NASD

Notice To Members

National Association of Securities Dealers, Inc. February 1991

Number 91-15

Suggested Routing:*

_ Senior Management	✓ Internal Audit	✓ Operations	_ Syndicate
_ Corporate Finance	_ Legal & Compliance	_ Options	✓ Systems
_ Government Securities	_ Municipal	_ Registration	✓ Trading
_ Institutional	_ Mutual Fund	_ Research	_ 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, 1991

As of January 11, 1991, the following 11 issues joined Nasdaq/NMS, bringing the total number of issues to 2,573:

Symbol	Company	Entry Date	SOES Execution Level
FBII	First Bancorp Indiana, Inc.	12/13/90	500
CATY	Cathay Bancorp, Inc.	12/14/90	1000
CARE	Care Group, Inc. (The)	12/18/90	500
CAREW	Care Group, Inc. (The)(Wts)	12/18/90	500
HRMI	Health Risk Management, Inc.	12/19/90	1000
INFS	In Focus Systems, Inc.	12/20/90	500
NSBI	N.S. Bancorp, Inc.	12/20/90	1000
TBAC	Tandy Brands Accessories, Inc.	12/31/90	1000
BNTN	Benton Oil and Gas Company	1/2/91	1000
HCCO	Hector Communications Corporation	1/2/91	500
NYCVA	NYCOR, Inc. (Cl A)(WI)	1/3/91	1000

Nasdaq/NMS Symbol and/or Name Changes

The following changes to the list of Nasdaq/NMS securities occurred since December 12, 1990:

New/Old Symbol	New/Old Security	Date of Change
ANDY/ANDY	Andros Incorporated/Andros Analyzers Inc.	12/12/90
APPN/APPN	Appian Technology Inc./Zymos Corporation	12/21/90
FTSC/FTSC	First Savings Bank, F.S.B. (The)/First Federal Savings and Loan Association of South Carolina	12/24/90
SNFCA/SNLFA	Security National Financial Corp. (Cl A)/SNL Financial Corp. (Cl A)	12/31/90
SMMT/SMMT	Summit Savings Bank/Summit Savings Association	12/31/90
BPOP/BDEP	BanPonce Corporation/Banco Popular de Puerto Rico	1/2/91

New/Old Symbol	New/Old Security	Date of Change
GBCI/FFSM	Glacier Bancorp, Inc./First Federal Savings Bank of Montana	1/2/91

Nasdaq/NMS Deletions

Symbol	Security	Date
SMNA	Samna Corporation	12/12/90
CARS	URCARCO, INC.	12/19/90
XCOL	Exploration Company of Louisiana, Inc. (The)	12/21/90
FNNIC	Financial News Network, Inc.	12/21/90
BARD	Barden Corporation (The)	12/24/90
EMPR	Empire Financial Corp.	12/24/90
FCRES	First Continental Real Estate Investment Trust	12/24/90
HEII	HEI, Inc.	12/24/90
INTE	Intech Incorporated	12/24/90
JRMX	JRM Holding, Inc.	12/24/90
LEXP	Lexington Precision Corporation	12/24/90
MRET	Meret, Inc.	12/24/90
MRMK	Merrimack Bancorp, Inc.	12/24/90
MMSB	Mid Maine Savings Bank, F.S.B.	12/24/90
NGFCF	Nevada Goldfields Corporation	12/24/90
WTBK	Westerbeke Corporation	12/24/90
XSCR	Xscribe Corporation	12/24/90
TOBK	Tolland Bank	12/27/90
TCRD	Telecredit, Inc.	12/31/90
LCBI	Landmark/Community Bancorp, Inc.	1/2/91
MFFC	Mayflower Financial Corporation	1/2/91
NOHL	North Hills Electronics, Inc.	1/3/91
RONCC	Ronson Corporation	1/9/91
DRRC	Doctors Rehabilitation Corporation of America	1/11/91

Questions regarding this notice should be directed to Kit Milholland, Senior Analyst, Market Listing Qualifications, 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.

NASD

Disciplinary Actions

National Association of Securities Dealers, Inc. February 1991

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, securities laws, rules, and regulations, and the rules of the Municipal Securities Rulemaking Board. Unless otherwise indicated, suspensions began with the opening of business on Monday, February 4, 1991. 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

Baycrest Financial (Huntington Beach, California) and **Russell Edward Glines (Registered Principal, Newport Beach, California).**

The firm was expelled from membership in the NASD, and Glines was fined $84,719.94 and suspended from association with any member of the NASD in a principal capacity for two years. In addition, he must requalify by examination as a general securities representative. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the District Business Conduct Committee for District 2. The sanctions were based on findings that the firm, acting through Glines, charged public customers unfair prices in contravention of the Board Of Governors' Interpretation with respect to the NASD Mark-Up Policy. The excessive markups ranged from 11.1 to 92.3 percent above the firm's contemporaneous costs. In addition, the firm, acting through Glines failed to make, keep current, or preserve order tickets for purchases or sales of stock.

Diversified Income Investments, Inc. (Stuart, Florida) and **Donald James Bruning (Registered Principal, Palm City, Florida)** were fined $20,000, jointly and severally. The firm was expelled from membership in the NASD, and Bruning was barred from association with any member of the NASD in any capacity. The sanctions were based on findings that the firm, acting through Bruning, failed to respond to NASD requests for information.

Tri-Bradley Investments, Inc. (Englewood, Colorado), The Oxford Group, Inc. (Colorado Springs, Colorado), Brennan Ross Securities, Inc. (Englewood, Colorado), John E. Bradley (Registered Principal, Englewood, Colorado), Gregory D. Writer, Jr. (Registered Principal, Colorado Springs, Colorado), Garold Neal McGaugh (Registered Principal, Colorado Springs, Colorado), Dennis E. Evanson, Sr. (Registered Representative, Colorado Springs, Colorado), Jackie D. Pevey (Registered Principal, Irvine, California), Michael D. Pittman (Registered Principal, Aurora, Colorado), and **Stephen M. Kerr (Associated Person, Denver, Colorado)** submitted an Offer of Settlement pursuant to which Tri-Bradley was fined $20,000 and expelled from membership in the NASD, The Oxford Group and Brennan Ross were each fined $20,000 and ordered to withdraw from membership in the NASD, and John Bradley was fined $15,000 and barred from association with any member of the NASD in any capacity.

In addition, Writer was fined $200,000 and barred from association with any member of the NASD in any capacity; McGaugh and Evanson were each fined $5,000, suspended from association with any member of the NASD in any capacity for nine months and required to requalify by examination as principals; and Pevey was fined $20,000, suspended from association with any member of the NASD in any capacity for one year and required to requalify by examination as a principal.

Also, Pittman was fined $10,000, suspended from association with any member of the NASD in any capacity for 15 days, and prohibited for five years from trading for a member of the NASD a class of securities not previously issued to the public through a registration statement or under an exemption from registration; and Kerr was fined $125,000 and barred from association with any member of the NASD in any capacity.

Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that Writer and Kerr, aided and abetted by Tri-Bradley, Bradley, Brennan Ross, and Pevey, created and implemented a scheme to manipulate a stock so that they could sell shares of the stock acquired by them at a substantial profit.

The NASD found that Writer, McGaugh, Evanson, Tri-Bradley, Oxford, Kerr, Brennan Ross, and Pevey sold unregistered securities to public customers. Furthermore, the findings stated that Writer, McGaugh, Evanson and Tri-Bradley, acting through Bradley, Oxford, Kerr, Brennan Ross, and Pevey, sold securities to public customers and failed to inform the customers of certain material facts. In addition, the findings stated that Writer, McGaugh, Evanson, Pevey, and Kerr participated in private securities transactions without providing prior written notice to their member firms.

Also, the NASD found that Tri-Bradley, operating through Bradley, and Brennan Ross, operating through Pevey, failed to establish, maintain, and enforce written supervisory procedures regarding the activities of Writer, McGaugh, Evanson, and Kerr. Furthermore, the NASD determined that Writer made false, inaccurate, and misleading statements to the NASD concerning his involvement in the aforementioned stock manipulation. According to the findings, Tri-Bradley and Bradley took shares of stock from Writer as an incentive or reward for making a market in the stock, and Brennan Ross, Pevey, and Pittman were given shares of the stock as an incentive for causing Brennan Ross to make a market in the stock but failed to record the transactions on the books and records of Brennan Ross.

Tri-Bradley Investments, Inc. (Englewood, Colorado) and **Mary Frances Mernah (Registered Principal, Denver, Colorado)** submitted an Offer of Settlement pursuant to which the firm was fined $118,000 and expelled from membership in the NASD. Mernah was fined $10,000 and suspended from association with any member of the NASD in any capacity for three months. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Mernah, effected, as principal for its own account, over-the-counter sales of corporate securities to public customers at prices that were not fair. In addition, the findings stated that Tri-Bradley failed to provide the NASD with requested data.

Tri-Bradley Investments, Inc. (Englewood, Colorado) and **John E. Bradley (Registered Principal, Englewood, Colorado)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm was fined $50,000 and expelled from membership in the NASD and Bradley was fined $25,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm and Bradley sold unregistered securities to public customers and aided and abetted nonregistered individuals to induce the sale of securities to public customers through the use of false representations of material facts.

FIRMS SUSPENDED

Asset Management Securities Corporation (Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm was fined $2,500 and suspended from conducting a municipal securities business for 30 days. Without admitting or denying the allegations, Asset Management consented to the described sanctions and to the entry of findings that it failed to maintain a supervisory system appropriate to its business and appropriate written supervisory procedures. In addition, the NASD found that the firm effected transactions in municipal securities while failing to have a qualified registered municipal securities principal.

FIRMS SUSPENDED, INDIVIDUALS SANCTIONED

Osborne, Stern & Company, Inc. (Los Angeles, California) and **Douglas Wayne Osborne, Sr. (Registered Principal, Venice, California)** were fined $270,454, jointly and severally. The firm was suspended from operating as a broker-dealer for 90 days, and Douglas Osborne was suspended from association with any member of the NASD in any capacity for 90 days. The NASD's Board of Governors imposed the sanctions following an appeal of a decision by the District Business Conduct Committee for District 2. The sanctions were based on findings that the firm, acting through Osborne, charged retail customers prices that were unfair in contravention of the Board of Governors' Interpretation with respect to the NASD Mark-Up Policy. The excessive markups ranged from 32.58 to 191.67 percent above the firm's contemporaneous cost. In addition, the firm, in contravention of its restrictive agreement with the NASD, commenced trading for its own account by effecting numerous transactions as principal.

Parker Jameson Investment Bankers, Inc. (Boca Raton, Florida) and **Mark S. Creamer (Registered Principal, Coconut Creek, Florida).** The firm was fined $25,000 and suspended from effecting principal transactions with customers, except unsolicited customer liquidations for five business days. Creamer was fined $2,500 and suspended from association with any member of the NASD in any capacity for five business days. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the District Business Conduct Committee for District 7. The sanctions were based on findings that the firm, acting through Creamer, failed to comply with the NASD's Mark-Up Policy by effecting 83 transactions in corporate securities as principal with retail customers at prices that were unfair. The markups ranged from 40 to 527 percent above the prevailing market price.

VSR Financial Services, Inc. (Leawood, Kansas) and **Donald Joseph Beary (Registered Principal, Overland Park, Kansas)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which they were fined $10,000, jointly and severally, and VSR was suspended from initiating any offering in which the firm would act directly or indirectly as a managing underwriter for 45 days. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that, in connection with a best-efforts, part-or-none offering, VSR, acting through Beary, represented to purchasers of units of the limited partnership that the consideration paid would be refunded if the minimum amount of securities were not sold by a specified date. Furthermore, the findings stated that when these securities were not sold by the specified date, the investors were not refunded the amount paid. In addition, the NASD found that the firm, acting through Beary, failed to disclose in a private placement memorandum for the offering that the general partner had filed a petition in U.S. Bankruptcy Court for a business with substantially similar or identical purposes to the one proposed by the offering document.

FIRMS FINED

Piper, Jaffray & Hopwood, Inc. (Minneapolis, Minnesota) submitted an Offer of Settlement pursuant to which it was 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 reasonably review or monitor the sales activities of one of its registered representatives in order to detect unsuitable transactions in customer accounts.

FIRMS FINED, INDIVIDUALS SANCTIONED

F.B. Horner & Associates, Inc. (New York, New York and **Fred B. Horner (Registered Principal, New York, New York)** were fined $99,201.20, jointly and severally. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the District Business Conduct Committee for District 10. The sanctions were based on findings that the firm, acting through Horner, made two sales of zero coupon bonds to an institutional customer at prices that were unfair. The excessive markups on the transactions were 8.09 and 6.91 percent above the prevailing market price.

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

H.T. Fletcher Securities Incorporated (Englewood, Colorado) and **George Louis Gore, Jr. (Registered Principal, Castelrock, Colorado)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which they were fined $40,000, 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 Gore, sold securities to public customers at excessive prices with markups ranging from 10.53 to 25.71 percent above the prevailing market price.

INDIVIDUALS BARRED OR SUSPENDED

Norman Washington Aiken (Registered Representative, Spring Valley, New York) was fined $40,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Aiken received from a public customer funds totaling $2,647.50 that represented premium payments for insurance policies. Aiken failed to deposit these monies with his member firm and instead, converted the funds to his own use and benefit. In addition, Aiken failed to respond to NASD requests for information.

Ronald E. Anderson (Registered Representative, Bloomington, Minnesota) 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 by the District Business Conduct Committee for District 8. The sanctions were based on findings that Anderson received funds totaling $12,797.37 from public customers for investment purposes. He failed to follow the customers' instructions and, instead, deposited the funds in an account in which he had a beneficial interest and used the funds for his personal benefit.

Lynn Aude (Registered Representative, Green Bay, Wisconsin) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $25,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Aude consented to the described sanctions and to the entry of findings that he caused loans totaling $17,060 to be made against the insurance policies of public customers without their knowledge or consent. Furthermore, the findings stated that he endorsed the policyholders' names to checks and retained the funds for his personal use and benefit.

Larry E. Ball (Registered Principal, Indianapolis, Indiana) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $25,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Ball consented to the described sanctions and to the entry of findings that he accepted three checks totaling $25,000 from a public customer with instructions to purchase securities. The NASD found that he failed to follow the customer's instructions and used the funds for his personal benefit. Also, the NASD determined that Ball prepared and delivered to the same customer a document that purported to be an account statement showing the customer's investment when the customer did not actually have such an account, nor had the customer's funds been invested.

Jeffry A. Bander (Registered Representative, Indialantic, Florida) was fined $25,000 and suspended from association with any member of the NASD in any capacity for 30 days. The sanctions were based on findings that Bander purchased shares of stock for the securities account of public customers without the knowledge or consent of the customers.

Jay H. Block (Registered Principal, Littleton, Colorado) was fined $7,500 and suspended from association with any member of the NASD in any capacity for two years. The sanctions were based on findings that Block failed to respond to NASD requests for information regarding a customer complaint.

Daniel Anthony Borzoni (Registered Representative, San Diego, California) was fined $15,000, suspended from association with any member of the NASD in any capacity for 90 days, and required to requalify by examination. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the District Business Conduct Committee for District 2. The sanctions were based on findings that Borzoni received cash totaling $3,820 from public customers for the purchase of securities without giving prior written notification to his member firm. In addition, he failed to follow a customer's instructions to sell shares of a security.

Judah Burstyn (Registered Representative, Miami Beach, Florida) 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, Burstyn consented to the described sanctions and to the entry of findings that he caused his member firm to issue and deliver to him three checks payable to two customers. In addition, the findings stated Burstyn represented that he would deliver the checks to the customers, but that he instead converted the funds from two of the checks totaling $11,529.17 to his own use and benefit.

Raymond A. Clarke (Registered Representative, Montclair, New Jersey) submitted an Offer of Settlement pursuant to which he was fined $10,000, suspended from association with any member of the NASD in any capacity for six months, and required to requalify by examination as a general securities representative. Without admitting or denying the allegations, Clarke consented to the described sanctions and to the entry of findings that he engaged in securities transactions with public customers and failed to provide prior written notice to his member firm.

Edward J. Clayton, Jr. (Registered Representative, Logansport, Indiana) submitted an Offer of Settlement pursuant to which he was fined $25,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Clayton consented to the described sanctions and to the entry of findings that he received funds totaling $208,797.11 from public customers with instructions to use the funds to purchase securities. Furthermore, the findings stated that Clayton failed to follow the customers' instructions, and retained the funds for his personal benefit. He also failed to respond to NASD requests for information.

William Francis Conran, III (Registered Representative, Locust Valley, New York) was fined $15,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Conran failed to respond to NASD requests for information concerning his termination from a member firm.

John William Couick, Jr. (Registered Representative, Greensboro, North Carolina) was fined $35,000 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 by the District Business Conduct Committee for District 9. The sanctions were based on findings that Couick received checks totaling $14,786.84 from public customers and misappropriated the funds for his own use and benefit. Also, he failed to respond to NASD requests for information.

Lonnie G. Eldridge (Registered Representative, Alamogordo, New Mexico) was fined $25,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Eldridge induced a public customer to invest monies for the purported purchase of a mutual fund. Eldridge failed to invest the customer's funds and, instead, converted the funds to his own use. He also failed to respond to NASD requests for information.

Dennis E. Evanson, Sr. (Registered Representative, Colorado Springs, Colorado) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $30,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Evanson consented to the described sanctions and to the entry of findings that he aided and abetted nonregistered individuals in inducing a public investor to purchase a security through the use of false representations of material facts.

David Alan Gingras (Registered Representative, Wallingford, Pennsylvania) was fined $45,000 and suspended from association with any member of the NASD in any capacity for six months. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the District Business Conduct Committee for District 10. The sanctions were based on findings that Gingras executed transactions in customer accounts that were short-term and excessive without having reasonable grounds for believing that the transactions were suitable considering the customers' financial situations and investment objectives. Gingras also issued a guarantee against loss to a customer concerning the value of her account.

Paul J. Herzwurm (Registered Representative, Atlanta, Georgia) was fined $12,500 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Herzwurm failed to honor a $2,000 arbitration award. Also, he did not disclose on his application for securities industry registration (Form U-4) that there was an unsatisfied arbitration award against him and that he was the subject of an NASD investigation regarding his failure to pay the award.

Richard Spencer Hoffman (Registered Representative, Aurora, Colorado) was fined $10,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Hoffman failed to honor an $11,902.67 arbitration award.

Merlin J. Hoving (Registered Representative, Lakewood, Colorado) was fined

$5,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Hoving failed to honor a $2,500 arbitration award.

Drew S. Hyde (Registered Representative, Las Vegas, Nevada) submitted an Offer of Settlement pursuant to which he was fined $1,000 and suspended from association with any member of the NASD in any capacity for one business day. Without admitting or denying the allegations, Hyde consented to the described sanctions and to the entry of findings that, in connection with the sales of shares of warrants to a customer, Hyde utilized in his presentation sales materials that contained material misstatements and/or omissions. In addition, the findings stated that Hyde failed to amend his Uniform Application for Securities Industry Registration (Form U-4) to indicate that he was the subject of a proceeding filed by the NASD.

Rodney D. Johnson (Registered Representative, Roscoe, Illinois) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $5,500 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Johnson consented to the described sanctions and to the entry of findings that he obtained two checks totaling $264.60 that represented the surrender of cash values on two insurance policies of a public customer. The findings stated that, without the customer's knowledge or consent, Johnson retained the funds for his personal use and benefit. In addition, the NASD found that he obtained a check for $198.36 that represented a loan on a public customer's insurance policy, used a portion of the funds to purchase another insurance policy for the customer, and retained the remaining $105.56 for his own benefit. The NASD also determined that Johnson, without a customer's knowledge or consent, submitted a new insurance policy application for the customer with a $54 prepayment. The NASD found that Johnson later caused the issuance of a $54 check that represented a loan on another policy owned by the same customer and retained the funds for his personal benefit.

William Larry Keene (Registered Representative, Austin, Texas) was fined $15,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Keene failed to honor a $4,920.28 arbitration award.

John Brandon Keller (Registered Representative, Garfield, New Jersey) was fined $15,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Keller failed to respond to NASD requests for information.

John Raymond Kelly (Registered Representative, Skokie, Illinois) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $150,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Kelly consented to the described sanctions and to the entry of findings that he accepted funds totaling $193,762.56 from public customers with instructions to deposit the funds in a money market account and to purchase interests in limited partnerships. The NASD found that Kelly failed to follow the customers' instructions and, instead, retained $153,407 of the funds for his personal benefit.

Joseph Richard Kubancik (Registered Representative, Orlando, Florida) submitted an Offer of Settlement pursuant to which he was fined $1,000 and suspended from association with any member of the NASD in any capacity for three business days. Without admitting or denying the allegations, Kubancik consented to the described sanctions and to the entry of findings that he induced public customers to purchase common stock and refrain from selling the shares by guaranteeing that he would purchase the stock without a loss to the customers if the price fell below a certain price or if certain news regarding the issuer did not materialize. The findings also stated that Kubancik shared in the losses of public customers by purchasing at their cost securities that had decreased in value.

Thomas J. Larner (Registered Principal, Westland, Michigan) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $2,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Larner consented to the described sanctions and to the entry of findings that he obtained a $212 check drawn on his member firm's account payable to another registered representative and forged the representative's signature on the check. Furthermore, the NASD found that he negotiated the check and used the funds for his own benefit.

Douglas H. Lemon (Registered Repre-

sentative, Richland, Mississippi) submitted an Offer of Settlement pursuant to which he was fined $7,500 and suspended from association with any member of the NASD in any capacity for three months. Without admitting or denying the allegations, Lemon consented to the described sanctions and to the entry of findings that he recommended one private and nine public direct participation programs to a public customer and caused these securities to be purchased for the customer's account. In connection with these transactions, the findings stated that Lemon recommended that the customer liquidate holdings of corporate utility bonds and exchange listed securities in order to effect the purchase of the public direct participation programs without having reasonable grounds to believe these recommendations were suitable for the customer based on the customer's investment objectives, financial situation, and needs.

James F. Lowe (Registered Principal, Whitestone, New York) and **Michael Benvenuto (Financial and Operations Principal, Massapequa, New York)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which Lowe was fined $30,000, suspended from association with any member of the NASD in any capacity for 10 business days and as a general securities principal for 90 calendar days, and required to requalify as a principal. Benvenuto was fined $15,000, suspended from association with any member of the NASD in any capacity for 10 business days and as a financial and operations principal for 90 calendar days, and required to requalify as a financial and operations principal.

Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that Lowe and Benvenuto, acting on behalf of a former member firm, conducted a securities business while failing to maintain its required minimum net capital. The findings also stated that they failed to book all of the firm's liabilities when preparing the general ledger, trial balances and net capital computations. The NASD found that Lowe, acting on behalf of a former member firm, failed to utilize either an independent bank escrow account or a separate account to hold investor funds until the contingency in a private placement had been met. In addition, the NASD determined that Lowe permitted an individual to function in a registered capacity prior to the time his registration with the NASD became effective.

Gene Mackevich (Registered Representative, Winnetka, Illinois) submitted an Offer of Settlement pursuant to which he was fined $7,500 and suspended from association with any member of the NASD in any capacity for three days. Without admitting or denying the allegations, Mackevich consented to the described sanctions and to the entry of findings that he made guarantees to customers to induce the purchase of a government securities fund. Also, he mailed to customers form letters that contained exaggerated, promissory, and misleading statements that omitted material facts, according to the findings.

Matthew W. Martinez (Registered Representative, Albuquerque, New Mexico) was fined $20,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Martinez made improper use of customer funds by accepting a total of $9,355.56 from a public customer with instructions to deposit the funds into the customer's insurance policy. Martinez deposited only $4,000, failing to deposit the remaining $5,355.56 as instructed.

F. Edward Morgison (Registered Principal, Kansas City, Missouri) was fined $50,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Morgison, acting on behalf of a member firm, sold shares of common stock that were not registered with the Securities and Exchange Commission or exempt from registration. A member firm, acting through Morgison, failed to disclose on confirmations that the firm was acting as agent for both buyer and seller. In addition, they failed to indicate the source and amount of the remuneration nor did they offer to disclose such information on written request from the customers. Acting on behalf of a member firm, Morgison also failed to comply with the NASD's Mark-up Policy by effecting corporate securities transactions as principal with retail customers at prices that were unfair and unreasonable. Furthermore, a member firm, acting through Morgison, conducted a securities business while failing to maintain the minimum required net capital.

Russell L. O'Brien (Registered Representative, Glen Ellyn, Illinois) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $150,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, O'Brien consented to the described sanctions and to the entry of findings that he received funds totaling $121,194.31 from public customers with instructions to purchase annuities and to pay insurance premiums. The findings stated that O'Brien failed to follow the customers' instructions and, instead, deposited the funds in a bank account in which he had a beneficial interest, and that he retained $118,023.31 of the funds for his personal use and benefit. Also, the NASD found that O'Brien prepared and delivered to customers fictitious account statements containing account balances that purported to show account deposits when no such deposits were made.

Pamela Jane Perdue (Registered Representative, Denver, Colorado) was fined $40,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Perdue effected transactions in customer accounts without obtaining the customers' prior authorization. She also opened 11 customer accounts without the customers' knowledge and falsified information on their new-account forms.

Daniel Simmons Peterson (Registered Representative, Winchester, Massachusetts) was fined $11,433.50, ordered to pay $18,566.60 in restitution to a customer, and suspended from association with any member of the NASD in any capacity for 30 days. The sanctions were based on findings that Peterson effected three securities transactions in the account of a public customer without the knowledge or consent of the customer.

Richard E. Phalen, Jr. (Registered Representative, Mendota, Illinois) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $25,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Phalen consented to the described sanctions and to the entry of findings that he obtained a check for $8,571.61 made payable to a public customer and representing a withdrawal of dividends from an insurance policy. According to the findings, Phalen failed to deliver the funds to the customer and, instead, deposited the funds in an account in which he had a beneficial interest and used the funds for his own benefit. On several other occasions, the NASD found, Phalen received customer funds totaling $15,380.60 for investment purposes, failed to follow the customers' instructions, deposited the funds in an account in which he had a beneficial interest, and used the funds for his personal benefit.

Jeffrey Wade Pinyon (Registered Representative, Boca Raton, Florida) was fined $5,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Pinyon failed to honor a $974 arbitration award.

Michael J. Prach (Registered Representative, Saugus, Massachusetts) submitted an Offer of Settlement pursuant to which he was fined $5,000 and suspended from association with any member of the NASD in any capacity for 30 days. Without admitting or denying the allegations, Prach consented to the described sanctions and to the entry of findings that, without the knowledge or consent of customers, he altered annuity applications to reflect an increased contribution to the customers' tax-sheltered annuity investments in order to generate increased commissions.

Anthony Libero Pullara (Registered Representative, Tampa, Florida) was fined $15,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Pullara represented to a public customer that the customer would make a 25 percent profit in 30 days on the purchase of a security without having any factual basis for such representation. In addition, Pullara failed to respond to an NASD request for information.

Don Allen Reel (Registered Principal, Conroe, Texas) was fined $15,000, suspended from association with any member of the NASD in any capacity for 30 days and in any principal capacity for three years, and required to requalify as a principal. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the District Business Conduct Committee for District 5. The sanctions were based on findings that Reel allowed an associated person to make sales to two customers in municipal securities when the individual was not qualified to sell municipal securities.

Jeffrey Don Richardson (Registered Representative, Kansas City, Missouri) 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 by the District Business Conduct Committee for District 6. The sanctions were based on findings that, on two separate occasions, Richardson authorized withdrawals in dividends from the life insurance policy of a customer without the knowledge or consent of the customer. As a result of the withdrawals, Richardson received checks totaling $10,300 and converted the funds to his own use and benefit.

Sidney E. Richmond, Jr. (Financial and Operations Principal, Little Rock, Arkansas), Joseph P. Hill (Registered Principal, Little Rock, Arkansas), Robert M. Paulovich (Registered Representative, Bryant, Arkansas), and **Billy C. Martindale (Registered Representative, Little Rock, Arkansas)** submitted an Offer of Settlement pursuant to which Richmond and Hill were both suspended from association with any member of the NASD in any capacity for six months. Paulovich was fined $15,000 and suspended from association with any member of the NASD in any capacity for one month, and Martindale was fined $15,000 and suspended from association with any member of the NASD in any capacity for two years.

Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that Paulovich and Martindale, acting on behalf of a member firm, executed or caused to be executed certain government securities purchase and sale transactions with a public customer and failed to disclose to the public customer that the purchase and sale prices were artificially established and not reasonably related to the current market prices for the securities. Furthermore, the findings stated that the purchase and sale transactions represented a practice commonly known as adjusted trading by which the respondents purchased the security at a price higher than the market in order to allow the customer to avoid recognizing a loss on the sale. The firm recouped its loss by selling a security to the customer at a price in excess of the current market price for such security.

In addition, the NASD determined that Paulovich and Martindale falsified their member firm's books and records and caused false and misleading confirmations to be mailed to customers. The NASD also found that Martindale and Paulovich, acting on behalf of a member firm, executed or caused to be executed certain government securities purchase and sale transactions with public customers at prices that included excessive markups and markdowns.

Other findings stated that Martindale and Paulovich, acting on behalf of a member firm, engaged in a scheme or artifice to defraud public customers by using a high-pressure sales presentation in which they systematically misrepresented the nature and risks of government securities that they sold and failed to disclose material facts. The NASD found that Richmond knowingly and recklessly assisted in these fraudulent activities and the generation of inaccurate books and records. He also failed to establish, maintain, and enforce written supervisory procedures, and failed to supervise properly. The findings also stated that Hill directly or indirectly controlled Martindale, Paulovich, and Richmond in connection with the above activity.

Scott R. Romig (Registered Representative, Mesa, Arizona) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $7,500 and suspended from association with any member of the NASD in any capacity for five business days. Without admitting or denying the allegations, Romig consented to the described sanctions and to the entry of findings that he misrepresented to a customer the status of the customer's account and the activity in the account. According to the findings, Romig also gave a personal check for $1,004.88 to a customer and, on another occasion, deposited $2,407.13 in a different customer's account in order to offset losses incurred by these customers. Furthermore, the NASD found that Romig created inaccurate account reviews of a customer's investments and sent the reviews to the customer without prior supervisory review or approval. In addition, the NASD determined that Romig sent a letter, without prior supervisory review or approval, to the same customer that inaccurately concluded that Romig and his member firm were responsible for a debit balance in the customer's account.

Irving Moses Simon (Registered Representative, Boca Raton, Florida) was fined $10,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Simon reimbursed a customer for $20,000 of losses without providing prior written notice to his member firm.

In addition, Simon failed to respond to an NASD request for information.

In an unrelated matter, Simon was fined $15,000, ordered to pay $12,550 in restitution to a customer, and suspended from association with any member of the NASD in any capacity for 30 days. The sanctions were based on findings that Simon prevented his member firm from executing orders from public customers to sell common stock. Also, without having any factual basis, Simon represented to a public customer that the customer would not lose any money on a particular investment and that a $15,000 investment would increase to $24,000 by a specified time. In addition, Simon made an unsuitable recommendation to this customer considering the customer's other security holdings and his financial situation and needs.

Dennis E. Sproul (Registered Representative, Scottsdale, Arizona) was fined $50,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Sproul obtained funds from two customers totaling $162,955.43 intended for investment purposes and deposited the funds into a bank account that did not belong to his member firm. Sproul subsequently withdrew the funds and failed to forward them to his member firm for the customers' benefit. In addition, Sproul sent a letter to a customer containing false and misleading information concerning the customer's account.

Michael E. Stambor (Registered Principal, Lakewood, Colorado) was fined $30,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Stambor falsified the books and records of his member firm by causing false journal entries for securities to be made so as to facilitate his subsequent misuse of those securities. In addition, Stambor falsely deposited his member firm's securities in an account and thereafter received the proceeds from the sale of those securities.

Gerald Arnold Steward (Registered Representative, El Cajon, California) was fined $15,000, suspended from association with any member of the NASD in any capacity for one year, and required to requalify by examination. The sanctions were imposed by the NASD's Board of Governors on review of a decision by the District Business Conduct Committee for District 2. The sanctions were based on findings that Steward guaranteed public customers against loss in connection with a securities transaction. In addition, Steward wrote two checks totaling $2,392.85 drawn on his member firm's bank account and deposited the proceeds into his personal bank account. He attempted to repay the funds to his member firm with two checks drawn on his personal account, but one of the checks (for $2,292.85) was returned for insufficient funds.

Arthur William Stubbs (Registered Representative, New Port Richey, Florida) was fined $75,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Stubbs falsified 37 life insurance policy applications in a successful attempt to obtain $33,000 in commissions from his member firm. Stubbs also failed to respond to NASD requests for information.

William Patton Tarkenton (Registered Representative, Cumming, Georgia) was fined $15,000, ordered to pay $12,000 in restitution to a customer, and suspended from association with any member of the NASD in any capacity for 30 days. The sanctions were based on findings that Tarkenton recommended the purchase of common stock to a public customer without having reasonable grounds for believing that such recommendations were suitable considering the customer's other security holdings and financial situation and needs.

Earl Washington Vaz (Registered Representative, Northridge, California) 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 by the District Business Conduct Committee for District 2. The sanctions were based on findings that Vaz fraudulently induced a customer to provide him with a check for $1,000 and led the customer to believe that his funds would be deposited in a high-yield mutual fund. He failed to purchase the requested securities or return the funds to the customer, and converted the proceeds to his own use and benefit.

Thomas G. Wales (Registered Representative, St. Louis Park, Minnesota) submitted an Offer of Settlement pursuant to which he was fined $5,000, suspended from association with any member of the NASD in any capacity for six months, and must requalify by examination as a general securities representative. Without admitting or denying the allegations, Wales consented to the described sanctions and to the entry of findings that he effected numerous unauthorized securities transactions in the joint account of public customers without the customers' knowledge or consent and without obtaining prior discretionary trading authority.

Mark D. Watters (Registered Representative, 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, in order to induce a customer to purchase a security, Watters guaranteed a profit to the customer on the purchase and made misrepresentations concerning the investment. Watters also failed to respond to an NASD request for information.

Ronald E. Wikso (Registered Representative, Hauppauge, New York) 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, Wikso consented to the described sanctions and to the entry of findings that he received a total of $30,000 from two customers for the purchase of a bond that he claimed would pay 20 percent interest per year. Furthermore, the NASD determined that Wikso failed to return the principal and interest to the customers as promised.

Gregory D. Writer (Registered Principal, Colorado Springs, Colorado) submitted an Offer of Settlement pursuant to which he was fined $7,500, jointly and severally with a former member firm, and suspended from association with any member of the NASD in any capacity for 15 business days. Without admitting or denying the allegations, Writer consented to the described sanctions and to the entry of findings that, acting on behalf of a former member firm, he distributed a letter to a lender containing materially misleading information in order to induce the institution to lend money to an individual. Also, the findings stated that a former member firm, acting through Writer, sold shares of common stock to public customers at unfair prices with markups ranging from 33.3 to 49.33 percent above the prevailing market price. In addition, the NASD determined that a former member, acting through Writer, permitted an individual who was not registered with it to conduct a securities business when the individual was registered with another member firm.

Frank G. Zauzig, Jr. (Registered Representative, Huntingdon, Pennsylvania) was fined $5,000 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 by the District Business Conduct Committee for District 9. The sanctions were based on findings that Zauzig received funds totaling $4,922.38 from public customers for payment of insurance premiums. He applied a portion of the funds toward the premiums and used the remaining $1,106.88 to pay premiums of other policyholders. Zauzig also obtained a policy surrender check for $133.20 drawn to the order of another customer, forged the customer's endorsement on the check, and applied the funds to pay premiums of other policyholders.

INDIVIDUALS FINED

Louis Bivona (Registered Representative, Fairport, New York) submitted an Offer of Settlement pursuant to which he was fined $25,000. Without admitting or denying the allegations, Bivona consented to the described sanction and to the entry of findings that he engaged in private securities transactions without giving prior written notification to his member firm.

Stephen Brian Kaplan (Registered Representative, Tampa, Florida) was fined $10,000 and ordered to pay $1,400 in restitution to a customer. The sanctions were based on findings that Kaplan purchased and sold securities for the account of a customer without the knowledge or consent of the customer.

Ronald James Lasek (Registered Representative, Costa Mesa, California) submitted an Offer of Settlement pursuant to which he was fined $10,000 and ordered to disgorge $600 to customers. Without admitting or denying the allegations, Lasek consented to the described sanctions and to the entry of findings that he executed a series of purchase and sale transactions in two customers' accounts without receiving prior authorization and consent of the customers.

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

Cartwright & Goodwin Incorporated, New York, New York

F. J. Kaufman & Company of Virginia, Alexandria, Virginia

SUSPENSIONS LIFTED

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

Allied Equity Group, A Financial Services Corp., Bodega Bay, California (January 2, 1991)

Chartered Financial Consultants, Ltd., Armonk, New York (December 17, 1990)

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

Michael G. Cioppa, Albany, New York
Stephen Goodwin, New York, New York
Frederick J. Kaufman, Jr., Alexandria, Virginia
Jerry L. Wallace, Marietta, Georgia

NASD EXPELS NEW YORK FIRM, BARS ITS PRESIDENT, AND IMPOSES FINES OF MORE THAN $1.8 MILLION FOR FRAUDULENT MISCONDUCT IN A "PENNY STOCK"

The NASD has taken disciplinary action against Brooks, Weinger, Robbins and Leeds, Inc., and Michael Leeds, the firm's President.

The NASD expelled the firm from membership in the NASD, fined it $1,440,584, barred Leeds from association with any member of the NASD in any capacity, and fined him $376,396. Their misconduct concerned charging customers fraudulently excessive markups and markdowns on transactions in Advanced Medical Products, Inc. (ADVA), a "penny stock."

The NASD's decision followed disciplinary hearings before the District 12 (New York) Business Conduct Committee and the NASD's Board of Governors and was based on findings that the firm and Leeds violated various NASD rules, including Article III, Section 18 of the NASD's Rules of Fair Practice. Section 18 is the NASD's anti-fraud provision that prohibits the use of any manipulative, deceptive, or other fraudulent device in the purchase or sale of any security.

Brooks, Weinger co-underwrote ADVA's initial public offering and sold 83 percent of the offering to its clients. The NASD found that, on July 1, 1987, the first day of aftermarket trading, the firm, acting through Leeds, dominated and controlled the market for ADVA based, in part, on the fact that only 18 interdealer trades took place on that day when there were more than 2,600 transactions in the stock. As a result, the NASD found that there was a noncompetitive market in ADVA and, consistent with longstanding NASD and SEC precedent, Brooks was not permitted to rely on quotes. Instead, it was required to use the firm's contemporaneous cost of acquiring ADVA to compute its markups, and to use its interdealer sales to compute its markdowns.

The NASD found that Brooks and Leeds engaged in 1,159 fraudulently excessive markups and 689 fraudulently excessive markdowns with customers. The excessive markups ranged from 12 to 112 percent above the prevailing market price, and the excessive markdowns ranged from 12 to 64 percent below the prevailing market price of ADVA. As a result of the fraudulent markups, customers were overcharged by more than $477,000, and the fraudulent markdowns resulted in customers not receiving at least $948,000 that they were entitled to receive.

In imposing the fines, expulsion, and bar, the NASD said that the sanctions appropriately reflect the gravity of the violations, the willful nature of the actions, the failure of Leeds and the firm to accept or acknowledge their legal or ethical obligations as securities professionals, and the harm inflicted on customers by the sales-practice violations of Leeds and the firm. Moreover, the NASD action reaffirmed its commitment not only to detect and pursue violations of the NASD's rules, but also to impose any other fitting sanctions to deter these respondents and other securities professionals similarly situated from engaging in such misconduct in the future.

The investigation was carried out by the NASD's District 12 and is part of a concerted nationwide effort by the NASD to eliminate sales-practice abuses in penny stocks.

NASD

Notice To Members

National Association of Securities Dealers, Inc. February 1991

NASD Sends Two New Publications to Member Firms

With this issue of *Notices to Members*, the NASD is sending member firms one complimentary copy of its new brochure, "Understanding Your Role as an RR." The publication explains to new applicants for registration their obligations to customers and responsibilities to their firms. It will be sent to each applicant's home address when the registration is processed. Additional copies of the brochure are available at 50 cents each for up to 50 copies, 40 cents each for from 51 to 500 copies, and 35 cents each for more than 500 copies. Send a check or money order, payable to the National Association of Securities Dealers, Inc., to NASD, Book Order Department, P.O. Box 9403, Gaithersburg, MD 20898-9403.

Separately, the NASD recently mailed to each member firm an updated copy of the *NASD Compliance Check List*. The 24-page publication provides members with basic guidelines for evaluating their operational and compliance needs. Additional copies are available at $25 each by sending a check or money order to the above address. Each order must include a gummed mailing label with the return address.

Address of District 8 Cleveland District Office Changes

Effective immediately, address correspondence to the NASD's District 8 Cleveland office to 1350 Euclid Avenue, Suite 900, Cleveland, OH 44115. The phone and FAX numbers remain (216) 694-4545 and (216) 694-3048, respectively.

New Hot Line Number Begins Service for Certain Schedule H Reporting

The new "hot line" number, which began operating January 31, for SEC Schedule H non-Nasdaq over-the-counter securities reporting and related problems is 1-800-288-3855. Firms with questions regarding the Automated Regulatory Reporting System (ARRS) also should use this number.

Three PLATO Development Centers Relocate or Close

Effective February 1, 1991, the Richmond, Virginia PLATO Development Center relocated to Culpepper Building, 1606 Santa Rosa Road, Suite 133, Richmond, Virginia 23288.

Effective March 31, 1991, the following PLATO Development Centers will close permanently: Toledo, Ohio, and Erie, Pennsylvania.

SIPC Trustees Appointed for Two Securities Firms

On January 22, 1991, the United States District Court for the Southern District of Texas appointed the Securities Investor Protection Corporation (SIPC) trustee for:

John M. Sorensen & Co., Inc.
10565 Katy Freeway #235
Houston, Texas 77024.

Questions regarding the firm should be directed to SIPC trustee:

Securities Investor Protection Corporation
805 Fifteenth Street, NW, Suite 800
Washington, DC 20005-2207
(202) 371-8300.

On December 22, 1990, the United States District Court for the Eastern District of Pennsylvania appointed a Securities Investor Protection Corporation (SIPC) trustee for:

Lloyd Securities, Inc.
7837 Old York Road
Elkins Park, Pennsylvania 19117.

Questions regarding the firm should be directed to SIPC trustee:

Robert E. Shields, Esquire
Drinker Biddle & Reath
1100 Philadelphia National Bank Building
Broad and Chestnut Streets
Philadelphia, Pennsylvania 19107.

Members may use the "immediate close-out" procedures as provided in Section 59(i) of the NASD's Uniform Practice Code to close out open over-the-counter contracts. Also, Municipal Securities Rulemaking Board Rule G-12(h) provides that members may use the above procedures to close out transactions in municipal securities.