

# Notice To Members

National Association of Securities Dealers, Inc.

February 1990

## Number 90 - 7

### 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: Presidents' Day: Trade Date-Settlement Date Schedule

Securities markets and the NASDAQ System will be closed on Monday, February 19, 1990, in observance of Presidents' Day. "Regular way" transactions made on the preceding business days will be subject to the settlement date schedule listed below.

Trade Date	Settlement Date	Reg. T Date*
February 9	16	21
12	20	22
13	21	23
14	22	26
15	23	27
16	26	28
19	Markets Closed	—
20	27	March 1

These settlement dates should be used by brokers, dealers, and municipal securities dealers for purposes of clearing and settling 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 (7) 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 "Reg. T Date."

# Notice To Members

National Association of Securities Dealers, Inc.

February 1990

## Number 90 - 8

### Suggested Routing:\*

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|--|--|--|---|
| <input type="checkbox"/> Senior Management     | <input checked="" type="checkbox"/> Internal Audit | <input checked="" type="checkbox"/> Operations | <input type="checkbox"/> Syndicate          |
| <input type="checkbox"/> Corporate Finance     | <input type="checkbox"/> Legal & Compliance        | <input type="checkbox"/> Options               | <input checked="" type="checkbox"/> Systems |
| <input type="checkbox"/> Government Securities | <input type="checkbox"/> Municipal                 | <input type="checkbox"/> Registration          | <input checked="" type="checkbox"/> Trading |
| <input type="checkbox"/> Institutional         | <input type="checkbox"/> Mutual Fund               | <input type="checkbox"/> Research              | <input type="checkbox"/> Training           |

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

## Subject: NASDAQ National Market System (NASDAQ/NMS) Additions, Changes, and Deletions As of January 11, 1990

As of January 11, 1990, the following 18 issues joined NASDAQ/NMS, bringing the total number of issues to 2,694:

Symbol	Company	Entry Date	SOES Execution Level
ACRCA	American Capital and Research Corporation (CI A)	12/14/89	1000
GIII	G-III Apparel Group, Ltd.	12/14/89	1000
GSBC	Great Southern Bancorp, Inc.	12/14/89	1000
HNSI	Home Nutritional Services, Inc.	12/14/89	1000
BORL	Borland International, Inc.	12/19/89	1000
HYBD	Hycor Biomedical Inc.	12/19/89	1000
LMBC	Landmark Bancorp	12/19/89	200
NHSL	New Horizons Savings and Loan Association	12/19/89	200
KMCI	Keegan Management Company	12/20/89	200
AZTR	Aztar Corporation	12/21/89	1000
XUPS	Exide Electronics Group, Inc.	12/21/89	1000
MIPS	MIPS Computer Systems, Inc.	12/21/89	1000
TSQM	T <sup>2</sup> Medical, Inc.	12/26/89	1000
CSBI	Century South Banks, Inc.	1/2/90	200
ENGY	Energy Ventures, Inc.	1/2/90	1000
HENG	Henley Group, Inc. (The)	1/2/90	1000
VCNB	Ventura County National Bancorp	1/2/90	500
WCTV	Westcott Communications, Inc.	1/2/90	1000

### NASDAQ/NMS Pending Additions

The following issues have filed for inclusion in NASDAQ/NMS 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
CIVC	Civic BanCorp	Oakland, CA	200
HINT	Henley International, Inc.	Sugar Land, TX	1000
PILT	Pilot Corporation	Knoxville, TN	1000
PENV	Pinnacle Environmental, Inc.	Salt Lake City, UT	1000
TRCR	TriCare, Inc.	Santa Ana, CA	500

### NASDAQ/NMS Symbol and/or Name Changes

The following changes to the list of NASDAQ/NMS securities occurred since December 12, 1989.

New/Old Symbol	New/Old Security	Date of Change
CLACB/CACCB	Colonial Companies, Inc. (Cl B)/Colonial Life and Accident Insurance Company (Cl B)	12/18/89
FIBI/MHBK	First Inter-Bancorp Inc./Mid-Hudson Savings Bank, F.S.B.	12/21/89
HFED/HFED	HeartFed Financial Corporation/Heart Federal Savings and Loan Association	12/22/89
TRIB/COTG	TriState Bancorp (The)/Cottage Savings Association, F.A.	12/26/89
GATW/GATW	Gateway Federal Savings Bank/Gateway Federal Savings & Loan Association	12/29/89
AKLMZ/AKLMZ	Acclaim Entertainment, Inc. (Series B 8/31/90 Wts)/Acclaim Entertainment, Inc. (Series B 1/30/90 Wts)	1/2/90
CFFS/CFFS	Columbia First Bank, A Federal Savings Bank/Columbia First Federal Savings & Loan Association	1/2/90
HENP/HENG	Henley Properties, Inc. (Cl A)/Henley Group, Inc. (The) (Cl A)	1/2/90
LDMFA/LDMFA	Laidlaw Inc. (Cl A)/Laidlaw Transportation Ltd. (Cl A)	1/2/90
LDMFB/LDMFB	Laidlaw Inc. (Cl B)/Laidlaw Transportation Ltd. (Cl B)	1/2/90
NYCL/NYCL	NYCAL Corporation/Nickel Resources Development Corp.	1/2/90
SWIS/SWIS	St. Ives Laboratories, Inc./St. Ives Laboratories Corporation	1/2/90
HFET/HFET	Home Financial Corporation/Home Federal Savings & Loan Association of Upper East Tennessee	1/3/90
PROSZ/PROS	Prospect Group, Inc. (The)/Prospect Group, Inc. (The)	1/3/90
SUNF/SUNF	SUNF, Inc./Sunstar Foods, Inc.	1/10/90

### NASDAQ/NMS Deletions

Symbol	Security	Date
CBWA	Central Bancorporation	12/12/89
WEIS	Weisfield's, Inc.	12/12/89
HCCI	HCC Industries Inc.	12/13/89
ALGO	Algorex Corporation	12/14/89
AILP	ALPNET, Inc.	12/14/89
CVBF	CVB Financial Corp.	12/14/89
CHMX	Chemex Pharmaceuticals, Inc.	12/14/89
CHMXL	Chemex Pharmaceuticals, Inc. (3/31/94 Wts)	12/14/89
CHMXM	Chemex Pharmaceuticals, Inc. (10/31/94 Wts)	12/14/89
CLSC	Clinical Sciences Inc.	12/14/89
DNNY	Frances Denney Companies, Inc. (The)	12/14/89
HUSB	Home Unity Savings and Loan Association	12/14/89
PRIAQ	PRIAM Corporation	12/14/89

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Symbol	Security	Date
POCI	Ports of Call, Inc.	12/14/89
RENT	Rentrak Corporation	12/14/89
SCFM	Scanforms, Inc.	12/14/89
SVRL	Silvar-Lisco	12/14/89
BILT	MicroBilt Corporation	12/15/89
GPRO	Gen-Probe Incorporated	12/18/89
DMGIF	Dumagami Mines Limited	12/20/89
SFCD	SafeCard Services, Incorporated	12/20/89
STRA	Stratus Computer, Inc.	12/20/89
JJSC	Jefferson Smurfit Corporation	12/22/89
COES	Commodore Environmental Services, Inc.	12/26/89
UFST	Unifast Industries, Inc.	12/26/89
CSESF	Connaught Biosciences, Inc.	12/28/89
FBSI	First Banc Securities, Inc.	12/28/89
FIAMA	First American Bank and Trust (CI A)	12/29/89
FLTIE	Flight International Group, Inc. (The)	12/29/89
YCSL	Yorkridge-Calvert Savings and Loan Association	1/2/90
DUNK	Dunkin' Donuts Incorporated	1/3/90
ELANY	Elan Corporation, plc	1/3/90
RFSB	Reisterstown Federal Savings Bank	1/4/90
WSMCA	WestMarc Communications Inc. (CI A)	1/4/90
AMFLP	American Savings & Loan Association of Florida (Pfd)	1/5/90
MSAI	Management Science America, Inc.	1/8/90
TTCO	Trustcorp, Inc.	1/8/90

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.

February 1990

## Disciplinary Actions Reported for February

The NASD is taking disciplinary actions against the following firms and individuals for violations of the NASD Rules of Fair Practice and securities, laws, and regulations of the rules of the Municipal Securities Rulemaking Board. Unless otherwise indicated, suspensions began with the opening of business on Monday, February 5, 1990. The information relating to matters contained in this notice is current as of the 20th of the month preceding the date of the notice. Information received subsequent to the 20th is not reflected in this publication.

### FIRMS EXPELLED, INDIVIDUALS SANCTIONED

**Advantage Discount Brokerage, Inc.** (Research Triangle Park, North Carolina) and **Clarence Howard Longacre (Registered Principal, Durham, North Carolina)** were fined \$10,000, jointly and severally. Advantage Discount Brokerage was expelled from membership in the NASD, and Longacre was barred from association with any member of the NASD in any capacity. The sanctions were based on findings that the firm, acting through Longacre, failed to file timely FOCUS reports for certain periods, failed to maintain accurate books and records, failed to provide telegraphic notice of net capital deficiencies, and failed to file an amended Form BD with the NASD to note its change of address. Also, the firm, acting through Longacre, failed to respond to the NASD's requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

**American Trust Securities Corporation** (Memphis, Tennessee), **David H. Gwaltney (Registered Principal, Memphis, Tennessee)**, and **Rick J. Saunders (Registered Principal, Collierville, Tennessee)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm was expelled from membership in the NASD, Gwaltney was fined \$20,000 and suspended from association with any member of the NASD in any capacity for two years, and Saunders was fined \$5,000 and suspended from association with any member of the NASD in any capacity for one week. Without admitting or denying the allegations, they consented to the described sanctions and findings that the firm, acting through Gwaltney and Saunders, filed an inaccurate

FOCUS IIA report, failed to keep accurate books and records, conducted a securities business while failing to maintain the required minimum net capital, and failed to file telegraphic notice of its net capital deficiency.

### FIRMS SUSPENDED, INDIVIDUALS SANCTIONED

**Habersheir Securities, Inc. (Atlanta, Georgia)**, **Sharieff Mustakeem (Registered Principal, Atlanta, Georgia)**, and **Raymond R. Hayden n/k/a Raymond R. Khalif (Financial and Operations Principal, Marietta, Georgia)** were fined \$15,000, jointly and severally. The firm was suspended from membership in the NASD for 30 days, and Mustakeem and Khalif were each suspended from association with any member of the NASD in any capacity for 30 days. The sanctions were based on findings that the firm, acting through Mustakeem and Khalif, conducted a securities business while suspended from membership in the NASD.

### FIRMS FINED, INDIVIDUALS SANCTIONED

**1st Capital Assets Group, Inc. (New York, New York)**, **Sarah Rose Speno (Registered Principal, New York, New York)** and **Martin Herdter (Associated Person, East Meadow, New York)**. The firm and Speno were fined \$10,000, jointly and severally, and Speno was barred from association with any member of the NASD in a principal or supervisory capacity. Herdter was fined \$10,000 and barred from association with any member of the NASD in any capacity. 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 12. The sanctions were based on findings that 1st Capital, acting through Speno and Herdter, provided NASD examiners with a falsified checking account statement that reflected a nonexistent cash deposit of \$40,000. The firm, acting through Speno and Herdter, also maintained inaccurate books and records and filed inaccurate FOCUS Part IIA reports.

**First Heritage Corporation (West Bloomfield, Michigan) and Louis Feldman (Registered Principal, Farmington Hills, Michigan)** submitted an Offer of Settlement pursuant to which they were fined \$15,000, jointly and severally. Without admitting or denying the allegations, the firm and Feldman consented to the described sanctions and findings that, in contravention of the NASD's Mark-Up Policy, the firm, acting through Feldman, effected a number of transactions in which it purchased from and sold to public customers, certain municipal securities at prices that were unfair and unreasonable, in violation of Municipal Securities Rulemaking Board rules. Also, the firm, acting through Feldman, placed advertisements in different publications that contained exaggerated, unwarranted, or misleading statements or claims, and omitted material facts and qualifications.

**Premier Capital, Inc. (Charlotte, North Carolina) and Larry Lafayette Brittain (Registered Principal, Charlotte, North Carolina)** submitted an Offer of Settlement pursuant to which they were fined \$10,000, jointly and severally. Without admitting or denying the allegations, the firm and Brittain consented to the described sanctions and findings that, in connection with a contingent offering of limited partnership units, Premier Capital, Inc., acting through Brittain, caused investors' funds to be disbursed from the escrow account prior to the completion of the offering and prior to the approval of the subscription document for the investors; distributed an offering memorandum to investors that contained certain misrepresentations; failed to promptly deposit investors' funds into a bank escrow, trust, or agency account; failed to maintain a record reflecting the dates investors' funds were received and forwarded; failed to have a principal provide evidence in writing of the supervision of transactions and correspondence; failed to maintain fidelity bonding coverage; and filed an inaccurate

Form U-4 for another associated person.

### FIRMS FINED

**Habersheir Securities, Inc. (Atlanta, Georgia)** was fined \$10,000. The sanction was based on findings that Habersheir effected sales of over-the-counter corporate securities to public customers at prices that were unfair. The firm failed to prepare an accurate net capital computation, failed to record in its general ledger, filed inaccurate FOCUS Part I and IIA reports, and filed its annual audited report and FOCUS Part I report late. Also, in contravention of the Board of Governors' Interpretation — Review of Corporate Financing, the firm filed documentation concerning a proposed offering of stock 92 days late.

**Shearson Lehman Hutton, Inc., as successor to E.F. Hutton & Company, Inc. (Washington, D.C.)** submitted an Offer of Settlement 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 employed 40 individuals who made telephone calls to members of the public using prepared scripts for the purpose of soliciting transactions in securities at times when these individuals were not registered with the NASD.

### INDIVIDUALS BARRED OR SUSPENDED

**Allen Douglas Beye (Registered Representative, Pawtucket, Rhode Island)** was fined \$5,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Beye failed to honor an arbitration award amounting to \$24,500.

**John G. Buck (Registered Representative, Williamsburg, Virginia)** was fined \$15,000 and barred from association with any member of the NASD in any capacity. 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 Buck obtained checks totalling \$4,189.27, payable to public customers, forged endorsements on the checks, and deposited the proceeds into his personal bank account.

**Robert Oren Crawford (Registered Representative, Tulsa, Oklahoma)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$15,000 and barred from as-

sociation with any member of the NASD in any capacity. Without admitting or denying the allegations, Crawford consented to the described sanctions and findings that he received a customer's check for \$4,054.01 with instructions to make an investment. Instead, Crawford converted the funds to his own use and benefit.

**Allen P. Davis (Registered Representative, Ocean Springs, Mississippi)** 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, Davis consented to the described sanctions and findings that he purchased securities for a public customer without the customer's authorization, exercised discretion in a customer's account without obtaining written authorization from the customer and without the account being accepted as discretionary by his member firm, prepared fictitious order tickets, improperly shared in a customer's account by giving the customer \$2,000 to cover losses in the account, and engaged in private securities transactions without prior notification to his member firm.

**Kevin Scott Deadrick (Registered Representative, Roanoke, Virginia)** was fined \$10,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Deadrick received funds totalling \$1,500 from a public customer and converted the funds to his own use and benefit. Deadrick forged the signature of an insurance agent on letters sent to customers that contained false and misleading information. He also failed to disclose certain information regarding their insurance policy to the same customers.

**Joseph R. Goydish (Registered Representative, Gainesville, Georgia)** 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 10 business days. Without admitting or denying the allegations, Goydish consented to the described sanctions and findings that he effected nine securities transactions in the accounts of four customers without the customers' knowledge or consent. Goydish also altered customer addresses on his member firm's records to conceal his activities.

**Michael E. Hart (Registered Representa-**

**tive, Hunt Valley, Maryland)** was fined \$15,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Hart engaged in private securities transactions in the sale of limited partnership units to two public customers without providing written notice to his member firm. Also, Hart failed to respond to the NASD's requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

**Gerald N. Huggins (Registered Representative, Ft. Walton Beach, FL)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$50,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Huggins consented to the described sanctions and findings that he received funds totalling \$80,680 from 11 customers, intended for investment in life insurance policies and deposited the funds into an insurance-agency checking account that he maintained. He forwarded only \$30,065 to the insurance company affiliate of his member firm and converted the remaining \$50,615 to his own use and benefit.

**Randall S. Jenkins (Direct Participation Programs Principal, Mt. Airy, Maryland)** was fined \$5,000, jointly and severally with a member firm, and suspended from association with any member of the NASD in any capacity for two (2) years. The sanctions were based on findings that a member firm, acting through Jenkins, engaged in securities transactions while failing to maintain the required minimum net capital, failed to maintain accurate books and records, failed to file monthly trial balances and net capital computations in accordance with its restrictive agreement, and filed inaccurate FOCUS IIA reports for certain periods. In connection with an all-or-none private placement offering the member firm, acting through Jenkins, disbursed funds from the escrow account before all the units were sold. In addition, the offering memorandum did not disclose that sales of units could be made to creditors of the limited partnership when, in fact, sales were made to creditors in exchange for cancellation of indebtedness. The offering memorandum also did not indicate that units could be financed by a guarantee of payment by the general partner. The firm, acting through Jenkins, failed to respond to the NASD's requests for information, made pursuant to Article

IV, Section 5 of the Rules of Fair Practice.

**Kevin Allan Johnson (Registered Representative, Portland, Oregon)** was fined \$1,000 and suspended from association with any member of the NASD in a principal capacity for one year. The sanctions were based on findings that Johnson obtained a commission check for \$219 made payable to a former representative of his member firm. Instead of forwarding the check, he attempted to negotiate the check for his own use and benefit.

**Mark T. Kerrigan (Registered Representative, Gaithersburg, Maryland)** was fined \$50,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Kerrigan effected unauthorized trades in the accounts of customers and failed to execute trades for the accounts of customers in accordance with their instructions. Also, he failed to respond to the NASD's requests for information, made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

**Michael Walter Laser (Registered Representative, Union, Kentucky)** was fined \$7,500 and barred from association with any member of the NASD in any capacity. 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 9. The sanctions were based on findings that Laser received from a public customer three checks, totaling \$8,725, for the purchase of insurance products. He failed to follow the customer's instructions and instead deposited the funds into his personal checking account without the customer's knowledge or consent.

**Calvin D. Lawhorn (Registered Representative, Montgomery, Alabama)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$2,000 and suspended from association with any member of the NASD in any capacity for one business day. Without admitting or denying the allegations, Lawhorn consented to the described sanctions and findings that he submitted an inaccurate Form U-4 application by failing to disclose a misdemeanor conviction and a felony charge.

**Joseph Miyamoto, Jr. (Registered Principal, Arvada, Colorado)** was fined \$3,000 and suspended from association with any member of the NASD in any capacity for seven days and in a principal capacity for one year. The sanctions were

based on findings that Miyamoto continually raised the quoted price of certain securities in a quotation service and in telephone quotes to other dealers without regard to the demand for the securities. In addition, Miyamoto effected a sale of common stock through another broker-dealer at a higher price than the real market price of those securities, which caused the price of the securities to rise and created the appearance that there was active trading in the securities. He also confirmed trades to customers as agency trades and charged commissions while failing to disclose the amount of markup or markdown, thus concealing the profit on those transactions. Miyamoto designated these transactions as agency trades, when in actuality they were principal trades, thereby failing to keep accurate books and records of these transactions. In addition, he conducted a securities business while failing to maintain the required minimum net capital.

**Vernal J. Shipley (Financial and Operations Principal, Phoenix, Arizona)** was fined \$1,000, jointly and severally with a member firm, and suspended from association with any member of the NASD as a financial and operations principal for one year and required to requalify by examination before acting in that capacity. The sanctions were based on findings that a member firm, acting through Shipley, conducted a securities business while failing to maintain the minimum required net capital. Also, Shipley failed to respond to the NASD's request for information, made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

**Danny R. Shobe (Registered Representative, Golden, Colorado)** was fined \$5,000 and suspended from association with any member of the NASD in any capacity for one year. The sanctions were based on findings that Shobe purchased shares of common stock in his personal securities account maintained at his member firm and failed to pay for the purchase. Also, Shobe effected transactions in the account of his mother and sister, an account in which he had a beneficial interest, without disclosing the true beneficial ownership of the account to his member firm.

**Walter M. Stucker (Registered Representative, Memphis, Tennessee)** 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 two weeks. Without admitting or denying the allegations, Stucker consented to the described sanctions and findings that he exercised discretion in the accounts of three customers without obtaining prior authorization from the customers and without having the accounts accepted as discretionary by his member firm.

**Joseph Franklin Thurmond (Registered Representative, Burlington, Washington)** submitted an Offer of Settlement 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, Thurmond consented to the described sanctions and findings that he accepted checks totalling \$20,000 from a customer for payment on an insurance policy. Instead of depositing the checks as instructed, he endorsed and deposited the checks into the account of his own corporation.

**John J. Tommeraas (Registered Representative, Thibodeaux, Louisiana)** 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, Tommeraas consented to the described sanctions and findings that he received a \$3,000 check for the purchase of mutual fund shares and failed to execute the transaction on a timely basis. Tommeraas induced a customer to lend him \$3,500 by promising to pay a high rate of interest, did not inform the customer of his true financial condition, and ultimately Tommeraas did not make full repayment of the loan.

**Robert Torregrossa (Associated Person, Denver Colorado)** was fined \$25,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Torregrossa misused funds of his member firm by causing fake wire transfers of money to be credited to his personal securities account and by entering false transactions in the account. He used the proceeds created in the account to purchase additional securities and to disburse checks to himself. Also, Torregrossa created false entries in the books and records of his member firm.

**Hugo E. Urrea (Registered Representative, Metairie, Louisiana)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$5,000, suspended from association with any member of the NASD in any capacity for one

week, and must requalify by examination as a general securities representative. Without admitting or denying the allegations, Urrea consented to the described sanctions and findings that he failed to comply with a customer's instructions and engaged in an unauthorized trade. He also signed a customer's name to a margin agreement.

**John Frank Walther (Registered Representative, Tampa, Florida)** was fined \$10,000 and barred from association with any member of the NASD in any capacity. 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 7. The sanctions were based on findings that Walther accepted \$13,000 from a customer for investment purposes and, instead of following the customer's instructions, Walther deposited the funds into his personal checking account for approximately three years.

**Thomas R. Warren (Financial Principal, Salt Lake City, Utah)** was fined \$2,000, jointly and severally with his member firm, and suspended from association with any member of the NASD as a financial principal for two years. The sanctions were based on findings that a member firm, acting through Warren, conducted a securities business while failing to maintain the required minimum net capital.

#### FIRMS SUSPENDED

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

**Cimmaron Securities Corporation**, Valley, Washington (January 9, 1990)

**Hayes Brothers, Inc.**, Stratton Mountain, Vermont (January 9, 1990)

**PDS Securities International, Inc.**, Chicago, Illinois (January 9, 1990)

**P.B. Jameson & Co., Inc.**, Salt Lake City,

Utah (January 3, 1990)

**FIRMS EXPELLED FOR FAILURE  
TO PAY FINES AND COSTS  
IN CONNECTION WITH VIOLATIONS**

Dana Ventures, Inc., Dallas, Texas  
Structured Shelters Securities, Inc.,  
Dayton, Ohio  
Warren & Brown Associates, Inc., Salt Lake  
City, Utah

**INDIVIDUALS WHOSE REGISTRATIONS WERE  
REVOKED FOR FAILURE TO PAY FINES AND  
COSTS IN CONNECTION WITH VIOLATIONS**

Gandy L. Baugh, Little Rock, Arkansas  
Barton Bereck, New City, New York  
John A. Bonham, Montgomery, Alabama  
Jason A. Broadwell, Anchorage, Alaska  
Donald A. Capron, San Francisco, California  
Mark A. Clark, Mabelvale, Arkansas  
Donald G. Conner, Norcross, Georgia

Charles Cristo, Brooklyn, New York  
Donald G. Fitzpatrick, Valencia, California  
David E. Flannigan, St. Louis, Missouri  
Jill M. Gaschler, Aurora, Colorado  
Barbara L. Gotsopoulos, Hollywood, Florida  
Thomas A. Graham, Strongsville, Ohio  
Emzie Huletty Jr., Flint, Michigan  
Robert T. Killen, Lake Elsinore, California  
Robert K. Knickerbocker, Dallas, Texas  
F. Lin Lawrence, Jr., Memphis, Tennessee  
Patrick H. O'Donnell, Randolph, New Jersey  
John A. Plumb, Jr., St. Anne, Missouri  
Vincent G. Puccio, Brooklyn, New York  
Ross Raymond, II, Katy, Texas  
William A. Roberts, Pine Bluff, Arkansas  
Virgil A. Slay, Dallas, Texas  
Freddy B. Smith, Dayton, Ohio  
Michael A. Stapp, San Antonio, Texas  
Thomas M. Svalberg, Denver, Colorado  
James B. Talman Jr., Denver, Colorado  
Hubert E. Young, Sherwood, Arkansas

# For Your Information

National Association of Securities Dealers, Inc.

February 1990

## States Increase Agent, Broker-Dealer Fees; Address Change in Minnesota

Effective January 1, 1990, three state securities commissions increased their agent and broker-dealer fees. The changes are:

■ **Idaho** — Agent registration and transfer fee increased to \$20. Broker-dealer registration fee increased to \$100.

■ **Illinois** — Agent registration and transfer fee increased to \$40. Broker-dealer registration fee increased to \$300.

■ **Kansas** — Agent registration and transfer fee increased to \$25.

In addition, the Minnesota securities commission changed its address effective January 1, 1990. The new address is 133 East Seventh Street, St. Paul, Minnesota 55101.

If you have questions regarding these changes, contact NASD Information Services at (301) 590-6500.

## Series 7 Examination Sites and Dates Change

### February Series 7 Date Change

Because of the national holiday that falls on the third weekend, the February third Saturday Series 7 examination session will be conducted February 10, 1990, at all locations except:

Atlanta, Georgia  
Minneapolis, Minnesota  
Little Rock, Arkansas

The locations listed above will administer the examination February 24, 1990.

### Series 7 Test Site Changes

The February 24, 1990, Series 7 examination in Atlanta will be held at the Atlanta Airport Marriott, 4711 Best Rd., College Park, GA. The March 17, 1990, Series 7 examination will be held at Sheraton Century Hotel, 2000 Century Boulevard, Atlanta, GA.

The February 10, 1990, Series 7 examination in Indianapolis, Indiana, will be held at Indiana University School of Dentistry, Room 114, 1121 West Michigan Street, Indianapolis, IN.

The February 10, 1990, and March 17, 1990, Series 7 examination in Washington, D.C., will be held at the Gaithersburg Holiday Inn, 2 Montgomery Village Ave., Gaithersburg, MD.

### Temporary First Saturday Site Change

The first Saturday test site in Loudonville, New York, will be located at Siena College, Siena Hall, Loudonville, NY. The change will be effective March 3, 1990, and will continue through July 7, 1990.

For further information about examinations, locations, or dates, call NASD Information Services at (301) 590-6500.

# Notice To Members

National Association of Securities Dealers, Inc.

February 21, 1990 — Supplement

## Number 90 - 9

### Suggested Routing:\*

- |   |  |  |   |
|---|--|--|---|
| <input checked="" type="checkbox"/> Senior Management | <input type="checkbox"/> Internal Audit                | <input checked="" type="checkbox"/> Operations | <input type="checkbox"/> Syndicate          |
| <input type="checkbox"/> Corporate Finance            | <input checked="" type="checkbox"/> Legal & Compliance | <input type="checkbox"/> Options               | <input checked="" type="checkbox"/> Systems |
| <input type="checkbox"/> Government Securities        | <input type="checkbox"/> Municipal                     | <input type="checkbox"/> Registration          | <input checked="" type="checkbox"/> Trading |
| <input type="checkbox"/> Institutional                | <input type="checkbox"/> Mutual Fund                   | <input type="checkbox"/> Research              | <input type="checkbox"/> Training           |

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

### Subject: Mandatory Participation by Self-Clearing Firms in the Automated Confirmation Transaction (ACT) Service Begins March 1, 1990

Participation in NASDAQ's Automated Confirmation Transaction (ACT) Service, which has been approved by the Securities and Exchange Commission, will become mandatory on March 1, 1990, for all self-clearing firms that are direct members of a registered clearing corporation. The service is designed to shorten the comparison cycle for telephone-negotiated trades in NASDAQ securities that are eligible for comparison processing through registered clearing corporations.

To participate in ACT, NASD members, with one exception, need NASDAQ-compatible equipment. The NASD Board has authorized, subject to filing with and approval by the SEC, the establishment of an ACT Service Desk to assist firms that do not have NASDAQ equipment and that have five or fewer NASDAQ trades per day, on average, per calendar quarter. The monthly cost will be \$50 for each participant in addition to normal ACT charges.

#### BACKGROUND AND EXPLANATION

*Notice to Members 89-76*, which was circulated to the membership in December 1989, said that the NASD had developed an SEC-approved post-execution service (i.e., ACT) that reduces transaction risk and improves trade-processing efficiency. ACT locks in the post-execution steps

for telephone-negotiated, street-side trades. These steps include transaction reporting for NASDAQ National Market System (NASDAQ/NMS) securities and the comparison and reporting of ACT-compared trades as "locked-in" to registered clearing corporations for all NASDAQ securities. The clearing corporations will report ACT trades to their members on their contract sheets the day after the trades have been compared.

ACT has been in a pilot phase since August 30, 1989, when five members began using the system with test securities. Currently, 25 members, of which five are computer-to-computer interface, are using the system, and all NASDAQ securities are included.

The NASD, in conjunction with *Notice to Members 89-76*, notified all members that receive NASDAQ Level 2/3 service and were direct-clearing participants of a registered clearing corporation of their responsibilities with respect to a mandatory implementation of ACT. Specifically, the NASD sent a letter along with contracts and a self-tutorial training program on a floppy disk to these members. These contracts, if they have not already been returned to the NASD's Member & Market Data Services Section, 9513 Key West Avenue, Rockville, Maryland 20850-3389, should be completed and returned as soon as possible. A member's participation in ACT cannot begin until

its contract has been duly executed and returned to the NASD. If you have not received an ACT contract, you should contact Subscriber Services at (301) 948-6162.

Those NASD members meeting the previously mentioned criteria and averaging less than five interdealer transactions per day on a calendar quarter may use an ACT Service Desk alternative participation once it becomes effective. The NASD Board of Governors approved the ACT Service

Desk in January 1990.

The current SEC-approved fees, which were detailed in a letter sent to all self-clearing firms with NASDAQ-compatible equipment, are now under review, and it is likely that these fees will be reduced.

For additional information concerning the ACT Service, call Donald Catapano or Rodney Dawson at (212) 858-4353.