

Notice To Members

National Association of Securities Dealers, Inc.

April 1991

Number 91-22

Suggested Routing:*

- | | | | |
|---|--|--|---|
| <input checked="" 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 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: SOES Tier Levels to Change for 417 Issues on April 15, 1991

On June 30, 1988, the maximum Small Order Execution System (SOES) order size for all Nasdaq National Market System (Nasdaq/NMS) securities was established as follows:

- A 1,000-share maximum order size was applied to those Nasdaq/NMS securities that had an average daily nonblock volume of 3,000 shares or more a day, a bid price that was less than or equal to \$100, and three or more market makers.

- A 500-share maximum order size was applied to those Nasdaq/NMS securities that had an average daily nonblock volume of 1,000 shares or more a day, a bid price that was less than or equal to \$150, and two or more market makers.

- A 200-share maximum order size was applied to those Nasdaq/NMS securities that had an average daily nonblock volume of less than 1,000 shares a day, a bid price that was less than or equal to \$250, and less than two market makers.

These order-size tiers were set by the NASD after extensive research and polling of all Nasdaq/NMS market makers. The purpose of establishing these tiers was to provide public investors with the most efficient means of handling their small orders while ensuring that market makers were not required to assume unrealistic risks under the new mandatory SOES participation rules.

At the time of their establishment, the NASD Trading Committee and Board of Governors decided that the tier levels applicable to each security would be reviewed periodically to determine if the trading characteristics of the issue had changed so as to warrant a SOES tier-level move. Such a review was conducted as of December 31, 1990, using the aforementioned formula and fourth-quarter trading data. The results of this review were analyzed by the SOES Subcommittee and the NASD Trading Committee, which recommended that changes in SOES tier levels should be implemented per the formula calculation with the exception that an issue would not be permitted to move more than one level.

To further explain, if an issue previously was categorized in the 200-share tier, it would not be permitted to move to the 1,000-share tier even if the formula calculated that such a move was warranted. The issue could move only one level to the 500-share tier as a result of any single review. Likewise, a security previously assigned to the 1,000-share tier could move only to 500 shares, regardless of the formula calculation. Only 13 issues were affected by this change during the most recent review. In adopting this policy, the Committee was attempting to minimize market-maker exposure on issues for which the tier level increased and to maintain adequate public investor access on issues for which the tier level decreased.

Notice to Members 91-22

Symbol	Company Name	Old Tier Level	New Tier Level	Symbol	Company Name	Old Tier Level	New Tier Level
CBNE	CONSTITUTION BANCORP NE	200	500	FLFC	FIRST LIBERTY FIN	500	1000
CFINP	CONSUMERS FIN CORP PFD	200	500	FMSB	FIRST MUTUAL SAV BANK	1000	500
CMETS	CONTL MORTGAGE EQUIT	1000	500	MTCL	FIRST NATL BANK CORP	200	500
ZAPS	COOPER LIFE SCI INC	1000	500	FNPC	FIRST NATL PENN CORP	500	1000
CSTN	CORNERSTONE FIN CORP	500	1000	FPNJ	FIRST PEOPLES FIN CORP	500	1000
COSF	COSMETIC FRAGRANCE	1000	500	FSFI	FIRST STATE FIN SVC	500	1000
CSTR	COSTAR CORP	500	200	FWBI	FIRST WESTERN BANCORP	200	500
CDGI	COURIER DISPATCH GROUP	500	200	FRST	FIRSTIER FIN INC	500	1000
CRII	CREST INDS INC	200	500	FLAEF	FLORIDA EMP INS CO	500	200
CROPP	CROP GENETICS PFD	500	1000	FFPC	FLORIDA FIRST FED	500	1000
CRWN	CROWN BOOKS CORP	1000	500	FOOT	FOOTHILL INDEPENDENT	500	1000
CYTOP	CYTOGEN CORP PFD	1000	500	FRML	FREYMILLER TRUCKING	500	200
D				G			
DMCB	DATA MEASUREMENT CORP	200	500	GWCC	G W C CORP	1000	500
DATX	DATA TRANSLATION INC	1000	500	GNDR	GANDER MOUNTAIN INC	1000	500
DMAR	DATAMARINE INTL INC	500	200	GATW	GATEWAY FED CORP	1000	500
DATM	DATUM INC	500	1000	GEOX	GEONEX CORP	1000	500
DAVX	DAVOX CORP	1000	500	GBYLF	GIANT BAY RES LTD	1000	500
DLFI	DELPHI FINL GROUP CL A	1000	500	GNBC	GLENDALE BANCORP	500	200
DGAS	DELTA NATURAL GAS	500	200	GLDC	GOLDEN ENTRPRS INC	1000	500
DCPI	DICK CLARK PROD INC	1000	500	GNTE	GRANITE CO-OP BANK	200	500
DGTL	DIGITAL SYS INTL INC	500	1000	GFGC	GREAT FALLS GAS CO	500	200
E				H			
EACO	E A ENGRG SCI TECH	1000	500	HDRP	H D R POWER SYS INC	1000	500
ESBB	E S B BANCORP INC	200	500	HALL	HALL FIN GROUP INC	500	1000
EAVN	EATON VANCE CORP	1000	500	THCO	HAMMOND CO THE	500	200
EDCO	EDISON CONTROL CORP	500	200	HBSI	HAMPTONS BANCSHARES	200	500
ELBTF	ELBIT COMPUTERS LTD	1000	500	HRLD	HAROLD'S STORES INC	500	200
ECCB	ELLWOOD FED SAV BANK	500	200	HATH	HATHAWAY CORP	1000	500
ELMF	ELM FIN SERVICES	1000	500	HVFD	HAVERFIELD CORP	500	200
EFSB	ELMWOOD FED SAV BANK	500	1000	HTHR	HAWTHORNE FINANCIAL	500	1000
EMPI	EMPI INC	1000	500	CHHC	HEIST C H CORP	500	200
EASI	ENGINEERED SUPPORT	500	1000	HELX	HELIX TECHNOLOGY INC	1000	500
EMCO	ENGINEERING MEASURE	500	1000	HERS	HERITAGE FINL SVC IL	500	1000
ENVI	ENVIROSAFE SERVICES	500	1000	HIFS	HINGHAM INST SAVING	500	1000
EQICB	EQUITABLE OF IOWA B	500	1000	HBENB	HOME BENEFICIAL CORP B	500	1000
ERLY	ERLY INDUSTRIES INC	1000	500	HFMO	HOME FED SAV BANK MO	1000	500
EVAN	EVANS INC	1000	500	HTWN	HOMETOWN BANCORP INC	1000	500
F				I			
FMNT	F AND M NATIONAL CORP	500	1000	HRZB	HORIZON BANK (WA)	1000	500
FNBR	F N B ROCHESTER CORP	1000	500	HUFK	HUFFMAN KOOS INC	1000	500
FNWB	F N W BANCORP INC	500	1000	HYDE	HYDE ATHLETIC INDS	500	200
FRPP	F R P PROPERTIES INC	500	200	J			
FICI	FAIR ISAAC AND CO	500	200	IEHC	I E H CORP	1000	500
FLCP	FALCON PRODUCTS INC	1000	500	IWCR	I W C RES CORP	1000	500
FARA	FARADYNE ELECT CORP	1000	500	IMGE	IMNET INC	1000	500
FAHSP	FARM AND HOME PFD A	500	1000	INDHK	INDEP INS GROUP INC NV	500	1000
FEDF	FEDERATED BK S S B	500	200	IGSI	INSITUFORM GULF SO	200	500
FSVA	FIDELITY SAV ASSN	200	500	INSMA	INSITUFORM MIDAMER A	500	200
FITC	FINANCIAL TRUST CORP	200	500	ICAR	INTERCARGO CORP	500	200
FAMA	FIRST AMARILLO BANCORP	200	500	INPH	INTERPHASE CORP	1000	500
FRFD	FIRST COMM BANCORP IL	500	200	ITIC	INVESTORS TITLE CO	1000	500
FFSD	FIRST FED SAV BANK AL	500	200	J			
FSBG	FIRST FED SAV BANK GA	200	500	JGIN	J G INDUSTRIES INC	500	1000
FLAG	FIRST FED SAV BANK LAG	200	500	JKHY	JACK HENRY AND ASSOC	1000	500
GBCI	FIRST FED SAV BANK MT	500	200				
FFUT	FIRST FED SAV UTAH	1000	500				
FFBC	FIRST FIN BANCORP OH	500	1000				
FGHC	FIRST GEORG HLDGS	500	200				

Notice to Members 91-22

Symbol	Company Name	Old Tier Level	New Tier Level	Symbol	Company Name	Old Tier Level	New Tier Level
WILLA	JOHN WILEY SONS CL A	500	1000	N			
JOSL	JOSLYN CORP	500	1000	NHDI	N H D STORES INC	500	200
K				NYCL	N Y C A L CORP	500	1000
KCSG	K C S GROUP INC	500	200	NCELW	NATIONWIDE CELL WTS	1000	500
KLLM	K L L M TRANSPORT SRVC	500	200	NBCC	NATL BANC COMMERCE	1000	500
KMSI	K M S INDS INC	500	1000	NBAK	NATL BNCP OF ALASKA	200	500
KSWs	K-SWISS INC CL A	500	1000	NHMO	NATL H M O CORP	1000	500
KMCI	KEEGAN MGMT CO	500	1000	NPBC	NATL PENN BCSHS INC	500	200
KEQU	KEWAUNEE SCIENTIFIC	200	500	NSBA	NATL SAV BANK ALBANY	1000	500
KNAP	KNAPE AND VOGT MFG	500	1000	NWLIA	NATL WESTERN LIFE A	1000	500
KOSS	KOSS CORP	1000	500	NBTY	NATURE'S BOUNTY INC	1000	500
KRUG	KRUG INTL CORP	500	1000	NEWE	NEWPORT ELECTRONICS	200	500
KUST	KUSTOM ELECTRONICS	500	200	NNSL	NEWPORT NEWS SAV BANK	200	500
L				NIEX	NIAGARA EXCHANGE CORP	500	200
LCSI	L C S INDS INC	200	500	NOLD	NOLAND CO	200	500
LDBC	L D B CORP	200	500	NRTI	NOONEY REALTY TRUST	500	200
LCLD	LACLEDE STEEL CO	1000	500	NMDY	NORMANDY OIL & GAS CO	1000	500
LLSL	LAKELAND FIRST FIN	1000	500	NORKZ	NORSK DATA A S B ADR	1000	500
LDMK	LANDMARK BANK FOR SAV	500	200	NAMC	NORTH AMER NATL CORP	500	1000
LSEr	LASER CORP	1000	500	NCNG	NORTH CARO NAT GAS	500	1000
LECT	LECTEC CORP	1000	500	NCCB	NORTHERN CA COMMUNIT	500	200
LEPGY	LEP GROUP PLC ADR	1000	500	CBRYA	NORTHLAND CRANBERR A	500	200
LSCO	LESCO INC	1000	500	NWIB	NORTHWEST IL BANCORP	200	500
LINN	LINCOLN FOODSVC PROD	1000	500	NWTL	NORTHWEST TELEPROD	200	500
LNSB	LINCOLN SAVINGS BANK	200	500	NOVXM	NOVA PHARM CORP WTS C	200	500
LNDL	LINDAL CEDAR HOMES	1000	500	NUCM	NUCLEAR METALS INC	500	200
LIQB	LIQUI BOX CORP	500	200	NUCOL	NUCORP INC WTS BC 92	500	200
LWNGF	LOEWEN GROUP INC	500	1000	NUCOW	NUCORP INC WTS C 93	500	200
M				O			
MKCO	M KAMENSTEIN INC	500	200	OHBC	OHIO BANCORP YOUNGSTOWN	200	500
MMIM	M M I MEDICAL INC	500	200	OILC	OIL-DRI CORP OF AMER	1000	500
MRCS	MARCUS CORP	500	1000	OSTNO	OLD STONE PFB B 2.40	500	200
MCOR	MARINE CORP ILL	500	1000	OVWV	ONE VALLEY BANCORP W VA	1000	500
MSAM	MARSAM PHARM INC	1000	500	OCOMA	OUTLET COMMUN CL A	500	1000
MTRX	MATRIX SERVICE CO	500	1000	P			
MOIL	MAYNARD OIL CO	500	1000	PCAI	P C A INTL INC	1000	500
MCFE	MCFARLAND ENERGY INC	500	1000	PFINA	P F INDS INC A	1000	500
MTIX	MECHANICAL TECH INC	200	500	PISC	PACIFIC INTL SVC CORP	500	1000
MDIN	MEDALIST INDS	500	1000	PBCI	PAMRAPO BANCORP INC	500	1000
MDCI	MEDICAL ACTION INDS	1000	500	PATL	PAN ATLANTIC INC	500	200
MGCC	MEDICAL GRAPHICS CORP	500	1000	PNTC	PANATECH RES DEV	1000	500
KITS	MERIDIAN DIAGNOSTICS	500	1000	PBFI	PARIS BUSINESS FORMS	500	200
MSEA	METROPOLITAN FSL SEATTLE	1000	500	PMFG	PEERLESS MFG CO	500	1000
MSIC	MICROSCIENCE INTL CORP	200	500	PNTAP	PENTAIR INC PFD 87	500	200
MIDS	MID-SOUTH INS CO	200	500	PFDC	PEOPLES FED DEKALB	500	200
MSSB	MID-STATE FED SAV BANK	500	1000	PETD	PETROLEUM DEV CORP	500	1000
MIDC	MIDCONN BANK	500	1000	PTRO	PETROMINERALS CORP	500	1000
SHOEw	MILLFELD TRADING WTS	500	1000	PMSV	PHARMACY MGT SVC	200	500
MILW	MILWAUKEE INS GROUP	500	200	PENV	PINNACLE ENV	1000	500
MNES	MINE SAFETY APPLS CO	200	500	PSBN	PIONEER BANCORP INC NC	500	1000
MITSY	MITSUI AND CO ADR	200	500	POLK	POLK AUDIO INC	500	200
MBLE	MOBILE GAS SERVICE	200	500	POOL	POSEIDON POOLS AMER	500	1000
MMDI	MOMENTUM DIST	1000	500	PREM	PREMIER FIN SVCS	200	500
MAHI	MONARCH AVALON INC	200	500	PENG	PRIMA ENERGY CORP	1000	500
MORF	MOR-FLO INDS INC	200	500	PMSI	PRIME MEDICAL SYS	500	1000
MTNR	MOUNTAINEER BKSHS WV	500	200	PRCY	PROCYTE CORP	1000	500
MUEL	MUELLER PAUL CO	500	200	PRFT	PROFFITT'S INC	500	200
LABL	MULTI-COLOR CORP	1000	500	PSYS	PROGRAMMING AND SYS	500	1000
				PSBK	PROGRESSIVE BANK INC	500	1000

Notice to Members 91-22

Symbol	Company Name	Old Tier Level	New Tier Level	Symbol	Company Name	Old Tier Level	New Tier Level
PRGR	PROGROUP INC	500	200	TDCX	TECHNOLOGY DEV CORP	200	500
PLFC	PULASKI FURNITURE CORP	1000	500	TMTX	TEMTEX INDS INC	200	500
PLTZ	PULITZER PUBLISHING	1000	500	TANT	TENNANT CO	500	1000
Q				TFLX	TERMIFLEX CORP	500	200
QRXI	QUAREX INDS INC	1000	500	TAVI	THORN APPLE VALLEY	200	500
R				TKOS	TOKOS MED CORP DEL	500	1000
RMPO	RAMAPO FINANCIAL CORP	200	500	TOMKY	TOMKINS PLC ADR	500	200
RARB	RARITAN BANCORP INC	1000	500	TCTC	TOMPKINS CO TRUST CO	200	500
ROPS	RASTEROPS	200	500	TRGL	TREADOR ROYALTY CORP	1000	500
RATNY	RATNERS GROUP ADR	500	1000	TRNI	TRANS INDS INC	1000	500
RCHI	RAUCH INDS INC	500	200	TLII	TRANS LEASING INTL	500	200
RDGCA	READING CO CL A	500	1000	TCBC	TRUST CO BANCORP THE	500	1000
REED	REEDS JEWELERS INC	1000	500	TRST	TRUSTCO BANK CORP NY	500	200
REAL	RELIABILITY INC	1000	500	TUCK	TUCKER DRILLING CO	1000	500
RAUT	REPUBLIC AUTO PARTS	500	1000	U			
RBNC	REPUBLIC BANCORP INC	500	1000	UNRIW	U N R INDS INC WTS	1000	500
REPH	REPUBLIC HEALTH CORP	500	1000	UNSL	U N S L FIN CORP	500	200
RHEM	RHEOMETRICS INC	200	500	UNAM	UNICO AMERICAN CORP	1000	500
RFBC	RIVER FOREST BANCORP	500	1000	UNFR	UNIFORCE TEMP PERSNL	1000	500
ROBN	ROBBINS AND MYERS	1000	500	UBSI	UNITED BKSHS INC	500	1000
ROPK	ROPAK CORP	1000	500	UNSA	UNITED FIN CORP S C	200	500
RPCH	ROSPATCH CORP	500	1000	UFCS	UNITED FIRE CASUALTY	500	200
ROTO	ROTO-ROOTER INC	500	200	BNKS	UNITED N M FIN CORP	1000	500
RBPA	ROYAL BANK PENN A	1000	500	UBMT	UNITED SAV BANK F A MT	500	200
RBCO	RYAN BECK CO INC	500	1000	CETH	UNITED THERMAL CORP	500	1000
S				UPEN	UPPER PENINSULA ENERGY	500	200
SCOM	S C S/COMPUTE INC	500	1000	URIXW	URANIUM RES WTS	500	200
SDNB	S D N B FINANCIAL CORP	200	500	UBANP	USBANCORP INC PFD A	500	200
SAVO	SCHULTZ SAV-O STORES	500	200	V			
SIDY	SCIENCE DYNAMICS CORP	1000	500	VLCM	VALCOM INC	500	200
STIZ	SCIENTIFIC TECH INC	500	200	VALN	VALLEN CORP	500	1000
SHER	SCOTTISH HERITABLE	500	200	VCCN	VALLEY CAPITAL CORP	500	1000
SEAB	SEABOARD SAVINGS LOAN	500	200	VANF	VANFED BANCORP	500	1000
SBCFA	SEACOAST BNKG CORP FL A	1000	500	VRLN	VARLEN CORP	1000	500
SFBM	SECURITY FED SAV BANK	500	200	VTEX	VERTEX COMMUN CORP	1000	500
SLFX	SELIFF INC	500	1000	VICR	VICOR CORP	200	500
SSBC	SHELTON BANCORP INC	500	200	VICT	VICTORIA BKSHS	500	1000
SETBS	SIERRA RL EST 83 SBI	200	500	VITC	VICTORIA CREATIONS	1000	500
SETC	SIERRA RL EST TR 84	500	1000	VIDE	VIDEO DISPLAY CORP	1000	500
SKYW	SKYWEST INC	1000	500	VDMK	VIDMARK INC	500	1000
HAMS	SMITHFIELD CO INC	200	500	VBMV	VIEJO BANCORP	500	200
SMGS	SOUTHEASTERN MI GAS	1000	500	W			
SWTR	SOUTHERN CA WATER CO	1000	500	WLRG	W L R FOODS INC	1000	500
SMIN	SOUTHERN MINERAL CORP	1000	500	WAIN	WAINWRIGHT BANK TR CO	200	500
SVRN	SOVEREIGN BANCORP	1000	500	WALS	WALSHIRE ASSURANCE	500	200
SPAN	SPAN AMERICA MED SYS	1000	500	WRNB	WARREN BANCORP INC	1000	500
SWVA	STEEL WEST VIRGINIA	1000	500	WBNC	WASHINGTON BANCORP NJ	500	1000
SISC	STEWART INFO SVCS CORP	500	1000	WFSB	WASHINGTON FED SAV VA	1000	500
STRC	STRATFORD AMER CORP	1000	500	WAMUP	WASHINGTON MUT PFD A	500	1000
STRB	STROBER ORGANIZATION	1000	500	WATFZ	WATERFORD PLC ADR UTS	500	1000
SLMAJ	STUDENT LOAN MKT VOTG	500	1000	WGHT	WEIGH-TRONIX INC	500	200
SMMT	SUMMIT SAV ASSOC	1000	500	WSBK	WESTERN BANK OREGON	500	200
SCSL	SUNCOAST SAV LOAN ASSOC	500	1000	WTPR	WETTERAU PROPERTIES	500	200
SNLT	SUNLITE INC	200	500	WSVS	WILAND SVCS INC	500	1000
T				WDHD	WOODHEAD INDS INC	1000	500
TCII	T C I INTL INC	1000	500	WCHI	WORKINGMENS CAP HLDG	500	1000
TTOI	T E M P E S T TECH	500	1000				
TECN	TECHNALYSIS CORP	1000	500				

Notice to Members 91-22

Symbol	Company Name	Old Tier Level	New Tier Level
X			
XPLR	XPLOR CORP	500	1000
Z			
ZIGO	ZYGO CORP	500	200

Notice To Members

National Association of Securities Dealers, Inc.

April 1991

Number 91-23

Suggested Routing:*

- | | | | |
|--|--|--|---|
| <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 March 13, 1991

As of March 13, 1991, the following 13 issues joined Nasdaq/NMS, bringing the total number of issues to 2,545:

Symbol	Company	Entry Date	SOES Execution Level
CTRX	Celtrix Laboratories, Inc.	2/11/91	1000
DISK	Image Entertainment, Inc.	2/19/91	1000
ZLOG	Zilog, Inc.	2/27/91	1000
SONC	Sonic Corp.	2/28/91	1000
QDEL	Quidel Corporation	3/5/91	1000
TVXTF	TVX Gold Inc.	3/5/91	1000
SMTK	Simtek Corporation	3/6/91	500
SMTKW	Simtek Corporation (Wts)	3/6/91	500
CHSI	Community Health Systems, Inc.	3/7/91	1000
TPCA	Total Pharmaceutical Care, Inc.	3/7/91	1000
PRIM	Pac Rim Holding Corporation	3/8/91	1000
MGNL	Magna Bancorp, Inc.	3/12/91	500
RBIN	R & B, Inc.	3/12/91	1000

Nasdaq/NMS Symbol and/or Name Changes

The following changes to the list of Nasdaq/NMS securities occurred since February 8, 1991:

New/Old Symbol	New/Old Security	Date of Change
HFSB/HFSB	Carolina Financial Corporation/Home Federal Savings Bank	2/20/91
COSC/COSF	Cosmetic Center, Inc. (The)/Cosmetic & Fragrance Concepts, Inc.	2/28/91
DEER/DEER	Deerbank Corp./Deerfield Federal Savings & Loan Association	3/1/91

Notice to Members 91-23

ICFIA/ACRCA	ICF International, Inc. (CI A)/American Capital and Research Corporation (CI A)	3/1/91
MFTN/MFTNE	Metropolitan Federal Savings Bank, a federal savings bank/Metropolitan Federal Savings & Loan Association	3/4/91
NALR/IGSI	Naylor Industries, Inc./Insituform Gulf South, Inc.	3/4/91
CRES/CRES	Crestmont Financial Corp./Crestmont Federal Savings & Loan Association	3/11/91

Nasdaq/NMS Deletions

Symbol	Security	Date
MUSA	Martech USA, Inc.	2/13/91
BKUNA	BankUnited, A Savings Bank (CI A)	2/14/91
FPRY	First Federal Savings Bank of Perry	2/14/91
ICEYF	International Capital Equipment Ltd.	2/14/91
EVSBB	Evansville Federal Savings Bank	2/15/91
LIZC	Liz Claiborne, Inc.	2/20/91
CONH	Continental Homes Holding Corp.	2/22/91
SGHIQ	Silk Greenhouse, Inc.	2/25/91
FCTB	Financial Center Bancorp	2/26/91
LDGX	Lodgistix, Inc.	2/26/91
CPLS	Care Plus, Inc.	2/27/91
CTEK	Commercial Intertech Corporation	2/27/91
TVXGC	TVX Broadcast Group Inc.	2/27/91
TDRLF	Tudor Corporation Ltd.	2/27/91
CCURC	Concurrent Computer Corporation	3/1/91
DLOG	Distributed Logic Corporation	3/1/91
WOBS	First Woburn Bancorp, Inc.	3/1/91
GNTB	Granite Co-operative Bank	3/1/91
SWARA	Schwartz Brothers, Inc. (CI A)	3/1/91
STRX	Syntrex Incorporated	3/1/91
EWSCA	E. W. Scripps Company, Inc. (The) (CI A)	3/7/91
POOQE	Poseidon Pools of America, Inc.	3/7/91

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.

Board Briefs

National Association of Securities Dealers, Inc.

April 1991

Actions Taken by the NASD Board of Governors in March

■ **President's Message** — The NASD's strategic plan is the catalyst that drives the NASD agenda. It provides the road map that enables us to anticipate and prepare for the future. Through our planning process, we identify the key strategic issues facing our organization and industry, set our goals and objectives, and develop action plans to carry them out. Planning is an ongoing process at the NASD that involves active participation by the Board of Governors, which is the final determinant of NASD policy, its Long Range Planning Committee, and the staff.

Much was accomplished in carrying out the plan in 1990. We are currently in the process of updating the plan, analyzing and interpreting current developments and trends, and identifying new strategic issues before our organization. This analysis will serve as the basis upon which we will fine-tune the NASD's long-term business strategies.

On the legislative front, the Administration's comprehensive financial reform legislation has not yet been introduced in the Congress. If, as expected, it follows closely the U.S. Treasury Department's recently produced concept paper on this subject, it will be highly controversial since it will prescribe dramatic changes in such things as bank entry into the securities business via financial services holding companies, deposit insurance, banking capital, interstate banking and branching, the regulatory structure, and the FDIC's bank insurance fund.

From a securities industry perspective, legislation concerning Securities and Exchange Commission (SEC) and Commodity Futures Trading Commission (CFTC) jurisdiction took a negative turn in early March when an agreement was reached between the Treasury Department and the CFTC on a bill that could significantly impact the SEC's power over index options and perhaps even options on individual securities. Virtually all new product determinations would be vested in the

CFTC rather than the SEC, even when the product involves securities. A provision calling for inter-market cooperation, which the NASD strongly supported, was also stripped from the bill. The bill now goes for final action to the full Senate where amendments more palatable to the securities industry will be introduced.

Government securities legislation, passed in 1986, is up for reauthorization in 1991. Among the issues to be explored in the reauthorization debate are public dissemination of price information and broadened authority for the NASD in the sales-practice area.

As the NASD has evolved, it has, in many ways, become a customer-driven organization with several constituencies to satisfy. To measure our success and to solicit feedback on areas in need of attention, the NASD is in the process of conducting a customer service survey of members, issuers, and employees. The surveys being used were developed following focus group meetings with representatives from each group. The results of the survey are expected to be available in July.

■ **Business Conduct Matters** — To encourage the payment of arbitration forum fees by associated persons, the Board approved for member vote a change to the NASD By-Laws permitting it to suspend the registration of associated persons for failing to pay these fees. If the members approve the measure, the NASD will file it with the SEC for final approval and adoption.

The Board also authorized a change to its resolution governing the effectiveness and publication of disciplinary sanctions. Under the change, which makes the resolution consistent with current practice, bars and expulsions become effective on approval or acceptance by the National Business Conduct Committee (NBCC) and may be publicized immediately on such approval or acceptance. In addition, sanctions imposed as a result of Offers of Settlement and Letters of Acceptance,

Waiver and Consent may be publicized immediately.

Another change clarifies that sanctions imposed in District Business Conduct Committee (DBCC) decisions do not become effective and will not be publicized until 45 days after the DBCC's decision. This time lag is intended to provide respondents time to appeal the decision or for the NBCC to call the decision for review.

■ **Market Operation Issues** — The Board of Governors adopted a resolution to establish procedures for its discretionary review of Nasdaq Hearing Review Committee determinations. These procedures are consistent with those of the National Business Conduct Committee. As resolved, any Board member who feels that a matter should be the subject of a full Board discussion will first discuss his or her concerns informally with the Review Committee chairman. If this fails to allay the Board member's concerns, the matter can be formally called for discussion at the Board meeting immediately following the Review Committee's determination. At this point, the Board may consider the matter or defer the case to its next scheduled meeting.

Every six months, the NASD staff reviews the trading characteristics of Nasdaq/NMS securities (average daily nonblock volume, bid price, and number of market makers) and compiles a list of stocks that, according to the data, should be moved from one Small Order Execution System (SOES) tier level to another. As a result of the latest semi-annual reranking of SOES tier levels that the Board approved, 143 securities moved from the 1,000- to the 500-share level; 118 went from the 500- to the 1,000-share level; 95 dropped from the 500- to the 200-share level; and 63 moved from the 200- to the 500-share level.

The Board also redesignated the SOES Review Committee as the Market Operations Review Committee. The newly redesignated committee will hear appeals regarding excused

withdrawals from SOES and decisions on "erroneous transactions" as well as appeals from SOES Professional Trading Account designations.

■ **Business Practice Developments** — The Board approved the distribution for member comment of changes to the Rules of Fair Practice regarding compensation received by members for the sale of investment company shares and variable contracts to members of the public. The proposal would require members to keep records of cash and noncash compensation received and distributed. The changes also revise and simplify many of the current rules' provisions and modernize them to reflect current practices used in the investment company industry to compensate NASD members for the sale of investment company securities.

A measure to control abuses of SOES received Board approval. The change to the SOES rules would allow a market maker 15 seconds to update a quotation following an execution before being required to execute another transaction. The proposal would include a review of the effectiveness of the 15-second window after its implementation to determine whether it should continue as a permanent feature of SOES. The change now must be filed with the SEC for final approval.

The Board expanded members' proxy forwarding obligations to include all material in addition to that required by law to be sent to shareholders periodically. The changes are included in amendments to the Board's Interpretation Regarding the Forwarding of Proxy and Other Materials. These changes bring the measure in line with that of the New York Stock Exchange rule, thus standardizing the duty to forward such material for the entire NASD membership. Under the amendment, members would be reimbursed for expenses incurred in forwarding other material at the same rate as applies to proxy material.

Disciplinary Actions

National Association of Securities Dealers, Inc.

April 1991

Disciplinary Actions Reported for April

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, April 1, 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

Settles Financial Investments, Inc. (Sherwood, Arkansas) and Danny L. Hollingsworth (Financial and Operations Principal, Reno, Nevada). The firm was fined \$50,000 and expelled from membership in the NASD. Hollingsworth submitted an Offer of Settlement pursuant to which he was suspended from association with any member of the NASD as a financial and operations principal for three months.

Without admitting or denying the allegations, Hollingsworth consented to the described sanctions and to the entry of findings that the firm, acting through Hollingsworth, engaged in a securities business when the firm's net capital was below its required minimum and that it did not give telegraphic notice to the NASD and the Securities and Exchange Commission of its failure to comply with the minimum net capital requirement. The sanctions against the firm were based on findings that Settles failed to notify the NASD immediately that its clearing relationship was terminated by its clearing agent even though the firm had previously agreed in writing to do so.

In addition, without the knowledge or consent of customers, the firm established two accounts in the names of corporate customers and effected 48 transactions in one of the accounts resulting in losses totaling \$30,252.36, according to the findings. The firm entered into a series of transactions in government securities in the other account when the firm should have known that the customer was not financially suitable for the level of sophistication of such trading activity, the findings stated.

Settles also accepted and deposited a \$5,000 check from a public customer, the NASD found, but failed to establish a Special Reserve Bank Account for the exclusive benefit of customers and failed to compute a reserve formula. Furthermore, the firm permitted an individual to transmit business without proper registration with the NASD.

FIRMS FINED, INDIVIDUALS SANCTIONED

Financial America Securities, Inc. (Cleveland, Ohio) and John Rukenbrod (Registered Principal, Bay Village, Ohio) submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm and Rukenbrod were fined \$20,000, jointly and severally, and the firm was required to develop and submit new supervisory procedures. In addition, Rukenbrod was suspended from association with any member of the NASD as a general securities principal for five business days. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that Financial America and Rukenbrod failed to establish, maintain, and enforce written procedures that would have enabled the firm to supervise the activities of its associated persons.

Emmett A. Larkin Company, Inc. (San Francisco, California), Gordon F. Hing (Registered Principal, San Francisco, California), and William Thomas Kennaugh (Registered Principal, San Francisco, California) submitted an Offer of Settlement pursuant to which they were fined \$25,000, jointly and severally. Without admitting or denying the allegations,

the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Hing and Kennaugh, made inaccurate computations of the amount required to be on deposit in the Special Reserve Account for the Exclusive Benefit of Customers resulting in deficiencies in the Reserve Account. According to the findings, the respondents, in certain instances, failed to obtain promptly physical possession and control of customer fully paid for securities and created or increased a deficit position through the delivery of securities. The findings also stated that the firm, acting through Hing and Kennaugh, failed to compute its net capital accurately.

Emmett A. Larkin Company, Inc. (San Francisco, California) and Gordon F. Hing (Registered Principal, San Francisco, California) submitted a Letter of Acceptance, Waiver and Consent pursuant to which they were fined \$25,000, jointly and severally. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Hing, failed to reduce customers' excess margin securities to possession or control and allowed these securities to be hypothecated in a bank loan. The findings also stated that the firm, acting through Hing, failed to take prompt steps to obtain physical possession or control of customers' fully paid securities that were reflected in the firm's records as failed to receive in excess of 30 days.

According to the findings, the firm, acting through Hing, failed to implement appropriate written supervisory procedures regarding possession and control of customers' fully paid and excess margin securities. Moreover, the NASD determined that the firm, acting through Hing, prepared inaccurate computations of its Special Reserve Account and failed to deposit and maintain the required amount of cash and/or qualified securities in such account. Furthermore, the NASD found that, in contravention of Regulation T, the respondents failed to promptly cancel or otherwise liquidate transactions for which customers had not made full cash payment within the required time.

Pinnacle Securities, Ltd. (Concord, California), Bruce Eugene Campbell (Registered Principal, Concord, California), and Kenneth Edward Robison (Registered Representative, Chico, California) were fined \$10,440, jointly and severally. In addition, the firm and Campbell were

fined \$5,000, 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 (DBCC) for District 1. The sanctions were based on findings that Campbell participated in the sale of limited partnership interests to 10 investors without giving prior written notification to his member firm. In connection with such activity, the firm, acting through Campbell, engaged in such transactions prior to the firm becoming a member of the NASD. Furthermore, the firm and Campbell permitted Robison to act as a representative of the firm when he was not registered with the NASD. The firm, acting through Campbell, participated as an underwriter in the same offering on a contingency basis and received investor funds without depositing the funds into an escrow account. Moreover, the firm, acting through Campbell and Robison, disbursed investors' funds from the offering prior to reaching the required contingency.

Powell & Satterfield, Inc. (Little Rock, Arkansas), William W. Satterfield (Registered Principal, Little Rock, Arkansas), Joseph A. Powell (Registered Principal, Little Rock, Arkansas), Jack S. Lewis, Jr. (Registered Principal, North Little Rock, Arkansas), Robert E. Thomas (Registered Principal, Little Rock, Arkansas), Arthur G. Myers (Registered Representative, Little Rock, Arkansas), Geoffrey A. Yielding (Registered Representative, Sherwood, Arkansas), and Allan M. Tucker, Jr. (Registered Principal, Little Rock, Arkansas) submitted an Offer of Settlement pursuant to which the firm and individual respondents Satterfield, Powell, Lewis, Thomas, Myers, and Yielding were fined \$25,000, jointly and severally. In addition, Lewis was suspended from association with any member of the NASD in any principal capacity for one year, and Tucker 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, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Lewis, Thomas, Myers, and Yielding, executed certain government securities purchase and sale transactions with public customers at prices that included excessive markups and markdowns. In connection with these transactions, according to the findings, Satterfield and Powell

failed to supervise Meyers, Yielding, Lewis, and Thomas properly. In addition, the NASD determined that Tucker effected transactions in government securities that were part of a repurchase agreement at prices that were not reasonably related to the current market price. Tucker also sent false and misleading confirmations to public customers, effected transactions that were unsuitable for customers, and failed to record the nature of these repurchase agreements on his member firm's books and records, the NASD found. Furthermore, the firm, Satterfield, and Powell failed to supervise the activities of Tucker, the findings added.

FIRMS FINED

Prudential-Bache Securities Inc. (New York, New York) submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm was fined \$30,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that, in connection with municipal and corporate underwritings, Prudential-Bache failed to effect final settlement with the syndicate within the specific period of time following the date securities were delivered to the syndicate members and/or following the syndicate settlement date.

INDIVIDUALS BARRED OR SUSPENDED

F. Kennard Barson (Registered Representative, Salt Lake City, Utah) was fined \$100,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Barson induced four public customers to invest funds totaling \$73,491.86 with him by misrepresenting the nature and terms of such investments and failing to state material facts. In addition, Barson made improper use of the customers' funds by failing to invest their monies in corporate notes or annuities and, instead, using the funds for his own purposes. Barson also sold these customers securities that were neither registered nor exempt from registration under the Securities Act of 1933. Furthermore, in contravention of the Interpretation of the Board of Governors concerning Private Securities Transactions, Barson effected securities transactions without the prior knowledge or approval of his member firm.

Anthony J. Castaldo (Registered Representative, Yardley, Pennsylvania) was barred

from association with any member of the NASD in any capacity. The sanction was imposed by the NASD's Board of Governors following an appeal of a decision by the DBCC for District 9. The sanction was based on findings that, without the knowledge or consent of the customers, Castaldo endorsed, negotiated, and converted to his own use and benefit checks issued to insurance customers.

Robert Francis Catoggio (Registered Representative, Staten Island, New York) submitted an Offer of Settlement pursuant to which he was fined \$10,000 and suspended from association with any member of the NASD in any capacity for 30 business days. Without admitting or denying the allegations, Catoggio consented to the described sanctions and to the entry of findings that he effected 11 unauthorized transactions in the accounts of public customers. In addition, Catoggio sent a personal check for \$375 to a customer to repay the customer for losses resulting from one of the unauthorized transactions.

Albert V. Celente (Registered Representative, Lake Hiawatha, New Jersey) 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 15 business days. Without admitting or denying the allegations, Celente consented to the described sanctions and to the entry of findings that he recommended, for the joint account of public customers, certain purchase transactions without having reasonable grounds for believing these transactions were suitable for the customers considering their other securities holdings and financial situations and needs. In addition, Celente opened a securities account for the same public customers, who were residents of Delaware, and entered a Pennsylvania address for the customers on the new-account documentation, the findings stated. Neither Celente nor his member firm were approved to conduct a securities business in the state of Delaware.

Kevin C. Cole (Registered Representative, Dahinda, Illinois) was fined \$25,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Cole accepted from public customers two checks totaling \$20,000 for investment purposes and sold securities to these customers by means of deceptive and fraudulent practices. Cole failed to disclose to these customers material facts concern-

ing the true nature of the investments and the risks involved. He also failed to disclose that the funds would be deposited in an account that he owned or had a beneficial interest in, that the funds would be used to pay interest to customers, and that the investments were not being made through his member firm. Moreover, Cole engaged in the sale of the aforementioned securities without providing prior written notice to his member firm, and he failed to respond to NASD requests for information.

Edward Bruno Daroza, Jr. (Registered Principal, Redmond, Washington) was barred from association with any member of the NASD in a principal capacity, fined \$15,000, and suspended for six months from association with any member of the NASD as a registered representative. He also must requalify by examination as a general securities representative after the suspension. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the DBCC for District 3. The sanctions were based on findings that a former member, acting through Daroza, effected securities transactions while the firm failed to maintain required net capital. In addition, Daroza engaged in deceptive and misleading conduct as to his clearing firm by establishing two fictitious customer accounts through which he effected a series of securities transactions for his former member firm. This activity circumvented the net capital requirement and Regulation T of the Federal Reserve Board.

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

Michael G. Dunham (Registered Representative, Lake Bluff, Illinois) was fined \$4,000 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 DBCC for District 8. The sanctions were based on findings that Dunham executed a promissory note by which he guaranteed a public customer against certain losses in the customer's securities account. He also recommended and effected securities transactions in the same customer's account without having reasonable grounds for believing such recommendations were suitable, considering the customer's financial situation and investment objectives. In addition, Dunham failed to respond to NASD re-

quests for information.

Paul Gallerani (Registered Representative, London, England) was fined \$30,000, suspended from association with any member of the NASD in any capacity for 18 months (retroactive to his date of dismissal from his former member firm), 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 DBCC for District 10. The sanctions were based on findings that Gallerani opened a personal securities account at a bank without notifying his member firm. In addition, Gallerani engaged in private securities transactions without providing written notice to his member firm.

Gerald William Gorman (Registered Representative, Chicago, Illinois) 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 by the DBCC for District 1. The sanctions were based on findings that Gorman failed to respond to NASD requests for information concerning his termination from a member firm.

David Herbert Malsbury (Registered Representative, San Antonio, Texas) 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, Malsbury consented to the described sanctions and to the entry of findings that, without the knowledge or consent of a public customer, he submitted forged redemption requests to a municipal bond fund and received a total of \$39,242.50 from the customer's account. Thereafter, Malsbury converted the proceeds to his own use and benefit, according to the findings.

Francisco Javier Mares (Registered Representative, San Diego, California), was fined \$5,000 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 DBCC for District 2. The sanctions were based on findings that Mares obtained his member firm's signature-guarantee stamp without authorization and stamped the back of a customer check. He then forged the signature of his member firm's operations clerk in order to

facilitate the negotiation of a check on behalf of a customer.

Mary F. Mernah (Registered Principal, Denver, Colorado) submitted a Letter of Acceptance, Waiver and Consent pursuant to which she 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, Mernah consented to the described sanctions and to the entry of findings that she charged excessive markups on retail sales of common stock.

Bruce E. Olens (Registered Representative, South River, New Jersey) 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 by the Market Surveillance Committee. The sanctions were based on findings that, on two occasions, Olens failed to provide testimony in an on-the-record interview before the NASD.

Jonathan Garrett Ornstein (Registered Representative, Los Angeles, California) was fined \$10,000, suspended from association with any member of the NASD in any capacity for two years, and required to requalify by examination before acting in any registered capacity. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the DBCC for District 2. The sanctions were based on findings that Ornstein failed to respond to NASD requests for information and engaged in numerous options transactions for the account of a public customer without the customer's knowledge or consent.

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

Richard L. Pack (Registered Representative, Charlotte, North Carolina) was fined \$25,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Pack received a check for \$5,000 with instructions to deposit the funds into a customer's securities account. Pack failed to deposit the monies as instructed and, instead, converted the funds to his own use and benefit.

Zakary Rahman (Registered Representative, New Orleans, Louisiana) and **Charles**

L. Crawford, Jr. (Registered Principal, Lafayette, Louisiana). Rahman was fined \$20,000 and barred from association with any member of the NASD in any capacity. Crawford was fined \$10,000, suspended from association with any member of the NASD in any capacity for two weeks, and required to requalify by examination as a registered options principal. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the DBCC for District 5.

The sanctions were based on findings that Rahman executed in the accounts of public customers numerous unauthorized options transactions that were unsuitable for the customers, failed to disclose to the customers all the material risks of options trading, and failed to comply with a customer's instructions to limit his risk. Rahman sent a letter to a public customer that falsely represented that he would provide the customer with portfolio insurance, and he failed to describe the options strategy that he proposed to use or the risks of the options positions that would be assumed.

In addition, Rahman exercised discretionary authority in the accounts of public customers without prior written authorization from the customers or written acceptance by his member firm. Furthermore, Crawford, acting on behalf of his member firm, failed to establish, maintain, and enforce written supervisory procedures and failed to supervise the activities of Rahman reasonably and properly.

Michael G. Raich, Jr. (Registered Representative, Monaca, Pennsylvania) 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 DBCC for District 4. The sanctions were based on findings that Raich failed to respond to NASD requests for information concerning his termination from a member firm.

Steven M. Samblis (Registered Representative, Cocoa, Florida) and **Donald G. Asquith (Registered Principal, Williamston, Michigan)**. Samblis was fined \$10,000, suspended from association with any member of the NASD in any capacity for five business days, and required to requalify by examination as a general securities representative. Asquith was also fined \$10,000 and must requalify by examination as a general securi-

ties principal and an options principal. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the DBCC for District 8.

The sanctions were based on findings that Samblis prepared and mailed to three public customers form letters, accompanied by a written description of an intended option investment strategy for the customers, that were incomplete and misleading as to the risks involved. Samblis also effected 11 unauthorized transactions and made unsuitable options recommendations in a customer's account. Asquith failed to supervise Samblis' activities properly and failed to establish, maintain, and enforce written supervisory procedures that addressed options activities and the review and approval of sales literature. Furthermore, Asquith failed to abide by a restrictive agreement in that he engaged in options activities without obtaining the approval of the NASD.

Richard F. Schweig (Registered Representative, Wheaton, Illinois) submitted an Offer of Settlement pursuant to which he was suspended from association with any member of the NASD in any capacity for three years. Without admitting or denying the allegations, Schweig consented to the described sanctions and to the entry of findings that he exercised discretion in the options accounts of public customers without obtaining prior written discretionary trading authority from the customers and without the approval of the appropriate principal of his member firm. According to the findings, Schweig also recommended and effected options transactions in the account of a public customer without having a reasonable basis for believing such recommendations were suitable for the customer. The findings also stated that Schweig exceeded oral authorization given him by the same customer in that he purchased, without the customer's knowledge or consent, options in excess of the limitation set by the customer.

William E. Stead (Registered Representative, Syracuse, New York) was fined \$10,000, suspended from association with any member of the NASD in any capacity for 30 days, and required to requalify by examination. The sanctions were imposed by the NASD's Board of Governors on review of a decision by the DBCC for District 11. The sanctions were based on findings that Stead effected purchase and sale transactions for the accounts of public customers without

the authorization, knowledge, or consent of the public customers. In addition, Stead failed to respond to NASD requests for information.

Phillip J. Tullis (Registered Representative, Dunwoody, Georgia) was fined \$30,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Tullis entered into an agreement with another broker to share commissions received in connection with municipal and equity securities transactions that were executed in the accounts of public customers. Tullis received \$19,365.76 in commissions but failed to notify his member firm or the other broker's member firm of the agreement. Furthermore, Tullis engaged in these private securities transactions without prior written notice to his member firm and without being properly registered with the NASD.

Frank Bernard Varites (Registered Representative, Poway, California) was fined \$20,000 and barred from association with any member of the NASD in any capacity. The sanctions were imposed by the NASD's Board of Governors on review of a decision by the DBCC for District 2. The sanctions were based on findings that Varites misused customer and firm funds by causing the issuance of checks totaling \$15,442.65 made payable to himself from eight of his member firm's securities accounts without the knowledge or consent of the beneficial owners of such accounts. Thereafter, he converted the proceeds to his own use and benefit.

Gary Vernick (Registered Representative, Merion, Pennsylvania) was fined \$20,000 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 DBCC for District 10. The sanctions were based on findings that Vernick effected transactions in the account of a public customer without the knowledge or consent of the customer. He also failed to respond to NASD requests for information.

David Walter Williams (Registered Representative, Auburn, Washington) submitted an Offer of Settlement 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, Williams consented to the described sanctions and to the entry of findings that he entered into a course of conduct

that operated as a fraud and deceit on public customers in that he made material misrepresentations and omitted material facts in soliciting and executing the sale of common stock to public customers.

INDIVIDUALS FINED

Jeffrey David Renley (Registered Representative, Orange, California) was fined \$10,000. The sanction was imposed by the NASD's Board of Governors following an appeal of a decision by the DBCC for District 2. The sanction was based on findings that Renley exercised discretion in the joint account of customers without obtaining prior written discretionary trading authority from such customers or his member firm. In addition, he executed three options transactions in a public customer's account without the prior knowledge or consent of the customer. Furthermore, Renley issued checks totaling \$37,000 to two public customers in settlement of their complaints without the knowledge or consent of his member firm.

David A. Sabens (Registered Representative, Indianapolis, Indiana) was fined \$15,000. The sanction was based on findings that Sabens engaged in unauthorized securities purchase and sale transactions in the account of a public customer.

George H. Weitzel (Registered Principal, Dubuque, Iowa) was fined \$10,000 and required to requalify by examination as a general securities principal. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the DBCC for District 8. The sanctions were based on findings that Weitzel engaged in a pattern of activity and/or a course of conduct and sales efforts that violated the responsibility of fair dealing with customers in that the financial and other interests of his member firm were placed ahead of the interests of the customers. Furthermore, Weitzel solicited customers to sell one security and purchase another (also referred to as investment switches) when there was no substantial difference in investment risks, investment objectives, and other factors between the security sold and purchased.

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

Bishop Securities, Incorporated, Chicago, Illinois

Greenfield/Campbell, Incorporated, Portland, Oregon

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

- Michael Benvenuto, Massapequa, New York
- Jay H. Block, Littleton, Colorado
- Daniel A. Borzoni, San Diego, California
- Debra C. Bryant, Denver, Colorado
- Raymond A. Clarke, Montclair, New Jersey
- Mark S. Creamer, Delray Beach, Florida
- Russell E. Glines, Newport Beach, California
- Joseph R. Kubancik, Orlando, Florida
- Stephen W. LeBlanc, Marietta, Georgia
- Harry C. Leon, San Francisco, California
- Billy C. Martindale, Little Rock, Arkansas
- Ralph McNamara, Lloyd Harbor, New York
- Mary F. Mernah, Denver, Colorado
- William B. Ogletree, Birmingham, Alabama
- Robert M. Paulovich, Bryant, Arkansas
- Richard A. Pinder, Kenosha, Wisconsin
- Scott R. Romig, Mesa, Arizona
- Gerald A. Steward, El Cajon, California
- Thomas G. Wales, St. Louis Park, Minnesota

SUSPENSION LIFTED

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

Westcor Financial, Inc., Santa Fe, New Mexico (February 12, 1991).

NASD EXPELS KOCHCAPITAL, INC., BARS ITS PRESIDENT, SUSPENDS ITS VICE PRESIDENT OF COMPLIANCE, AND IMPOSES FINES FOR VIOLATIONS OF THE SEC'S "PENNY STOCK" RULE

The NASD has taken disciplinary action against Kochcapital, Inc., Bellevue, Washington; Russell Gordon Koch, General Principal; Jo Schnibbe Wolford, General Principal and Vice President of Compliance; and Donald William Jones, General Principal.

The NASD expelled the firm from membership in the NASD, fined it \$244,000, jointly and severally with Koch, and required the firm to make a rescission offer to customers in whose accounts transactions in low-priced equity securities subject to the SEC's "penny stock" rule had occurred.

Disciplinary Actions

Koch was barred from association with any member of the NASD in any capacity, and Wolford was fined \$1,000 and suspended from association with any member of the NASD as a principal for three months. In addition, Jones was fined \$20,000 and required to requalify by examination as a general securities principal.

The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the DBCC for District 3. The sanctions were based on findings that the respondents engaged in various transactions that violated SEC Rule 15c2-6. The rule was adopted to prevent broker-dealers from engaging in broad-scale "cold calling" to members of the public for the purpose of selling "designated securities," which are defined as low-priced non-Nasdaq over-the-counter equity securities whose issuers have less than \$2 million in net tangible assets. The rule imposes specific sales-practice and suitability requirements on broker-dealers that recommend and sell designated securities to investors who are not established customers of the broker-dealer.

The NASD found that the firm, acting through Koch, Wolford, and Jones, effected numerous transactions in designated securities, on behalf of retail customers, prior to obtaining a manually signed and dated copy of each customer's written suitability statement or a written agreement concerning the identity and quantity of the designated security to be purchased.

In connection with these transactions, the firm, acting through Koch, Wolford, and Jones, failed to establish adequate written procedures to ensure compliance with Rule 15c2-6.

The investigation was carried out by the NASD's Seattle district office as part of a coordinated nationwide series of broker-dealer examinations conducted cooperatively by the NASD, SEC, and state of Florida to ascertain compliance with SEC Rule 15c2-6.

This action has been appealed to the SEC by the firm, Koch, and Jones. While the firm's expulsion and Koch's bar are effective, other sanctions imposed by the NASD are stayed pending the SEC's consideration of the appeal.

For Your Information

National Association of Securities Dealers, Inc.

April 1991

Leading Industry Policymakers to Speak at Regional NASD Conference

"Compliance, Competitiveness & Change" is the theme of the NASD's eastern regional membership meeting and securities conference at the Doral Resort & Country Club in Miami May 23 and 24. The program includes general sessions on the economic outlook for the securities industry and on media coverage of the markets. There also will be a special training session for NASD arbitrators. Workshop topics include advertising, arbitration, bank broker-dealers, branch-office compliance, compliance officers, corporate financing, financial and operational, insurance broker-dealers, investment companies, Nasdaq trading, The PORTALSM Market and OTC Bulletin Board (demonstrations), public securities, qualifications, and securities regulation.

Speakers at the meeting, which is sponsored by NASD Districts 5, 7, 8, 9, 10, and 11, include NASD President and Chief Executive Officer Joseph R. Hardiman, *Business Week* correspon-

dent Dean Faust, *Wall Street Journal* reporter Anne Newman, Securities Investor Protection Corporation President Theodore H. Focht, Assistant U.S. Treasury Secretary for Economic Policy Sidney Jones, SEC Assistant Director for Compliance and Financial Responsibilities Michael A. Macchiaroli, Municipal Securities Rulemaking Board Executive Director Christopher Taylor, Security Traders Association President John L. Watson III, Hambrecht and Quist Chairman Gordon S. Macklin, and McDonald & Company Securities President (and NASD Chairman) William B. Summers, Jr.

Conference registration is limited and costs \$295 per person (\$275 per person for firms registering three or more persons). A 10 percent early registration discount is available through April 22. Registration for the arbitration session only costs \$75 per person. For registration details and additional information about the conference, contact Elisabeth Owen at the NASD at (202) 728-8005.