

Notice To Members

National Association of Securities Dealers, Inc.

August 1989

Number 89 - 60

Suggested Routing:*

- Senior Management
- Corporate Finance
- Government Securities
- Institutional

- Internal Audit
- Legal & Compliance
- Municipal
- Mutual Fund

- Operations
- Options
- Registration
- Research

- Syndicate
- Systems
- Trading
- Training

*These are suggested departments only. Others may be appropriate for your firm.

Subject: Labor Day Trade Date-Settlement Date Schedule

Securities markets and the NASDAQ System will be closed on Monday, September 4, 1989, in observance of Labor Day. "Regular way" transactions made on the business days noted below will be subject to the following schedule:

Trade Date	Settlement Date	Reg. T Date*
August 25	September 1	September 6
28	5	7
29	6	8
30	7	12
31	8	12
September 1	11	13
4	Markets Closed	—
5	12	14

These settlement dates should be used by brokers, dealers, and municipal securities dealers

to clear and settle transactions pursuant to the NASD Uniform Practice Code and Municipal Securities Rulemaking Board Rule G-12 on Uniform Practice.

Questions regarding the application of these settlement dates to a particular situation may be directed to the NASD Uniform Practice Department at (212) 858-4341.

*Pursuant to Sections 220.8(b)(1) and (4) of Regulation T of the Federal Reserve Board, a broker-dealer must promptly cancel or otherwise liquidate a customer purchase transaction in a cash account if full payment is not received within seven business days of the date of purchase or, pursuant to Section 220.8(d)(1), make application to extend the time period specified. The date by which members must take such action is shown in the column entitled "Regulation T Date."

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<input type="checkbox"/> Corporate Finance	<input type="checkbox"/> Legal & Compliance	<input type="checkbox"/> Options	<input checked="" type="checkbox"/> Systems
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Subject: NASDAQ National Market Additions, Changes, and Deletions as of July 12, 1989

As of July 12, 1989, the following 16 issues joined the NASDAQ National Market, bringing the total number of issues in the NASDAQ National Market to 2,761:

Symbol	Company	Entry Date	SOES Execution Level
BGENP	Biogen, Inc. (Pfd)	6/20/89	500
CDCC	ChemDesign Corporation	6/20/89	1000
CABL	Communication Cable, Inc.	6/20/89	1000
FRME	First Merchants Corporation	6/20/89	500
FLAI	Fleet Aerospace, Inc.	6/20/89	500
POPX	POP Radio Corporation	6/20/89	1000
YESS	Yankee Energy System, Inc.	6/21/89	1000
REXL	Rexhall Industries, Inc.	6/22/89	200
SYMC	Symantec Corporation	6/23/89	200
SNTC	Synetic, Inc.	6/28/89	200
HAND	Handex Environmental Recovery, Inc.	6/29/89	1000
FFRV	Fidelity Federal Savings Bank	7/5/89	200
GARN	Garnet Resources Corporation	7/5/89	1000
SAVO	Schultz Sav-O Stores, Inc.	7/5/89	1000
CRHCY	CRH, public limited company	7/10/89	200
TOCRZ	Tocor, Inc.	7/11/89	500

NASDAQ National Market Pending Additions

The following issues have filed for inclusion in the NASDAQ National Market upon effectiveness of their registration statements with the SEC or other appropriate regulatory authority. Their inclusion may commence prior to the next regularly scheduled phase-in date.

Symbol	Company	Location	SOES Execution Level
CCAR	CCAIR, Inc.	Charlotte, NC	1000

Symbol	Company	Location	SOES Execution Level
CGNX	Cognex Corporation	Needham, MA	1000
GIDL	Giddings & Lewis, Inc.	Fond du Lac, WI	1000
MDCO	Marine Drilling Company	Corpus Christi, TX	1000
NNCXF	Newbridge Networks Corporation	Kanata, Ontario, Canada	1000
PFBK	Pioneer Federal Savings Bank	Lynwood, WA	500
VRAX	Verax Corporation	Lebanon, NH	500

NASDAQ National Market Symbol and/or Name Changes

The following changes to the list of NASDAQ National Market securities have occurred since June 13, 1989.

New/Old Symbol	New/Old Security	Date of Change
FLGF/FSAM	Flagship Financial Corporation/First American Savings, F.A.	6/16/89
WDST/MPRO	Wordstar International, Inc./MicroPro International, Inc.	6/22/89
GTWY/GTWY	Gateway Financial Corporation/Gateway Bank	7/3/89
TRBK/DFED	Trustbank Savings, FSB/Dominion Federal Savings & Loan Association	7/3/89
CMETS/CCSTS	Continental Mortgage and Equity Trust/Consolidated Capital Special Trust	7/5/89
NIRTS/CCITS	National Income Realty Trust/Consolidated Capital Income Trust	7/5/89
VIPTS/CCPLS	Vinland Property Trust/Consolidated Capital Realty Investors	7/5/89
NHTB/LSSB	New Hampshire Thrift Bancshares, Inc./Lake Sunapee Savings Bank, FSB	7/7/89

NASDAQ National Market Deletions

Symbol	Security	Date
SSSL	Sun State Savings and Loan Association	6/14/89
TJCK	Timberjack Corporation	6/14/89
STKR	Stocker and Yale, Inc.	6/15/89
BNDY	Brandywine Savings and Loan Association	6/16/89
CTEC	Component Technology Corporation	6/19/89
CRITA	Criterion Group, Inc. (Cl A)	6/19/89
HARYE	Harvard Group, PLC	6/19/89
LOLS	Land of Lincoln Savings & Loan	6/19/89
VLABW	Vipont Pharmaceutical, Inc. (6/25/89 Wts)	6/19/89
EXLN	Excelan, Inc.	6/21/89
PICI	Polymer International Corp.	6/21/89
ACIXQ	American Carriers, Inc.	6/22/89
CURYE	Bombay Palace Restaurants, Inc.	6/22/89
PTRAS	Property Trust of America	6/27/89
SCHCP	R. P. Scherer Corporation (Pfd)	6/27/89
XOVR	Exovir, Inc.	6/28/89
KRUE	W. A. Krueger Co.	6/28/89
BRRYA	Berry Petroleum Company (Cl A)	6/29/89

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Symbol	Security	Date
SUPE	Superior Electric Company	6/29/89
BRIX	BRIntec Corporation	6/30/89
EGLA	Eagle Telephonics, Inc.	6/30/89
MBSX	MBS Textbook Exchange, Inc.	6/30/89
STAAE	Staar Surgical Company	6/30/89
TFTY	Thrifty Rent-A-Car System, Inc.	6/30/89
CHMXZ	Chemex Pharmaceuticals, Inc. (5/20/90 Wts)	7/3/89
CCMC	Commonwealth Mortgage Company, Inc.	7/3/89
HIMGP	Health Images, Inc. (Ser A Pfd)	7/3/89
PGEN	Plant Genetics, Inc.	7/3/89
SFIN	Southland Financial Corporation	7/3/89
AIMAZ	American Insured Mortgage Investors	7/7/89
AIMBZ	Integrated Resources American Insured Mortgage Investors-85	7/7/89
GCER	General Ceramics, Inc.	7/10/89
MABS	Monoclonal Antibodies, Inc.	7/11/89

Questions regarding this notice should be directed to Kit Milholland, Senior Analyst, NASDAQ Operations, at (202) 728-8281. Questions pertaining to trade reporting rules should be directed to Leon Bastien, Assistant Director, NASD Market Surveillance, at (301) 590-6429.

Disciplinary Actions

National Association of Securities Dealers, Inc.

August 1989

Disciplinary Actions Reported for August

The National Association of Securities Dealers, Inc. (NASD), is taking disciplinary actions against the following firms and individuals for violations of the NASD Rules of Fair Practice and/or the rules of the Municipal Securities Rulemaking Board. Unless otherwise indicated, suspensions began with the opening of business on Monday, August 7, 1989.

FIRMS EXPELLED, INDIVIDUALS SANCTIONED

MCG Portfolio Management Corp. (Woodbury, New York), Thomas C. Mullen (Registered Financial and Operations Principal, Woodbury, New York) and Bruce D. Naab (Registered Principal, Dallas, Texas) submitted an Offer of Settlement pursuant to which the firm was expelled from membership in the Association. Mullen was suspended from association with any member in any capacity for ninety (90) days, barred from association with any member in the capacity of a Principal, and fined \$10,000, jointly and severally with the member. Naab was suspended from association with any member of the Association in any capacity for seven (7) months, barred from association with any member in the capacity of a Principal, and fined \$10,000, jointly and severally with the member. Without admitting or denying the allegations, the firm, Mullen, and Naab consented to the described sanctions and findings that the firm, acting through Mullen and Naab, allowed a person subject to a statutory disqualification to act as an associated person of the firm. Mullen permitted another person to function as a Financial and Operations Principal without benefit of registration with the Association. Also, the firm, acting through Mullen, effected transactions in securities while the firm failed to maintain sufficient net capital, failed to compute accurately the amounts required to be deposited into the Special Reserve Bank Account for the Exclusive Benefit of Customers, failed to deposit the amounts required to be on deposit in the Reserve Bank Account, and made a withdrawal from its Reserve Bank Account but failed to make a record of the computation on which such withdrawal was made. In addition, the firm, acting through Mullen, failed to update cer-

tain books and records and, during a period from approximately September 1987 through at least August 1988, failed at least once in each calendar quarter to examine, count, verify, and compare all securities.

Quinn-L Financial Corporation (Shreveport, Louisiana) n/k/a Anlo Financial, Inc., and S. Mark Lovell (Registered Principal, Shreveport, Louisiana) — The firm was expelled from membership in the NASD and Lovell is barred from association with any member of the NASD in any capacity. The sanctions were based on findings that, in connection with the offering of units in a limited partnership, the firm and Lovell made false representations in a rescission offer to investors and failed to return funds totaling at least \$301,195 to rescinding investors. The firm, acting through Lovell, engaged in a securities business when its net capital was below the required minimum and inaccurately computed its net capital. The firm and Lovell failed to disclose the use of \$300,000 as collateral for a loan to an affiliate and inaccurately included this amount as an allowable asset in its net capital computation. They also inaccurately increased the firm's net capital at month's end by depositing \$50,000 at or near the end of each month to the firm's operating account and then transferring funds back to an affiliate at the beginning of the following month.

FIRMS FINED, INDIVIDUALS SANCTIONED

Allison, Rosenblum & Hannahs, Inc. (Little Rock, Arkansas), Christopher L. Salazar (Registered Principal, Little Rock, Arkansas), William D. McCord (Registered Representative, Little Rock, Arkansas) and Thomas W. Fuquay (Registered Representative, Little Rock, Arkan-

sas) submitted an Offer of Settlement pursuant to which the firm was fined \$10,000, Salazar is suspended from association with any member of the NASD in any capacity for thirty (30) calendar days, McCord was fined \$20,000 and suspended from association with any member of the NASD in any capacity for thirty (30) calendar days, and Fuquay is suspended from association with any member of the NASD in any capacity for fourteen (14) days. Without admitting or denying the allegations, they consented to the described sanctions and findings that Salazar, McCord, and Fuquay sold corporate securities to institutional customers on a principal basis at prices that included excessive markups. Also, McCord engaged in purchase and sale transactions involving mortgage-backed securities and failed to disclose that the prices for these securities were not reasonably related to the then current market. Such transactions represented a form of "adjusted trading" wherein one institution could avoid or postpone recognizing a loss on a sale while another institution would purchase the security at a price in excess of the current market. In addition, McCord caused the falsification of the institutions' records, caused third parties to be misled regarding the performance of certain investments, and made recommendations to buy and sell securities to two institutional customers without having reasonable grounds to believe that the transactions were suitable. The firm was also cited for failure to supervise its associated persons in connection with the activities described above.

Capital First Securities, Inc. (Las Colinas, Texas) and Michael P. Rennert (Registered Principal, Coppell, Texas) submitted an Offer of Settlement pursuant to which the firm and Rennert were fined \$20,000, jointly and severally. The firm was suspended from membership in the Association for two (2) business days, and Rennert was suspended from association with any member of the NASD in a principal capacity for six (6) months and must requalify by examination as a Financial and Operations Principal. Without admitting or denying the allegations, they consented to the described sanctions and findings that the firm, acting through Rennert, engaged in a securities business while failing to maintain sufficient net capital. Also, the firm failed to comply with the provisions of its voluntary restriction letter, which required the firm to maintain certain limits on the amount of its securities inventory.

Main Street Securities, Inc. (Salt Lake City, Utah), Walter Heyman (Registered Principal, Salt Lake City, Utah), Mark Christiansen (Registered Principal, Salt Lake City, Utah) and Annette Langheinrich (Registered Financial and Operations Principal, Salt Lake City, Utah) submitted an Offer of Settlement pursuant to which the firm was fined \$25,000 and ordered to disgorge \$99,400. Heyman was fined \$10,000 and suspended as a General Securities Principal for one (1) year and in all capacities for thirty (30) business days. Christiansen was fined \$10,000 and suspended as a General Securities Principal for one (1) year and in all capacities for thirty (30) business days. Langheinrich was fined \$1,000 and suspended from association with any member of the NASD as a Financial and Operations Principal for thirty (30) calendar days. Without admitting or denying the allegations, the Respondents consented to the described sanctions and findings that the firm, acting through Christiansen, caused non-bona fide quotations to be published regarding a common stock. The firm, acting through Heyman and Christiansen, effected 101 principal transactions in the same security with public customers at prices that included excessive markups. The firm, acting through Heyman and Christiansen, reflected entries on its books and records that were designed to "park" securities in customer accounts, thus allowing the firm to maintain a minimum level of net capital and to avoid District Surveillance Committee directives. Finally, the firm, acting through Heyman, Christiansen, and Langheinrich, conducted a securities business while failing to maintain the minimum required net capital.

FIRMS AND INDIVIDUALS FINED

Matanky Securities Corporation (Chicago, Illinois) and Barry B. Kreisler (Registered Principal, Chicago, Illinois) were fined \$10,000, jointly and severally. These sanctions were imposed by the NASD's Board of Governors following an appeal of a decision rendered by the District Business Conduct Committee for District 8. The sanctions were based on findings that the firm, acting through Kreisler, represented that limited partnership interests were offered on an "all-or-none" basis and that investors' funds would be refunded if the contingency were not satisfied. All of the interests were not sold, yet the investors' funds were not refunded. Furthermore, the investors' funds

were not properly transmitted to a separate escrow account and, in fact, the funds were expended from the partnership bank account before the contingency was satisfied.

Also, the firm violated its voluntary restrictive agreement with the Association in that it held funds received in connection with the limited partnership in violation of Association and SEC rules. The firm effected securities transactions with the public while failing to maintain sufficient net capital.

This action has been appealed to the Securities and Exchange Commission, and the sanctions imposed are not effective pending consideration of the appeal.

RMJ Securities (New York, New York), Richard G. Jackson (Registered Principal, Rockville Centre, New York), and John M. Byrne (Registered Financial and Operations Principal, Brooklyn, New York) submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm and Jackson were fined \$25,000, jointly and severally, and Byrne was fined \$10,000 individually. Without admitting or denying the allegations, they consented to the described sanctions and findings that the firm, acting through Byrne and Jackson, conducted a business in collateralized mortgage obligations, which was outside the scope of its registration as an interdealer broker in government securities registered pursuant to Section 15C of the Securities Exchange Act of 1934.

FIRMS FINED

PaineWebber, Inc. (Atlanta, Georgia) submitted a Letter of Acceptance, Waiver and Consent pursuant to which it was fined \$15,000. Without admitting or denying the allegations, the firm consented to the described sanctions and findings that it failed to have supervisory procedures in effect to detect and supervise excessive trading activity. The firm also failed to properly supervise an associated person of the firm in order to prevent excessive trading in the account of a public customer.

Swergold, Chefitz Inc. (New York, New York) submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm was fined \$25,000. Without admitting or denying the allegations, Swergold, Chefitz consented to the described sanctions and to findings that, acting through certain of its associated persons, it failed to report or incorrectly reported certain NASDAQ National

Market transactions, failed to report certain NASDAQ National Market transactions within the required 90 seconds after execution, and failed to designate certain NASDAQ National Market transactions as bunched trades. In addition, the firm failed to have certain persons qualified and registered as General Securities Principals and failed to establish, maintain, and enforce written procedures that would have enabled it to properly supervise the activities of associated persons with respect to the correct reporting of NASDAQ National Market transactions.

As part of its Letter of Acceptance, Waiver and Consent, Swergold, Chefitz will initiate a series of corrective steps to prevent the recurrence of trade-reporting problems and for one year will file with the NASD's Market Surveillance Committee quarterly reports to demonstrate its compliance with trade reporting requirements.

This sanction was imposed by the NASD's Market Surveillance Committee.

INDIVIDUALS BARRED OR SUSPENDED

Mark B. Anderson (Registered Representative, Salt Lake City, Utah) submitted an Offer of Settlement pursuant to which he was fined \$15,000 and barred from association with any member of the Association in any capacity. Without admitting or denying the allegations, Anderson consented to the described sanctions and findings that he deposited checks totaling \$86,570.58 payable to an affiliate of his employer-member into his own account without the affiliate's knowledge or authorization.

Walter T. Black (Registered Principal, Denver, Colorado) was fined \$10,000 and suspended from association with any member of the NASD in any capacity for three (3) months. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision rendered by the Market Surveillance Committee.

The sanctions were based on findings that Black entered 44 fictitious trade reports in five NASDAQ National Market securities at or near the close of the market in violation of Article III, Sections 1, 5, and 18 (the NASD's Anti-Fraud Rule) of the Rules of Fair Practice and the reporting requirements set forth in Schedule D of the Association's By-Laws. Thirty-six (36) of the fictitious trades represented the last sale of the day and were reported to the media for dissem-

ination to the public.

Respondent Black has appealed this decision to the Securities and Exchange Commission, and the sanctions imposed are not effective pending consideration of the appeal.

John A. Bonham (Registered Representative, Montgomery, Alabama) was fined \$15,000 and suspended from association with any member of the NASD in any capacity for one (1) year. The sanctions were based on findings that Bonham engaged in a prearranged sale and repurchase agreement with another party to create a fictitious tax loss for the fiscal year ending July 31, 1985, for a company of which he was the President and sole shareholder.

Keith E. Boyer (Registered Representative, Newport News, Virginia) was fined \$25,000 and barred from association with any member of the Association in any capacity. The sanctions were based on findings that he misappropriated \$24,121.44 in checks and cash from nine customers and converted the funds to his own use and benefit. Also, he failed to respond to the Association's two requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Aaron D. Brown (Registered Representative, Albuquerque, New Mexico) was fined \$15,000 and suspended from association with any member of the NASD in any capacity for thirty (30) days. The sanctions were based on findings that Brown executed eleven (11) transactions in the accounts of ten (10) separate customers without the customers' prior authorization or consent.

Phillip J. Butler (Registered Representative, Frankfort, Indiana) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$100,000 and barred from association with any member of the Association in any capacity. Without admitting or denying the allegations, Butler consented to the described sanctions and findings that he received approximately \$45,900 from at least twelve (12) public customers with instructions to purchase shares in various mutual funds. Butler failed to follow the customers' instructions and used their funds for his personal benefit. In addition, he received \$2,200 from another public customer with instructions to deposit the funds in the customer's account and instead used the funds for his personal benefit. Butler also opened a checking account and deposited

to the account funds received from public customers that were to be used to purchase shares of mutual funds. He issued checks from the account that purported to represent dividend payments to these customers. However, the funds had not been invested and the customers had not earned dividends. Furthermore, Butler prepared and mailed false account statements to customers. Finally, Butler opened another checking account and caused the name of a principal of his employer-member to be added as a signatory on the account. He drafted checks on this account purported to be signed by this principal, but they were signed, in fact, by Butler. He also deposited funds from three public customers in this account, instead of in an account at the employer-member where the funds were to be deposited.

Walton F. Carlisle (Registered Principal, Tulsa, Oklahoma) and **Lyle T. Bachman (Registered Financial and Operations Principal, Tulsa, Oklahoma)** submitted an Offer of Settlement pursuant to which Carlisle and Bachman were each fined \$10,000 and suspended from association with any member of the NASD in any capacity for thirty (30) calendar days. Without admitting or denying the allegations, Bachman consented to the described sanctions and findings that he hypothecated customers' fully paid and excess-margin securities, failed to segregate and identify such securities, and failed to recall the securities held as collateral. Bachman violated various provisions of SEC Rule 15c3-3 by failing to obtain possession of securities sold by customers within the required time frame, failed to buy in aged stock dividends and short security differences, and made a withdrawal from the firm's Special Reserve Bank Account without making the necessary computation. Also, on at least four separate occasions, Bachman failed to maintain physical possession or control of customers' securities.

Without admitting or denying the allegations, Bachman and Carlisle consented to sanctions and findings that they conducted a securities business while failing to maintain the required minimum net capital and failed to accurately compute the amounts required to be on deposit in the Reserve Bank Account. In addition, they hypothecated customers' fully paid and excess-margin securities, commingled customer and firm securities as collateral for a loan, and failed to reduce customer fully paid and excess-margin securities to the pos-

session and control of the firm.

William Ray Clark (Registered Representative, Dallas, Texas) submitted an Offer of Settlement pursuant to which he was fined \$10,000 and suspended from association with any member of the NASD in any capacity for one (1) year.

Without admitting or denying the allegations, Clark consented to the described sanctions and findings that he used high-pressure sales tactics, made false and misleading statements, and failed to disclose material facts to investors whom he induced to purchase a certain common stock. In connection with the sale of such security, no registration statement was on file with the Securities and Exchange Commission, and no exemption from registration existed.

Odell R. Coleman, Jr. (Registered Representative, Philadelphia, Pennsylvania) submitted an Offer of Settlement pursuant to which he was fined \$5,000 and barred from association with any member of the Association in any capacity.

Without admitting or denying the allegations, Coleman consented to the described sanctions and findings that he received \$902.46 in cash from a public customer for the purchase of a health insurance policy and failed to remit such funds for that purpose.

Donald P. Damaso (Registered Representative, McLean, Virginia) was fined \$12,125 and suspended from association with any member of the NASD in any capacity for forty-five (45) days. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision rendered by the District Business Conduct Committee for District 10. The sanctions were based on findings that Damaso sold two different securities to public customers without providing prior written notification of these sales to his employer-member in contravention of the Board of Governors' Interpretation with respect to Private Securities Transactions.

This decision has been appealed to the Securities and Exchange Commission, and the sanctions imposed are not effective pending consideration of the appeal.

Larry Raymond Diehl (Registered Representative, Florissant, Missouri) was fined \$15,000 and barred from association with any member of the Association in any capacity. The sanctions were based on findings that Diehl failed to respond to the Association's two requests for in-

formation made pursuant to Article IV, Section 5 of the Rules of Fair Practice concerning the circumstances surrounding the termination of his employment.

David E. Flannigan (Registered Principal, St. Louis, Missouri) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$5,000 and suspended from association with any member of the NASD in any capacity for (30) thirty days. Without admitting or denying the allegations, Flannigan consented to the described sanctions and findings that he knowingly altered his bank statement to reflect a fictitious amount on deposit and a fictitious withdrawal of that amount. He provided this altered statement to the Association as part of an investigation surrounding his termination of employment with a member.

Elton C. Garvin (Registered Representative, Syracuse, New York) submitted an Offer of Settlement pursuant to which he was fined \$10,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Garvin consented to the described sanctions and findings that he misappropriated at least \$137,536 from the accounts of at least thirteen (13) public customers. He also failed to respond to the Association's four requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Haywood P. Gibbs, Jr. (Registered Representative, Midlothian, Virginia) was fined \$25,000 and barred from association with any member of the Association in any capacity. The sanctions were based on findings that Gibbs had three checks totaling \$96,237.41 drawn on the accounts of a public customer, forged the endorsements, and deposited the checks in an account he controlled.

Sanford Goldman (Registered Representative, Virginia Beach, Virginia) was fined \$15,000 and barred from association with any member of the Association in any capacity. The sanctions were based on findings that Goldman misappropriated \$946.01 from an insurance customer. He also failed to respond to the Association's three requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Edward E. Gould (Registered Representative, Singer Island, Florida) was fined \$5,000 and barred from association with any member of the Association in any capacity. The sanctions were

based on findings that Gould engaged in a private securities transaction outside the scope of his employment without providing prior written notification to his employer. Gould also failed to respond to the Association's four requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Tim Reck Haile (Registered Representative, Roswell, Georgia) submitted an Offer of Settlement pursuant to which he was fined \$10,000 and suspended from association with any member of the NASD for five (5) days. Without admitting or denying the allegations, Haile consented to the described sanctions and findings that he recommended to a customer one hundred and ninety-six (196) securities transactions without having grounds to believe that such recommendations were suitable.

David Carrol Harrington (Registered Representative, St. Petersburg, Florida) was fined \$5,000 and suspended from association with any member of the NASD for ten (10) business days. The sanctions were based on findings that Harrington effected seven unauthorized transactions for the securities accounts of two customers of his employer-member.

Hector Rivera Hernandez, Jr. (Registered Representative, San Antonio, Texas) was fined \$15,000 and barred from association with any member of the Association in any capacity. The sanctions were based on findings that, without the customer's knowledge, Hernandez submitted an application for a loan against a customer's insurance policy and then converted the \$5,000 proceeds to his own personal use and benefit. He also obtained a check in the amount of \$2,320 from another public customer and converted those funds to his own benefit, again without the customer's knowledge or consent. Hernandez also failed to respond to the Association's two requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Emzie Huletty, Jr. (Registered Representative, Flint, Michigan) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$6,000 and suspended from association with any member of the NASD in any capacity for two (2) years. Without admitting or denying the allegations, Huletty consented to the described sanctions and findings that he converted \$750 in customer funds to his own use and benefit. Further-

more, on two occasions, he participated in securities transactions that were not effected through his employer-member and failed to give written notification to his employer of his intention to engage in such activity. Also, he opened an account with another member firm without disclosing his association with his employer-member.

Jack D. Jezek (Registered Representative, Tulsa, Oklahoma) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$10,000 and suspended from association with any member of the NASD in any capacity for six (6) calendar months. Without admitting or denying the allegations, Jezek consented to the described sanctions and findings that, at the request of a customer, he made a false entry on the customer's monthly statement to indicate that the customer was long 2,000 shares of a security when in fact, the security was not held in the account.

Bob F. Larmer (Registered Principal, Wichita, Kansas) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$15,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Larmer consented to the described sanctions and findings that he refused to respond to the Association's request for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice concerning the circumstances surrounding the termination of his employment.

Donald G. Manuel (Registered Representative, Greenville, Mississippi) submitted an Offer of Settlement pursuant to which he was fined \$30,000 and barred from association with any member of the Association in any capacity. Without admitting or denying the allegations, Manuel consented to the described sanctions and findings that he converted funds totaling \$229,000 from two public customers to his own use and benefit, effected three transactions in the account of a public customer without the customer's knowledge or consent, and failed to respond to the Association's three requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Michael P. Meservy (Registered Representative, Sandy, Utah) was fined \$5,000, ordered to disgorge \$2,154, and suspended from association with any member of the NASD in any capacity for thirty (30) days. The sanctions were based on find-

ings that Meservy effected thirty-eight (38) securities transactions in the accounts of four customers without their knowledge or consent. Also, Meservy offered to reimburse the customer for losses that arose as a result of unauthorized trades effected by him, in exchange for the customer not revealing discrepancies in his account to Meservy's manager.

Stacy Ames Mindheim (Registered Representative, Dallas, Texas) was fined \$10,000 and barred from association with any member of the Association in any capacity. The sanctions were based on findings that she obtained twenty-two (22) checks totaling \$5,429.43 from her employer-member made payable to various payees, substituted her own name as payee, and converted the proceeds to her own use and benefit.

Michael W. Mullin (Registered Representative, Parker, Colorado) submitted Letters of Acceptance, Waiver and Consent pursuant to which he was fined \$25,000 and barred from association with any member of the Association in any capacity. Without admitting or denying the allegations, Mullin consented to the described sanctions and findings that he executed a purchase of \$20 million in "stripped" United States Treasury Bonds from another broker-dealer and failed to write an order ticket reflecting such purchase in an attempt to conceal the transaction from his employer-member. In addition, Mullin failed to prepare order tickets reflecting purchases of \$2 million in mortgage-backed securities and prepared a misleading sell order ticket reflecting the erroneous sale of securities.

Terry P. Myers (Registered Representative, Salt Lake City, Utah) submitted an Offer of Settlement pursuant to which he was fined \$2,500, ordered to disgorge \$4,787.50, and suspended from association with any member of the NASD in any capacity for five (5) business days. Without admitting or denying the allegations, Myers consented to the described sanctions and findings that, in connection with a public offering of securities that traded at an immediate premium in the secondary market, Myers failed to make a bona fide public distribution of securities by selling to accounts belonging to his relatives in contravention of the Board of Governors' Interpretation with respect to Free-Riding and Withholding.

Guido J. Negri, Jr. (Registered Representative, St. Louis, Missouri) was fined \$15,000 and

barred from association with any member of the NASD in any capacity. These sanctions were based on findings that Negri failed to respond to the Association's two requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice concerning the circumstances surrounding the termination of his employment.

Nancy J. O'Connell (Registered Principal, West Dennis, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent pursuant to which she was fined \$25,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, O'Connell consented to the described sanctions and findings that, in connection with her duties as Head Trader, she directed that certain transactions executed for her personal account be processed through her employer-member's accounts, which resulted in a personal benefit to her of at least \$13,622.50.

Gregory Lee Paige (Registered Representative, Orange, California) submitted an Offer of Settlement pursuant to which he was fined \$1,000 and suspended from association with any member of the NASD for five (5) business days. Without admitting or denying the allegations, Paige consented to the described sanctions and findings that he had not honored an arbitration award rendered against him.

Keith Stewart Sheldon (Registered Representative, Brasstown, North Carolina) was fined \$1,000 and barred from association with any member of the Association. The sanctions were based on findings that Sheldon failed to pay for approximately \$6,500 worth of securities in his personal account in that a check tendered for payment for the options transactions was returned for insufficient funds.

Jan Allen Spiro (Registered Representative, Dunwoody, Georgia) was fined \$10,000 and barred from association with any member of the Association in any capacity. The sanctions were based on findings that Spiro shared in the losses of customers by depositing more than \$9,000 of his own funds into the accounts of certain public customers. In addition, without the knowledge or approval of his employer-member, Spiro prepared and sent false confirmations to customers on two different occasions showing the purchase of securities when no such purchase had been effected.

Dewey C. Turrentine (Registered Representative, Greensboro, North Carolina) was fined \$15,000 and barred from association with any member of the Association in any capacity. The sanctions were based on findings that he converted to his own use and benefit \$3,942.94 in customer funds that was to be used to purchase investment-company shares.

Joel David Warady (Registered Representative, Dallas, Texas) was fined \$75,000 and barred from association with any member of the Association in any capacity. The sanctions were based on findings that he obtained a total of \$60,000 from two customers for investment in insurance policies and, without the knowledge or consent of the customers, converted the funds to his own use and benefit. Warady also failed to respond to the Association's request for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice in connection with his termination from his employer-member.

Michael F. Wiggins (Registered Representative, Silver Spring, Maryland) was fined \$15,000 and barred from association with any member of the Association in any capacity. The sanctions were based on findings that Wiggins failed to respond to the Association's three requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

John Frank Wilson (Registered Representative, Jacksonville, Florida) was fined \$10,000 and barred from association with any member of the NASD. The sanctions were based on findings that Wilson effected two unauthorized transactions in the securities accounts of two public customers. Wilson also failed to respond to the Association's request for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Robert Brice Worley (Registered Representative, Overland Park, Kansas) was fined \$15,000 and barred from association with any member of the NASD in any capacity. The sanc-

tions were based on findings that Worley failed to respond to the Association's two requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice concerning the circumstances surrounding the termination of his employment.

Wesley Karban Wyatt (Registered Representative, Stillwater, Oklahoma) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$10,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, he consented to the described sanctions and findings that, in order to avoid state premium taxes, he knowingly filed at least 23 applications for life insurance that falsely reflected the state in which the applications were processed.

INDIVIDUAL FINED

Thomas J. Dornbrook (Registered Representative, Pittsburgh, Pennsylvania) was fined \$10,000 and required to requalify by examination as a representative before again acting in that capacity. The sanctions were based on findings that he violated provisions of Regulation T by effecting short sales of index options in cash accounts. He also failed to meet margin requirements in his own margin account and failed to require customers to post the required margin in their accounts. Furthermore, Dornbrook affixed a signature purporting to be that of a customer to an option agreement and supplied the agreement to his employer-member without informing the firm that the signature was not that of the customer.

CORRECTION

Bentsen Investment Company, Houston, Texas, is current in all its NASD financial filings. In the July 1989 Notice of Disciplinary Actions, Bentsen Investment Company was erroneously listed among the firms suspended for failure to file financial information with the NASD.

For Your Information

National Association of Securities Dealers, Inc.

August 1989

Test Date and Site Changes for August and September Examinations

Series 7 Test Site

Atlanta

The August 19, 1989, and September 16, 1989, Series 7 exam in Atlanta will be held at: Sheraton Century Hotel, 2000 Century Boulevard, Atlanta, GA.

Permanent Site Change

Effective August 1, 1989, the Series 7 test site in Miami will be permanently located at: Miami Dade College, Science Building, 11011 Southwest 104th St., Miami, FL.

Candidates should report to the first floor atrium.

September First Saturday Date Change

The first Saturday exam session date for September has been changed to September 9, 1989, for all test centers because of the Labor Day holiday, which falls after the first weekend of the month.

Requests for appointments for the September 9, 1989, session must be received no later than August 30, 1989 (the eighth business day prior to the session).

Colorado Securities Commission Increases Initial Broker-Dealer Fee

Effective July 1, 1989, the Colorado Securities Commission increased the initial broker-dealer fee to \$175. If you have any

questions regarding this change, please contact NASD Information Services at (301) 590-6500.

NASD Releases Additional Interpretative Summaries Under SEC Rule 19c-4

The NASD is again making available summaries of interpretative letters issued under Securities and Exchange Commission Rule 19c-4. This rule prohibits the major securities markets from listing companies that issue securities or take other corporate actions that disenfranchise existing shareholders. The summaries reflect the conclusions reached by the NASD in analyzing the effect of specific issuer proposals and therefore don't necessarily set precedents for future transactions, each of which must be evaluated in light of its own facts and circumstances.

Copies of the summaries may be obtained by sending a written request to the NASD Office of General Counsel, 1735 K Street, NW, Washington, DC 20006. In addition, the summaries are expected to appear in the Commerce Clearing House

Federal Securities Law Reporter and the Bureau of National Affairs *Securities Regulation & Law Report*. The NASD previously made available summaries of letters issued through January 13, 1989. The newly published summaries are for letters issued through May 16, 1989.

NASD staff members are available to discuss Rule 19c-4 issues, but binding determinations will be issued only in response to written inquiries. Requests for such determinations must identify the company, describe the proposed transaction, and include copies of relevant documents, e.g., draft proxy or registration statements. A request also should include an analysis of the rule's application to the proposed transaction. And it should indicate whether the requester has made inquiries to any other market and, if so, identify such contacts.