 months, and required to appear and testify truthfully at any NASD disciplinary hearing with respect to this proceeding. The fine must be paid before Turnure reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Turnure consented to the described sanctions and to the entry of findings that he failed to implement, maintain, and enforce effective supervisory systems and procedures that would have enabled his member firm to comply with federal securities laws and NASD rules regarding underwriting and retail brokerage activities and the qualifications of, and registration process for, associated persons. The findings also stated that Turnure failed to take sufficient supervisory steps in response to red flags generated by customer complaints. In addition, the NASD found that Turnure failed to establish, maintain, and enforce written supervisory procedures that would have enabled his member firm to prevent and detect the violations alleged in customer complaints.

Turnure's suspension began December 3, 2001, and will conclude March 2, 2003. (NASD Case #C10010004)

Mark Abraham Zborowski (CRD #1325328, Registered Principal, New York, New York) was fined \$10,000 and suspended from association with any NASD member in any principal capacity for six months for net capital violations, and barred from association with any NASD member in any capacity for failure to respond. The fine must be paid when and if Zborowski seeks to reenter the securities industry. The sanctions are based on findings that Zborowski operated a member firm while failing to maintain the minimum required net capital. The findings also stated that Zborowski failed to respond to NASD requests for information.

Zborowski's bar became effective October 23, 2001. (NASD Case #C10010076)

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)

September Actions

None.

October Actions

Jack Allen Levy (CRD #2852171, Registered Representative, Paramus, 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 10 business days. Without admitting or denying the allegations, Levy consented to the described sanctions and to the entry of findings that he conducted unauthorized transactions in the accounts of public customers.

Levy's suspension began October 1, 2001, and concluded at the close of business October 12, 2001. (NASD Case #C11010026)

Robert George Palmeiro (CRD #355533, Registered Principal, East Greenwich, Rhode Island) 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 barred from association with any NASD member in any principal or supervisory capacity. Without admitting or denying the allegations, Palmeiro consented to the described sanctions and to the entry of findings that he failed to supervise his member firm's financial and operational principal and compliance officer upon finding out that he had misappropriated firm funds in excess of \$405,000. The NASD also found that Palmeiro failed to register with the NASD as a principal while functioning as his member firm's treasurer, division manager in charge of the firm's retail general securities business, and as a member of the firm's board of directors.

Palmeiro's suspension began October 1, 2001, and will conclude at the close of business October 30, 2001. (NASD Case #C11010027)

Douglas Dean Skinner (CRD #1553755, Registered Representative, Appalachin, 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 three months. The fine must be paid before Skinner reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Skinner consented to the described sanctions and to the entry of findings that he willfully failed to disclose material information on his Form U-4.

Skinner's suspension began October 1, 2001, and will conclude at the close of business December 31, 2001. (NASD Case #C11010028)

November Actions

Corporate Securities Group, Inc., n/k/a First Union Securities Financial Network, Inc. (CRD #11025, Boca Raton, Florida) 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 establish an adequate supervisory system of follow-up and review to ensure review of active accounts and failed to devote sufficient resources to its supervisory system to detect and prevent unsuitable activity in customer accounts. (NASD Case #C11010029)

Timothy Earl Grant Sr. (CRD #1965947, Registered Representative, Sangerville, Maine) 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, Grant consented to the described sanction and to the entry of findings that he engaged in private securities transactions without prior written notice to, or approval from, his member firm. (NASD Case #C11010031)

Andrea Joyce Wagner (CRD #1096651, Registered Principal, Boca Raton, Florida) submitted a Letter of Acceptance, Waiver, and Consent in which she was censured and fined \$10,000. Without admitting or denying the allegations, Wagner consented to the described sanctions and to the entry of findings that she failed to ensure that individuals to whom she delegated supervisory responsibilities performed their duties diligently and failed to take adequate and appropriate supervisory action reasonably designed to prevent a representative's violations and to achieve compliance with applicable securities laws, regulations, and NASD rules. (NASD Case #C11010030)

December Actions

Michael John Cambareri (CRD #2070535, Registered Representative, Mount Kisco, 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, Cambareri consented to the described sanction and to the entry of findings that he engaged in outside business activities related to financial planning for which he received compensation without prior written notice to, or approval from, his member firm. The findings also stated that Cambareri failed to respond to NASD requests for information. (NASD Case #C11010034)

Frank William Sullivan (CRD #2734333, Registered Representative, Fairfield, Connecticut) submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member firm in any capacity. Without admitting or denying the allegations, Sullivan consented to the described sanction and to the entry of findings that he entered into an agreement in which he agreed to pay bribes and kick-backs to individuals in return for his selection as the investment consultant and/or broker of record for public employee pension accounts. The NASD also found that Sullivan agreed to pay the individuals a percentage of any commissions or other fees he received as the investment consultant and/or broker of record. The findings stated that as a result of the agreement, Sullivan was selected as the broker of record and his member firm was selected as the investment consultant in connection with the pension plans. (NASD Case #C11010035)

ENFORCEMENT DEPARTMENT

September Actions

Patrick James Boyce (CRD #2388578, Registered Principal, East Setauket, New York) submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity. In light of his financial status, no monetary sanctions were imposed. Without admitting or denying the allegations, Boyce consented to the described sanction and to the entry of findings that he executed unauthorized trades in the accounts of public customers, failed to execute customer sell orders, and failed to follow customer instructions. In addition, the NASD found that Boyce made material omissions and misrepresentations of fact in his solicitations of public customers to purchase stocks. Moreover, Boyce used high-pressure sales tactics in attempting to get a public customer to purchase stocks. (NASD Case #CAF010007)

Ryan Mark Reynolds (CRD #2716545, Registered Representative, Dallas, Texas) was fined \$85,000, suspended from association with any NASD member in any capacity for 223 days, and ordered to requalify by examination in all capacities before associating with any NASD member. In addition, Reynolds was required to pre-file any advertising and sales literature on which his name appears with the NASD for three years following the suspension. The NAC imposed the sanctions following appeal of an OHO decision. The sanctions were based on findings that Reynolds assisted in the publication of a report and a single-page advertisement that omitted material information and contained exaggerated claims and material misinformation. The findings also stated that the advertisements failed to present an accurate and balanced picture of the risks and benefits of investing in a stock, and contained unwarranted predictions of future performance and price of the stock. The NASD also found that Reynolds failed to disclose that the stock issuer funded the printing and publication of the advertisements and that he had received shares of the issuer's stock as compensation in the advertisements. In addition, the NASD found that Reynolds shared in a customer loss and failed to disclose the price of a stock at the time a recommendation was made in a single-page advertisement.

Reynold's suspension began August 6, 2001, and will conclude at the close of business March 19, 2002. (NASD Case #CAF990018)

Dennis Jay Sturm (CRD #1407180, Registered Principal, Coral Springs, Florida) was barred from association with any NASD member in any capacity. The sanction was based on findings that Sturm failed to respond to NASD requests to produce documents.

Sturm has appealed this action to the NAC and the sanction is not in effect pending consideration of the appeal. (NASD Case #CAF000033)

October Actions

Thomas Leo Dooley, III (CRD #1426361, Registered Principal, Powell, Ohio) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$10,000 and suspended from association with any NASD member in a principal capacity for three months. Without admitting or denying the allegations, Dooley consented to the described sanctions and to the entry of findings that he failed to reasonably supervise the municipal securities trading activities of a representative including his sale of bonds to a member firm.

Dooley's suspension began September 17, 2001, and will conclude December 6, 2001. (NASD Case #CAF010015)

FAS Wealth Management Services, Inc. (CRD #10164, Sarasota, Florida) and Jack Asbury Alexander (CRD #2760, Registered Principal, Poway, California) were named as respondents in an NASD complaint alleging that Alexander intentionally or recklessly caused the firm to act as a market maker in, and enter bids for, shares of stock on the Over-the-Counter Bulletin Board on a continuous basis when Alexander was aware that the firm was engaged in a distribution. The complaint also alleges that Alexander caused the firm to purchase shares of stock from both public customers and other broker/dealers for the firm's proprietary account, and caused the firm's sales force to recommend the purchase of the stock to retail customers while the distribution was in progress. In addition, the complaint alleges that the firm and Alexander, directly or indirectly, employed devices, schemes, or artifices to defraud, engaged in acts, practices, or courses of business that operated as a fraud or deceit upon public investors. The complaint also alleges that the firm, as directed and controlled by Alexander, intentionally or recklessly engaged in a series of activities designed to arbitrarily and artificially increase the price of the stock. Furthermore, the complaint alleges that the firm and Alexander made untrue statements of material facts or omitted to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading. In addition, the complaint alleges the firm and Alexander effected transactions in, or induced the purchase or sale of, any security by means of manipulative, deceptive, or other fraudulent devices or contrivances. (NASD Case #CAF010016)

Scott David Friedberg (CRD #2286270, Registered Representative, Briarcliff Manor, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$10,000 and barred from association with any NASD member in any capacity with the right to re-apply after five years. The fine must be paid before Friedberg reassociates with any NASD member following the five-year period or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Friedberg consented to the described sanctions and to the entry of findings that he gave gifts and gratuities to clients to obtain and retain trading business from his clients, falsified employee reimbursement reports to his member firm, directed his assistant to falsify forms, and wrongfully diverted and

misused firm funds. In addition, the NASD found that Friedberg caused his member firm to fail to maintain accurate and complete firm books and records and submitted a falsified employee reimbursement report to his member firm, causing the firm to reimburse him for tickets based on the falsified reports. (NASD Case #CAF010017)

Alfred Salazar (CRD #1059427, Registered Representative, Littleton, Colorado) submitted an Offer of Settlement in which he was fined \$10,000 and suspended from association with any NASD member in any capacity for six months. Without admitting or denying the allegations, Salazar consented to the described sanctions and to the entry of findings that he failed to cause the control relationship that existed between his member firm and a stock issuer to be disclosed and confirmed in writing to public customers. The findings also stated that Salazar failed to respond to NASD requests for documents and information and to appear to give testimony.

Salazar's suspension began September 17, 2001, and will conclude at the close of business March 16, 2002. (NASD Case #CAF000048)

November Actions

Manuel Martin Bello (CRD #1557140, Registered Principal, Kinnelon, New Jersey) was barred from association with any NASD member in any capacity with the condition that the bar shall become a 120-day suspension in all capacities if, within 60 days of the date the decision becomes final, Bello submits to the NASD requested wire instructions or a notarized letter from a bank officer, on bank stationery, representing that records do not exist or cannot be produced by Bello. If Bello complies with the above condition, he shall also requalify by exam for a Series 24 license. The sanctions are based on findings that Bello failed to respond completely to NASD requests for information.

This decision has been called for review by the NAC, and the sanctions are not in effect pending consideration of the review. (NASD Case #CAF000030)

Michael Caso (CRD #2222058, Registered Principal, Brooklyn, 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, Caso consented to the described sanction and to the entry of findings that he executed unauthorized trades in the accounts of public customers, and failed to disclose to the customers that his recommendations to purchase securities were for highly speculative securities or that there were risks associated with the purchase of his recommended securities. The NASD found that Caso made purchase and sale transactions in the accounts of public customers without having properly obtained discretionary authority over the accounts. The findings also stated that Caso failed to execute an order in the account of a public customer and made material misrepresentations and omissions in the accounts of public customers concerning price predictions and information that

would have been material to a reasonable investment decision by a reasonable investor. In addition, the NASD found that Caso completed and signed a new account form for a public customer in which he knowingly, willfully, or recklessly stated a false income for the customer. Furthermore, the NASD found that Caso failed to respond to NASD requests for information and to appear for an on-the-record interview. (NASD Case #CAF990019)

Ernest Leroy Dahlen, III (CRD #720666, Registered Principal, 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 six months. In light of the financial status of Dahlen, no monetary sanctions have been imposed. Without admitting or denying the allegations, Dahlen consented to the described sanction and to the entry of findings that a member firm, acting through Dahlen, failed to get the best price and best execution on dealer-to-dealer trades in high-yield municipal bond transactions. The findings also stated that the member firm, acting through Dahlen, knew, or was reckless in not knowing, that the prices charged for the bonds and the interpositioning of the firm's inventory account as required by a trading agreement would result in excessive prices being charged to retail customers. In addition, the NASD found that Dahlen intentionally, or with reckless disregard, misled a registered representative by failing to disclose the actual cost basis of the bonds.

Dahlen's suspension began November 5, 2001, and will conclude at the close of business May 4, 2002. (NASD Case #CAF010023)

Michael Patterson, Inc. (CRD #44361, Columbus, Ohio) and Michael William Patterson (CRD #2101227, Registered Principal, Powell, Ohio) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was expelled from NASD membership and Patterson was barred from association with any NASD member in any capacity. 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 the firm, acting through Patterson, failed to deal fairly; charged unreasonable prices; and violated the antifraud provisions of MSRB and Securities and Exchange Commission (SEC) rules by failing to obtain the best available market price for municipal bonds, charging excessive prices, and interpositioning a member firm's inventory account between the customer and the best available market price. The findings also stated that the firm, acting through Patterson, failed to disclose to public customers that its prices were not reasonably related to the market price of the securities and that it adhered to an exclusive trading agreement that interpositioned the inventory account between the customer and the best available price. In addition, the NASD found that the firm, acting through Patterson, charged its customers excessive markups totaling \$13,600, and fraudulent markups totaling \$5,950. Furthermore, the findings stated that the firm and Patterson knowingly, or with reckless disregard, failed to ensure that the prices paid by customers

were fair and reflected the available market price and sold bonds to retail customers at prices significantly higher than the market price of the bonds. (NASD Case #CAF010002)

December Actions

Jack Asbury Alexander (CRD #2760, Registered Principal, Poway, California) submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity and required to cooperate with the NASD in any further investigation and hearing relating to his member firm and a speculative security. Without admitting or denying the allegations, Alexander consented to the described sanctions and to the entry of findings that he recklessly caused his member firm to act as a marker maker in, and enter bids for, a speculative security on the Over-the-Counter Bulletin Board® (OTCBB) on a continuous basis when he was aware the firm was engaged in a distribution. The findings also stated that Alexander caused his firm to purchase stocks in the security from both customers and other broker/dealers for the firm's proprietary account, and caused the firm's sales force to recommend the purchase of the stock to retail customers while the distribution was still in progress. In addition, the NASD found that Alexander caused his firm to engage in a series of activities designed to artificially increase the price of the stock while dominating and controlling the market. Furthermore, the NASD found that Alexander recklessly, by the use of the means and instrumentalities of interstate commerce, or of the mails, employed devices, schemes, or artifices to defraud, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or engaged in acts, practices, or courses of business that operated, or would have operated, as a fraud or deceit upon customers in connection with the purchase or sale of securities. (NASD Case #CAF010016)

Samuel Joseph Iacino (CRD #871012, Registered Representative, Hermitage, Pennsylvania) 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 60 days. The fine must be paid before Iacino reassociates with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Iacino consented to the described sanctions and to the entry of findings that he recommended and sold callable certificates of deposit (CDs) to public customers, made material misrepresentations to the customers that the CDs would be called in a year, that the customers could redeem their CDs a year after purchase without penalty, and that the interest rate the CD paid for the first year would be the sole interest rate applicable to the CD. The findings also stated that Iacino made material misrepresentations and omitted to disclose to the customers that there would be minimal or no risk to their principal when, in fact, there was a risk if the CDs were redeemed prior to the maturity date.

Iacino's suspension began December 3, 2001, and will conclude at the close of business January 31, 2002. (NASD Case #CAF010027)

Anthony John Marchiano (CRD #1205721, Registered Principal, Naples, 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, Marchiano consented to the described sanction and to the entry of findings that he failed to respond to an NASD request to appear and give testimony. (NASD Case #CAF990048)

MARKET REGULATION DEPARTMENT

September Actions

None.

October Actions

Aegis Capital Corp. (CRD #15007, Uniondale, New York) submitted a Letter of Acceptance, Waiver, and Consent in which it was censured, fined \$40,000, and required to revise its written supervisory procedures with respect to transaction reporting, customer confirmation disclosures, and best execution. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to report through the Automated Confirmation Transaction ServiceSM (ACTSM) last sale reports of transactions in securities and failed to designate through ACT such last sale reports as late. The findings also stated that the firm failed to provide written notification to its customers disclosing its correct capacity in the transaction; failed when it acted as principal for its own account to provide written notification to its customers disclosing whether it was a market maker in a security, and to provide written notification to its customers disclosing the reported trade price and the difference, if any, between the reported trade price and the price to the customer; and failed to comply with applicable reporting transactions rules that allow customers to determine independently that the firm complied with the duty of best execution.

The findings also stated that the firm failed to provide supervision reasonably designed to achieve compliance with applicable securities laws and regulations concerning transaction reporting and customer confirmation disclosures, and the firm's supervisory system failed to provide for supervision reasonably designed to achieve compliance with applicable securities laws and regulations concerning best execution, transaction reporting, and customer confirmation disclosures. Specifically, the firm's supervisory system did not include written supervisory procedures providing for the identification of the person(s) responsible at the firm to ensure compliance with the applicable rules, a statement of the step(s) that such person(s) should take to ensure

compliance therewith, a statement as to how often such person(s) should take such step(s), and a statement as to how enforcement of such written supervisory procedures should be documented at the firm. (NASD Case #CMS010125)

CIBC World Markets Corp. (CRD #630, New York, New York) 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 failed to display immediately customer limit orders in Nasdaq securities in its public quotation when each such order was at a price that would have improved the firm's bid or offer in each such security, or when the order was priced equal to its bid or offer and the national best bid or offer for each such security, and the size of the order represented more than a de minimis change in relation to the size associated with its bid or offer in each such security. (NASD Case #CMS010129)

Thomas Greiwe Glaser (CRD #1266828, Registered Representative, Cincinnati, Ohio) 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 and required to requalify by exam as a general securities representative (Series 7) and a general securities principal (Series 24) prior to re-association with a member firm in those capacities. Without admitting or denying the allegations, Glaser consented to the described sanctions and to the entry of findings that he engaged in manipulative, deceptive and/or fraudulent conduct by intentionally and/or recklessly causing to be executed and reported to The Nasdaq Stock Market[®] last-sale reports of transactions in a security at or near the close of the market for the purpose of affecting the reported closing last sale price in the security. The NASD found that the transactions represented the closing last-sale price for the security on each of the dates and were reported at a price higher than the price of the last preceding trade in the stock reported to The Nasdaq Stock Market.

Glaser's suspension began October 1, 2001, and will conclude at the close of business September 30, 2002. (NASD Case #CMS010136)

Michael Bernard Jawitz (CRD #257703, Registered Principal, Hallandale Beach, Florida) was fined \$50,000, suspended from association with any NASD member in any capacity for one year, and required to requalify by exam as an equity trader. The SEC affirmed the sanctions following appeal of a NAC decision. The sanctions were based on findings that Jawitz entered fictitious limit orders and prevented the execution of customer limit orders in violation of the NASD's limit order protection rule, and caused non bona-fide transactions to be reported to The Nasdaq Stock Market.

Jawitz's suspension began August 20, 2001, and will conclude at the close of business August 19, 2002. (NASD Case #CMS960238)

Moors & Cabot, Inc. (CRD #594, Boston, Massachusetts) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$20,000, and required to revise its written supervisory procedures with respect to transaction reporting. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed, within 90 seconds after execution, to transmit through ACT, last-sale reports of transactions in Nasdaq National Market, (NNM[®]), Nasdaq SmallCapSM, and OTC Equity securities, and failed to designate through ACT such last sale reports as late. The findings also stated that the firm's supervisory system failed to provide for supervision reasonably designed to achieve compliance with applicable securities laws and regulations concerning transaction reporting. Specifically, the firm's supervisory system did not include written supervisory procedures providing for the identification of the person(s) responsible at the firm to ensure compliance with applicable rules, a statement of the step(s) that such person(s) should take to ensure compliance therewith, a statement as to how often such person(s) should take such step(s), and a statement as to how enforcement of such written supervisory procedures should be documented at the firm. The NASD also found that the firm incorrectly designated as "PRP" through ACT last-sale reports of transactions in NNM and Nasdaq SmallCap securities. (NASD Case #CMS010120)

Pond Equities, Incorporated (CRD #30934, Brooklyn, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$15,000, and required to revise its written supervisory procedures with respect to compliance with the firm quote rule. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to execute orders presented to the firm at the firm's published bid or published offer in an amount up to its published quotation size and thereby failed to honor its published quotation. The findings also stated that the firm failed to establish, maintain, and enforce written supervisory procedures designed to achieve compliance with applicable securities laws and regulations concerning firm quotations. (NASD Case #CMS010128)

REFCO Securities, LLC (CRD #14094, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$10,000, and required to revise its written supervisory procedures with respect to the Order Audit Trail System (OATSSM) rules. 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 OATS a report containing each applicable item of order information. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with the rules applicable to OATS. Specifically, the firm's supervisory system did not include written supervisory procedures providing for the identification of the person(s) responsible at the firm to ensure compliance with applicable rules, a statement of the step(s) that such person(s) should take to ensure compliance

therewith, a statement as to how often such person(s) should take such step(s), and a statement as to how enforcement of such written supervisory procedures should be documented at the firm. (NASD Case #CMS010118)

Spear, Leeds & Kellogg, L.P. (CRD #3466, 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 as a registered market maker in securities, it failed to execute orders presented at the firm's published bid or published offer in an amount up to its published quotation size, and thereby failed to honor its published quotation. (NASD Case #CMS010123)

Richard Joseph Sporrer, Jr. (CRD #2663139, Associated Person, Pittsburgh, Pennsylvania) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$12,000 and suspended from association with any NASD member in any capacity for six months. Without admitting or denying the allegations, Sporrer consented to the described sanctions and to the entry of findings that he engaged in a deceptive act in connection with the sale of a security. According to the findings, Sporrer failed to prevent an individual from selling an issuer's stock in Sporrer's account after discussing whether they possessed material, non-public information about the issuer that had been conveyed in the course of their employment at a member firm.

Sporrer's suspension began October 1, 2001, and will conclude March 31, 2002. (NASD Case #CMS010135)

Vanguard Capital (CRD #22081, San Diego, California) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$15,000, and required to revise its written supervisory procedures relating to transaction reporting. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed, within 90 seconds after execution, to transmit to ACT last-sale reports of transactions in eligible securities and failed, within 90 seconds after execution, to transmit through ACT last-sale reports of transactions in NNM, Nasdaq SmallCap, and OTC Equity securities, and failed to designate through ACT such last-sale reports as late. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to applicable securities laws and regulations concerning transaction reporting. Specifically, the firm's supervisory system did not include written supervisory procedures providing for the identification of the person(s) responsible at the firm to ensure compliance with applicable rules, a statement of the step(s) that such person(s) should take to ensure compliance therewith, a statement as to how often such person(s) should take such step(s), and a statement as to how enforcement of such written supervisory procedures should be documented at the firm. (NASD Case #CMS010130)

November Actions

American Third Market Co., LLC (CRD #34361, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$10,000, and required to revise its written supervisory procedures with respect to the Order Audit Trail System (OATSSM) rules. 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 OATS any order data for its orders for equity securities traded on The Nasdaq Stock Market[®]. The findings also stated that the firm did not provide for supervision reasonably designed to achieve compliance with respect to applicable securities laws and regulations concerning the OATS rules. Specifically, the NASD found that the firm's supervisory system did not include written supervisory procedures providing for the identification of the person(s) responsible at the firm to ensure compliance with the applicable rules, a statement of the step(s) that such person(s) should take to ensure compliance, a statement as to how often such person(s) should take such step(s), and a statement as to how enforcement of such written supervisory procedures should be documented at the firm. (NASD Case #CMS010157)

CIBC World Markets Corporation (CRD #630, 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 in securities, without making reasonable efforts to avoid a locked or crossed market by executing transactions with all market makers whose quotations would be locked or crossed, entered bid or asked quotations in The Nasdaq Stock Market that caused a locked or crossed market condition to occur in each instance. (NASD Case #CMS010158)

Gerard Klauer Mattison & Co., Inc. (CRD #16686, 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 the firm, as a market maker in securities, was a party to a locked or crossed market condition prior to the market opening and received a trade-or-move message in each instance through SelectNet[®], and within 30 seconds of receiving such messages, failed to fill the incoming trade-or-move message for the full size of the message or move its bid down (offer up) by a quotation increment that would have unlocked/ uncrossed the market. (NASD Case #CMS010153)

Investment Services Capital Corp. (CRD #31271, Haverstraw, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$10,000, and required to revise its written supervisory procedures with respect to the OATS Rules. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it submitted to OATS reports with respect to equity securities traded on The Nasdaq Stock Market that were not in the

electronic form prescribed by the NASD. According to the findings, the subject reports were rejected by the OATS system and notice of such rejection was made available to the firm on the OATS Web Site and the firm did not correct or replace the reports and, thus, failed to correctly report such information to OATS.

The findings also stated that the firm failed to transmit to OATS any order data for its orders for equity securities traded on The Nasdaq Stock Market, and that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to applicable securities laws and regulations concerning the OATS Rules. Specifically, the firm's supervisory system did not include written supervisory procedures providing for the identification of the person(s) responsible at the firm to ensure compliance with the applicable rules, a statement of the step(s) that such person(s) should take to ensure compliance, a statement as to how often such person(s) should take such step(s), and a statement as to how enforcement of such written supervisory procedures should be documented at the firm. (NASD Case #CMS010140)

National Financial Services LLC (CRD #13041, Boston, Massachusetts) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$30,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that, as a market maker in securities, without making reasonable efforts to avoid a locked or crossed market by executing transactions with all market makers whose quotations would be locked or crossed, the firm entered bid or ask quotations in The Nasdaq Stock Market that caused a locked or crossed market condition to occur in each instance and, as a market maker in securities, caused a locked/crossed market condition prior to the market opening by entering a bid (ask) quotation that locked/crossed another market maker's quotations without immediately thereafter sending through SelectNet to the market maker(s) whose quote(s) it locked or crossed a trade-or-move message that was at the receiving market maker's quoted price and whose aggregate size was at least 5,000 shares. The NASD also found that the firm, as a market maker in securities, was a party to a locked or crossed market condition prior to the market opening and received a trade-or-move message in each instance through SelectNet and, within 30 seconds of receiving such messages, failed to fill the incoming trade-or-move message for the full size of the message or move its bid down (offer up) by a quotation increment that would have unlocked/ uncrossed the market. (NASD Case #CMS010144)

Parker/Hunter Incorporated (CRD #7324, Pittsburgh, Pennsylvania) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$100,000, and required to revise its written supervisory procedures reasonably designed to prevent future violations of applicable securities laws and regulations regarding the handling of material, non-public information. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that its supervisory system did not provide for supervision reasonably designed to achieve

compliance with respect to applicable securities laws and regulations concerning the handling of material, non-public information. Specifically, the firm's supervisory system directed analysts to consult and seek advice outside the research department from an individual, potentially disclosing material, non-public information to the individual, and placing the individual in a position to trade on the basis of that information for himself and others. In addition, the firm's supervisory system did not include written supervisory procedures reasonably designed to achieve compliance with applicable securities laws and regulations concerning the handling of material, non-public information. Specifically, with regard to trading on the basis of material, non-public information, the firm's written supervisory procedures did not provide for the identification of the person(s) responsible at the firm to ensure compliance with applicable rules, a statement of the step(s) that such person(s) should take to ensure compliance, a statement as to how often such person(s) should take such step(s), and a statement as to how enforcement of such written supervisory procedures should be documented at the firm. (NASD Case #CMS010134)

Pershing Trading Company, L.P. (CRD #36671, Jersey City, New Jersey) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$10,000, and required to revise its written supervisory procedures to achieve compliance with respect to applicable securities laws and regulations concerning firm quote compliance. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that, as a registered market maker in securities, it failed to execute orders presented at the firm's published bid or published offer in an amount up to its published quotation size, and thereby failed to honor its published quotation. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to applicable securities laws and regulations concerning firm quotations. According to the findings, the firm's supervisory system did not include written supervisory procedures providing for the identification of the person(s) responsible at the firm to ensure compliance with the applicable rules, a statement of the step(s) that such person(s) should take to ensure compliance, a statement as to how often such person(s) should take such step(s), and a statement as to how enforcement of such written supervisory procedures should be documented at the firm. (NASD Case #CMS010139)

Robertson Stephens Investment Banking (CRD #41271, San Francisco, 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, as a market maker in securities, it was a party to a locked or crossed market condition prior to the market opening. The NASD determined that the firm received a trade-or-move message in each instance through SelectNet and, within 30 seconds of receiving such messages, failed to fill the incoming trade-or-move message for the full size of the

message or move its bid down (offer up) by a quotation increment that would have unlocked/ uncrossed the market. (NASD Case #CMS010155)

Richard Joseph Shanks (CRD #1470671, Registered Representative, San Diego, California) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$7,500 and suspended from association with any NASD member in any capacity for seven days. Without admitting or denying the allegations, Shanks consented to the described sanctions and to the entry of findings that, contrary to a firm's policy restricting its employees and their family members from purchasing or selling shares of the company's stock during certain periods, he entered into an agreement with a friend to purchase and sell shares of stock in the firm in which Shanks' spouse was employed, shared in the profits or losses related to the stock, and failed to obtain prior written authorization from the firm to share in the profits or losses in the account.

Shanks' suspension began November 5, 2001, and concluded November 11, 2001. (NASD Case #CMS010151)

Tucker Anthony, Incorporated (CRD #837, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured; fined \$78,500; required to revise its written supervisory procedures regarding the Automated Confirmation Transaction ServiceSM (ACTSM) rule compliance, best execution, limit order protection, SEC Order Execution Rules, trade reporting, Small Order Execution System (SOES), record keeping, locked and crossed markets, anti-competitive practices, front-running and short sales; and required to pay \$201.99, plus interest, in restitution to public customers. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it failed to display immediately customer limit orders in Nasdaq securities in its public quotation, when each such order was at a price that would have improved the firm's bid or offer in each such security, or when the order was priced equal to its bid or offer and the national best bid or offer for each such security, and the size of the order represented more than a de minimis change in relation to the size associated with its bid or offer in each such security.

The findings also stated that the firm failed to contemporaneously or partially execute customer limit orders in Nasdaq securities after it traded each subject security for its own market-making account at a price that would have satisfied each customer's limit order, failed to use reasonable diligence to ascertain the best inter-dealer market, and failed to buy or sell in such market so that the resultant price to its customers was as favorable as possible under prevailing market conditions. Furthermore, the NASD found that the firm executed short-sale transactions and failed to report each of these transactions to ACT with a short-sale modifier, entered priced broadcast orders into SelectNet that were each priced better than the firm's public quote without reflecting each such order in the firm's public quote as required by SEC Rule 11Ac1-1, and reported to Fixed Income Pricing SystemSM (FIPSSM) transactions in FIPS securities and high-yield

securities incorrectly. The NASD also 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. Specifically, the firm's written supervisory procedures were found to be deficient in that they did not provide for the identification of the person(s) responsible at the firm for ensuring compliance with such laws, regulations, and rules, a statement of the step(s) that such person(s) should take to ensure compliance, a statement as to how often such person(s) should take such step(s), and a statement as to how enforcement of such written supervisory procedures should be evidenced at the firm. (NASD Case #CMS010145)

Windsor Capital Advisors, LLC (CRD #47317, Garden City, New York) 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 the firm, as a market maker in securities, caused a locked/crossed market condition prior to the market opening by entering a bid (ask) quotation that locked/crossed another market maker's quotations without immediately thereafter sending through SelectNet to the market maker(s) whose quote(s) it locked or crossed, a trade-or-move message that was at the receiving market maker's quoted price and whose aggregate size was at least 5,000 shares. The findings also stated that the firm, as a market maker in securities, was a party to a locked or crossed market condition prior to the market opening and received a trade-or-move message in each instance through SelectNet and, within 30 seconds of receiving such messages, failed to fill the incoming trade-or-move message for the full size of the message or move its bid down (offer up) by a quotation increment that would have unlocked/ uncrossed the market. (NASD Case #CMS010154)

December Actions

ABN AMRO Incorporated (CRD #15776, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$15,000, and required to revise its written supervisory procedures with respect to applicable securities laws and regulations concerning firm quotations. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that as a registered market maker in securities, an order was presented to the firm at the firm's published bid or published offer in an amount up to its published quotation size. The firm failed to execute the orders upon presentment and thereby failed to honor its published quotations. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to applicable securities laws, and regulations concerning firm quotations. Specifically, the firm's supervisory system did not include written supervisory procedures providing for the identification of the person responsible at the firm to ensure compliance with the

applicable rules; a statement of the steps that such person should take to ensure compliance therewith; a statement as to how often such person should take such steps; and a statement as to how enforcement of such written supervisory procedures should be documented at the firm. (NASD Case #CMS010152)

ABN AMRO Securities LLC (CRD #6540, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured, fined \$20,000, and required to revise its written supervisory procedures with respect to applicable securities laws and regulations concerning firm quotations. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that, as a registered market maker in securities, orders were presented to the firm at the firm's published bid or published offer in an amount up to its published quotation size. The firm failed to execute the orders upon presentment and thereby failed to honor its published quotations. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to applicable securities laws and regulations concerning firm quotations. Specifically, the firm's supervisory system did not include written supervisory procedures providing for the identification of the person responsible at the firm to ensure compliance with the applicable rules; a statement of the steps that such person should take to ensure compliance therewith; a statement as to how often such person should take such steps; and a statement as to how enforcement of such written supervisory procedures should be documented at the firm. (NASD Case #CMS010150)

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