

Disciplinary Actions

National Association of Securities Dealers, Inc.

August 1991

Disciplinary Actions Reported for August

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 will begin with the opening of business on Monday, August 19, 1991. The information relating to matters contained in this notice is current as of the fifth of this month. Information received subsequent to the fifth is not reflected in this publication.

FIRMS EXPELLED, INDIVIDUALS SANCTIONED

Aims Capital Corporation (Ada, Michigan), Timothy S. Baumann (Registered Principal, Holland, Michigan), and Maynard A. Baer (Registered Principal, Ada, Michigan) submitted an Offer of Settlement pursuant to which the firm was fined \$15,000 and expelled from membership in the NASD. Baumann was fined \$55,000 and barred from association with any member of the NASD in any capacity, and Baer was fined \$20,000 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, acting through Baumann and Baer, effected retail sales of common stock to public customers by means of fraudulent, deceptive, and/or manipulative devices in that it charged customers arbitrary prices and failed to disclose material facts regarding the stock. Furthermore, the findings stated that the firm, acting through Baumann, operated a securities business while failing to maintain minimum required net capital, prepared inaccurate net capital computations and general ledgers, and filed inaccurate FOCUS Parts I and II reports.

Alison, Baer Securities, Inc. (Boca Raton, Florida), Jeffrey Eric Britz (Registered Principal, New York, New York), and Philip Gurian (Registered Representative, Boca Raton, Florida) submitted an Offer of Settlement pursuant to which the firm was fined \$50,000 and expelled from membership in the NASD. Britz was fined \$40,000 and suspended from association with any member of the NASD in any principal or supervi-

sory capacity for three years, and Gurian was fined \$10,000 and suspended from association with any member of the NASD in any capacity for 30 days.

Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that, in contravention of the NASD's Mark-Up Policy, the firm, acting through Britz and Gurian, effected principal transactions with public customers at prices that were unfair. The NASD also found that the firm, acting through Britz, sold units of common stock prior to the effective date of the registration statement and allowed unregistered personnel to transact business with public customers. In addition, the NASD determined that the firm, acting through Britz, failed to institute and enforce written procedures that would have enabled it to supervise its pricing policy properly.

American Wallstreet Securities, Inc. (Tampa, Florida), Eric J. Walloga (Registered Principal, Brandon, Florida), and Kevin D. Ward (Registered Principal, Brandon, Florida) were fined \$100,000, jointly and severally. The firm was expelled from membership in the NASD, and Walloga and Ward were barred from association with any member of the NASD in any capacity. The sanctions were based on findings that the firm, acting through Walloga and Ward, violated its restriction agreement with the NASD by maintaining a proprietary trading account with its clearing firm and holding a customer's funds.

In connection with the above activity, the firm, acting through Ward, failed to establish and fund a reserve account for customers' funds. The firm, acting through Ward, deposited a \$7,200

cashier's check, which was received from a public customer and intended for the purchase of securities, into the firm's operating bank account. American Wallstreet, acting through Ward, also conducted a securities business while failing to maintain its required minimum net capital, failed to maintain accurate books and records, and failed to file accurate FOCUS Parts I and IIA reports.

Furthermore, the firm, acting through Ward, approved the securities accounts of five nonaccredited and nonestablished public customers for transactions in designated securities and failed to deliver written suitability statements to the customers. In addition, the firm, acting through Ward, failed to disclose on confirmations the markups charged in riskless principal transactions with public customers. And, the firm, acting through Walloga and Ward, failed to establish, maintain, and enforce written supervisory procedures and effected transactions in over-the-counter, non-Nasdaq corporate securities at prices that were unfair.

Berachah Securities Corporation (Tampa, Florida) and **Shelton Allen Thorne (Registered Principal, Tampa, Florida)** were fined \$70,000, jointly and severally. The firm was expelled from membership in the NASD, and Thorne was barred from association with any member of the NASD in any capacity. The sanctions were based on findings that the firm, acting through Thorne, breached its restrictive agreement with the NASD by employing more registered representatives than authorized and by effecting transactions in municipal securities. The firm, acting through Thorne, effected transactions in nonexempt securities while failing to maintain its required minimum net capital, filed inaccurate FOCUS Parts I and IIA reports, failed to maintain accurate books and records, and failed to give telegraphic notice concerning the net capital and recordkeeping deficiencies. Furthermore, the firm, acting through Thorne, failed to establish, maintain, and enforce a supervisory system and written supervisory procedures. In addition, in order to inflate the firm's net capital falsely, Thorne deposited checks into the firm's bank account to repay unsecured advances when he knew the checks would be dishonored because of insufficient funds.

Carey Jamison & Company (Silver Spring, Maryland) and **Peter F. Hibbard (Registered Representative, Columbia, Maryland)** submitted

an Offer of Settlement pursuant to which the firm was expelled from membership in the NASD, and Hibbard was fined \$10,000 and barred from association with any member of the NASD in a principal capacity. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Hibbard, failed to amend its Form BD promptly and subsequently filed inaccurate amendments to its Form BD. The NASD also found that the firm, acting through Hibbard, conducted a securities business at times when it maintained less than its required minimum net capital and that it filed inaccurate FOCUS Parts I and IIA reports.

In connection with a private placement memorandum in an all-or-none offering, the NASD determined that the firm, acting through Hibbard, represented to investors that the offering would terminate on a specified date unless it was extended at the discretion of the general partner. Thereafter, the offering was amended to extend the termination date, but no affirmative written reconfirmation was extended to at least two investors in the offering. Furthermore, the NASD found that the firm, acting through Hibbard, sold interests in the same offering to four investors, and the checks received from these investors were deposited into the escrow account subsequent to the termination date of the offering.

Direct Capital Corporation (Los Angeles, California), **Brian Lee Potashnik (Registered Principal, La Jolla, California)**, and **Danny Marc Hershey (Associated Person, Los Angeles, California)**. The firm was expelled from membership in the NASD, and Potashnik and Hershey were each fined \$11,000 and suspended from association with any member of the NASD in any capacity for six months. Potashnik also must qualify by examination as a principal.

The sanctions were imposed by the NASD's Board of Governors on review of a decision by the District Business Conduct Committee (DBCC) for District 2. The sanctions were based on findings that the firm, acting through Potashnik and Hershey, engaged in the sale of limited partnership interests in three offerings and failed to transmit investor funds to separate escrow accounts promptly. In addition, the firm, acting through Potashnik and Hershey, made misrepresentations to investors in connection with one of the offerings in that it

failed to return investor funds when the contingency was not met. The respondents also effected securities transactions while failing to maintain sufficient net capital. Moreover, the firm and Potashnik allowed Hershey to engage actively in the management of the firm's securities business without proper registration with the NASD.

Graystone Nash, Inc. (Bloomfield, New Jersey) and **Thomas V. Ackerly (Registered Principal, Glen Ridge, New Jersey)** were fined \$1,325,000, jointly and severally. The firm was expelled from membership in the NASD, and Ackerly was 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 7. The sanctions were based on findings that the firm, acting through Ackerly, engaged in the distribution as sole underwriter of units on a best-efforts contingency basis and accepted purchasers' monies through its clearing agent instead of requiring that the funds be deposited promptly in a separate bank trust or escrow account.

While still participating in the distribution of these units, the firm, acting through Ackerly, bid for and purchased common stock for the same security and induced others to purchase the common stock at arbitrary prices. In addition, the firm, acting through Ackerly, dominated and controlled the market in the same security and effected, as principal, over-the-counter sales of the common stock to public customers at prices that were unfair.

Rector Capital Corporation (New York, New York), **Alan Cohen (Registered Principal, Lynbrook, New York)**, and **Leonard Gurin (Financial and Operations Principal, Monmouth, New Jersey)** submitted an Offer of Settlement pursuant to which the firm was expelled from membership in the NASD. Cohen was fined \$250,000 and barred from association with any member of the NASD in any capacity, and Gurin was fined \$10,000. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Cohen, sold units of common stock to public customers from the firm's inventory at prices that were unfair with markups ranging from 25 to 100 percent above the prevailing market price. The NASD also found that the firm, acting through Gurin, conducted a securities

business while failing to maintain its required minimum net capital and failed to file its FOCUS Part I reports on a timely basis. In addition, the NASD determined that the firm, acting through Gurin and Cohen, violated its restriction agreement with the NASD in that it modified its business activities, acted as a market maker, and engaged in a municipal securities business without first notifying and receiving the NASD's written approval.

J.B. Sterling Corporation (Aurora, Colorado) and **Richard D. Gilson (Registered Principal, Golden, Colorado)**. The firm was fined \$10,000 and expelled from membership in the NASD. Gilson was fined \$4,500, suspended from association with any member of the NASD in any capacity for 10 days, and required to requalify by examination prior to acting 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 3. The sanctions were based on findings that the firm, acting through Gilson, failed to file its FOCUS Part I reports on a timely basis and failed to file accurate FOCUS Parts I and II reports for certain periods.

FIRMS SUSPENDED, INDIVIDUALS SANCTIONED

Cooper-Daher Securities, Inc. (San Francisco, California), **Jerome Alan Cooper (Registered Principal, San Francisco, California)**, **Mohamad Ali Ghaleb Daher (Registered Representative, Dallas, Texas)**, **Stanley Emerson Barber (Associated Person, Dallas, Texas)**, and **Sheriff Kamal Saudi (Registered Representative, Fort Worth, Texas)**. The firm was fined \$6,000, jointly and severally with Cooper, and suspended from membership in the NASD for 20 days. Cooper also was fined \$85,000 and barred from association with any member of the NASD in any capacity. Daher, Barber, and Saudi were each 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 1. The sanctions were based on findings that, in contravention of the firm's voluntary restriction agreement with the NASD and of Schedule C to the NASD's By-Laws, Cooper-Daher Securities, acting through Cooper, effected with public customers over-the-counter securities transactions with bid and ask prices of less than \$5 per share. In addition, the firm, acting

through Cooper, conducted a securities business while failing to maintain required minimum net capital. Cooper also participated in private securities transactions without giving prior written notification to his member firm and misappropriated customer funds totaling \$25,000 intended for the purchase of stock. Furthermore, Cooper, Daher, Barber, and Saudi failed to respond to NASD requests for information.

Datek Securities Corp. (Brooklyn, New York) and **Sheldon Maschler (Registered Representative, Brooklyn, New York)** submitted an Offer of Settlement pursuant to which the firm was fined \$10,000 and suspended from acting as a Small Order Execution System (SOES) order-entry firm for 10 business days. Maschler was fined \$50,000 and suspended from association with any member of the NASD in any capacity for 35 days.

Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Maschler, engaged in a practice designed to circumvent the size limitations of SOES. This practice, commonly referred to as "order splitting," involved the execution on SOES of 34 transactions in 1989 for accounts over which Maschler exercised discretionary authority. In this regard, multiple orders for various accounts under Maschler's control were entered into SOES within the same five-minute period, thereby establishing the presumption that the orders were entered based on a single investment decision. Furthermore, the findings stated that Datek, assisted by Maschler, failed to make and keep current a memorandum of brokerage orders that reflected the exercise of this discretion.

The Offer of Settlement also disposes of several other unrelated charges that have been the subject of ongoing NASD and judicial proceedings since 1988. These proceedings included a change of venue from the Market Surveillance Committee to the DBCC for District 9. The unrelated charges, which were the subject of a press release in October 1989, were subsequently vacated by the NASD and were combined with the SOES-related charges described above and resolved jointly with this Offer of Settlement.

The suspension of Datek and Maschler commenced with the opening of business on July 15, 1991.

Paramount Securities, Inc. (Phoenix, Arizona) and **Larry E. Bell (Registered Principal, Scottsdale, Arizona)** submitted an Offer of Settlement pursuant to which they were fined \$10,000, jointly and severally, and the firm was suspended from participating in any private offering in securities for five business days. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that, in connection with two contingent offerings of limited partnership interests, the firm, acting through Bell, disbursed funds for underwriting fees and sales commissions prior to reaching the required contingencies. The firm, acting through Bell, also failed to return investor subscriptions when the contingency was not met in one of the two all-or-none offerings. The findings also stated that the firm, acting through Bell, caused an affiliate to extend credit to customers in the two partnerships and repaid the affiliate an amount in excess of the amount loaned.

San Marino Securities, Inc. (Salt Lake City, Utah), **Mark Edward Eames (Registered Principal, Salt Lake City, Utah)**, **Garth Orson Potts (Registered Principal, Salt Lake City, Utah)**, and **Jody Art Thompson (Registered Principal, Sandy, Utah)** submitted an Offer of Settlement pursuant to which the firm was fined \$40,000, suspended from conducting a securities business for 10 days, prohibited for six months from acting as a market maker in any security for which it had not acted as a market maker prior to the issuance of this action, and prohibited from participating in any underwriting or as a member of any syndicate or selling group of an underwriting for six months. Eames was fined \$45,000 and suspended from association with any member of the NASD in any capacity for 30 days, and Potts was fined \$10,000 and suspended from association with any member of the NASD in any capacity for 30 days. In addition, Thompson was fined \$5,000 and suspended from association with any member of the NASD in any capacity for 10 days.

Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that, in contravention of the Board of Governors' Interpretation with respect to the NASD Mark-Up Policy, the firm, acting through Eames, Potts, and Thompson, engaged in the purchase and sale of securities with public

customers in the secondary market at prices that were unfair. Markups and markdowns ranged from 5.1 to 70.1 percent in relation to the prevailing market price, according to the findings.

FIRMS FINED, INDIVIDUALS SANCTIONED

Bachus & Stratton Securities, Inc. (Pompano Beach, Florida), Salvatore Lanza (Registered Principal, Boca Raton, Florida), and Richard Love (Registered Principal, Plantation, Florida) submitted an Offer of Settlement pursuant to which the firm and Lanza were fined \$67,800, jointly and severally. Lanza was suspended from association with any member of the NASD in any capacity for three days, and Love was fined \$10,000. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that, through deceptive and fraudulent devices, the firm, acting through Lanza, effected principal transactions with public customers at prices that were unfair. The findings further stated that Love failed to establish, maintain, and enforce written procedures that would have enabled the firm to supervise its pricing policy properly.

Bailey, Martin & Appel, Inc. (Philadelphia, Pennsylvania) and Howard M. Appel (Registered Principal, Penn Valley, Pennsylvania) submitted an Offer of Settlement pursuant to which the firm and Appel were each fined \$125,000. Appel was also 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, acting through Appel, effected principal sales of equity securities, agency cross transactions, and municipal securities to public customers at unfair prices. According to the findings, the firm, acting through Appel, failed to make certain disclosures on confirmations and sold unregistered shares of common stock to customers. In addition, the NASD found that the firm, acting through Appel, sold limited partnership interests on an "all or none" basis and caused funds to be disbursed from the escrow account before the contingency was met.

The findings also stated that the firm, acting through Appel, failed to comply with NASD rules concerning options accounts, failed to maintain a program of written supervisory procedures, failed to maintain accurate books and records, and filed

inaccurate FOCUS reports. Furthermore, the NASD determined that the firm did not record on its order tickets the names of the dealers contacted and the quotations received for transactions in non-Nasdaq securities.

Dain Bosworth, Inc. (Minneapolis, Minnesota), Ronald William Dunlap (Registered Principal, Bellevue, Washington), and Lucile Kerr Arendt (Registered Representative, Bothell, Washington) submitted an Offer of Settlement pursuant to which the firm was fined \$10,000. Dunlap was fined \$7,500, suspended from association with any member of the NASD in any general securities principal capacity for one year, and required to requalify by examination in that capacity. Arendt 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 Arendt exercised effective control over the account of a customer and recommended the purchase and sale of securities without having reasonable grounds for believing that the recommendations were suitable considering the customer's financial situation and objectives. In connection with these activities, Dain Bosworth and Dunlap failed to supervise Arendt properly and adequately, according to the findings.

Eastern States Securities, Inc. (Derby, New York) and Ambrose W. Szur, Jr. (Registered Principal, Derby, New York) submitted an Offer of Settlement pursuant to which they were fined \$20,000, 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 Szur, offered and sold units in a private offering and failed to comply with the all-or-none contingency and the stated terms established in the private offering memorandum. Specifically, the NASD determined that the respondents continued to offer and sell units after the expiration date and failed to terminate the offering and return customer funds when the offering was not completed. In addition, the NASD determined that the firm, acting through Szur, broke escrow when only a portion of the required funds was deposited and cleared.

Schweitzer & Company (Plantation, Florida) and Amnon Israel Schweitzer (Registered

Principal, Plantation, Florida) submitted an Offer of Settlement pursuant to which they were fined \$10,000, jointly and severally, and required, jointly and severally, to make restitution of \$4,687 to customers. Amnon Schweitzer also was suspended from association with any member of the NASD in any capacity for 10 days. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that, in contravention of the NASD's Mark-Up Policy, the firm, acting through Schweitzer, effected principal transactions with public customers at unfair prices with markups exceeding 100 percent.

The NASD also found that the firm, acting through Schweitzer, failed to disclose on confirmations to public customers its capacity as a market maker, the reported price, trade price, and markup. In addition, the NASD determined that the firm, acting through Schweitzer, allowed customers to trade options prior to approval by a registered options principal and failed to indicate a registered options principal's approval date on new-account forms for options customers.

Southeastern Capital Group, Inc. (Orlando, Florida), Richard T. Wagner (Registered Principal, Maitland, Florida), and Charles E. LeCroy (Registered Representative, Winter Park, Florida) submitted an Offer of Settlement pursuant to which the firm and Wagner were fined \$25,000, jointly and severally, and LeCroy was fined \$10,000. Wagner also must requalify by examination as a general securities principal. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Wagner, permitted LeCroy to function as the firm's president without being qualified as a general securities principal or a municipal securities principal. The NASD also found that the firm, acting through Wagner, failed to establish, maintain, and enforce adequate written supervisory procedures and designated a nonprincipal as responsible for the firm's supervisory systems, procedures, and inspections. The findings also stated that the firm, acting through Wagner, permitted an unqualified individual to function as a municipal securities representative. In addition, Wagner permitted the firm to conduct a securities business while failing to maintain its required minimum net capital, according to the findings.

FIRMS AND INDIVIDUALS FINED

Princeton Securities Corporation (Lawrenceville, New Jersey) and Stephen J. Taormina (Registered Principal, Princeton, New Jersey) were fined \$62,000, jointly and severally. The sanction was based on findings that the firm, acting through Taormina, effected principal transactions in a common stock with public customers at prices that were unfair in relation to the market value of the security, at markups ranging from 8 to 85 percent.

FIRMS FINED

Shearson Lehman Hutton, Inc. (New York, New York) submitted an Offer of Settlement pursuant to which the firm was fined \$10,000. Without admitting or denying the allegations, Shearson consented to the described sanction and to the entry of findings that the firm failed to establish, maintain, and reasonably enforce procedures that would have enabled it to supervise properly the mutual fund sales activities of a salesperson in a branch office.

INDIVIDUALS BARRED OR SUSPENDED

Robert C. Abraham (Registered Representative, Auburn, New York) submitted an Offer of Settlement pursuant to which he was fined \$10,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Abraham consented to the described sanctions and to the entry of findings that he withheld and misappropriated to his own use and benefit funds totaling \$3,590.63 received from public customers and intended for payment of insurance premiums or loan installments.

Paul Steven Bauer (Registered Representative, Maryland Heights, Missouri) was fined \$30,250.64 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, in contravention of the Board of Governors' Policy with respect to Fair Dealing with Customers, Bauer purchased and sold shares of common stock in the accounts of public customers without their knowledge or consent. In addition, Bauer failed to respond to NASD requests for information.

Larry William Birk (Registered Representative, Gordonville, Missouri) submitted a Letter

of Acceptance, Waiver and Consent pursuant to which he was fined \$20,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Birk consented to the described sanctions and to the entry of findings that he arranged for the issuance of a \$107 refund check from the insurance policy of a public customer. According to the findings, Birk forged the customer's endorsement on the check and converted the proceeds to his own use and benefit. In addition, the NASD found that, without the knowledge or consent of the same customer, Birk forged the customer's signature to three other surplus refund request forms totaling \$2,020.40 to be used to pay premiums and/or loan installments for other unrelated customers. Furthermore, the NASD determined that Birk requested a change of address for this customer, forged the customer's name to another surplus refund request form, and requested a change of the surplus refund option from "paid in cash" to "premium reduction" without the knowledge or consent of the customer.

Curtis Brady (Registered Principal, Bourbonnais, Illinois) submitted an Offer of Settlement pursuant to which he was fined \$2,500 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Brady consented to the described sanctions and to the entry of findings that he failed to respond to an NASD request for information concerning possible violations of NASD rules regarding private securities transactions.

John Russell Bragg (Registered Representative, Chicago, Illinois) submitted an Offer of Settlement pursuant to which he was fined \$12,044 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Bragg consented to the described sanctions and to the entry of findings that he executed unauthorized transactions in the accounts of three public customers.

Stephan S. Buckley (Registered Representative, Schaumburg, Illinois) submitted an Offer of Settlement pursuant to which he was fined \$35,000, suspended from association with any member of the NASD in any capacity for 10 business days, and required to requalify by examination as a registered principal. Without admitting or denying the allegations, Buckley consented to the described sanctions and to the entry of findings

that he participated in the sale of limited partnership interests to public customers without giving written notice to his member firms and failed to give written disclosure to the purchasers that he was an officer and/or director of the limited partnerships.

The NASD also found that, without the required preapproval, Buckley prepared and mailed to members of the public form letters that contained exaggerated, unwarranted, and misleading statements regarding mutual funds. The findings further stated that Buckley prepared and mailed, to at least 100 members of the public, documents that purported to be confirmations of trades for mutual funds and limited partnership interests bearing the name of a company that was not a registered broker-dealer. Moreover, according to the findings, Buckley failed to supervise his subordinates properly in that he permitted them to sell limited partnership interests without the prior approval of his member firm.

Christopher I. Carlisle (Registered Representative, Coatesville, Pennsylvania) submitted an Offer of Settlement pursuant to which he was suspended from association with any member of the NASD in any capacity for six months. Without admitting or denying the allegations, Carlisle consented to the described sanction and to the entry of findings that he executed unauthorized options transactions in a public customer's account and made false and misleading statements to the customer concerning the value of his securities account. The findings also stated that Carlisle misrepresented to the customer that he had executed securities transactions that were ordered by the customer when, in fact, such transactions were not executed.

Jeffrey Lester Casperson (Registered Principal, Mission Viejo, California) submitted an Offer of Settlement pursuant to which he was fined \$8,500 and suspended from association with any member of the NASD in any capacity for 90 days. Without admitting or denying the allegations, Casperson consented to the described sanctions and to the entry of findings that a former member firm, acting through Casperson, participated in three contingent offerings of limited partnership interests and failed to transmit promptly funds received from public customers for the purchase of such limited partnership interests to a separate escrow account. Casperson also failed to respond to

an NASD request for information.

Brian D. Christensen (Registered Representative, Colorado Springs, Colorado) and **Carlos H. Hoover (Registered Representative, Colorado Springs, Colorado)**. Christensen was fined \$22,500 and suspended from association with any member of the NASD in any capacity for 120 days. Hoover was fined \$7,500 and suspended from association with any member of the NASD in any capacity for 60 days. In addition, Christensen and Hoover each must disgorge \$1,738 in profits and must requalify by examination as general securities representatives.

The sanctions were based on findings that Christensen sold securities to a public customer without providing prior written notification of such transactions to his member firm. Christensen also submitted new-account information to his member firm for a customer that contained a false address and telephone number and failed to indicate that he was a relative of the customer. In addition, Christensen and Hoover purchased and sold securities for their own benefit in the account of a public customer without disclosing their interest in these transactions. Furthermore, they arranged to borrow \$8,000 and used the proceeds of the loan to purchase a nonmarginable security.

Barry Ryan Clark (Registered Representative, La Costa, California) submitted an Offer of Settlement pursuant to which he was fined \$42,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Clark consented to the described sanctions and to the entry of findings that he engaged in the purchase and sale of securities in the accounts of a public customer without having reasonable grounds for believing that such transactions were suitable for the customer in view of the size and frequency of the transactions and the customer's financial situation and needs. The findings also stated that Clark engaged in private securities transactions while failing to provide prior written notification of such transactions to his member firm.

Samuel G. Cole, III (Registered Representative, Jackson, Mississippi) 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 one week. Without admitting or denying the allegations, Cole consented to the described sanctions and to the entry

of findings that he exercised discretionary power in the accounts of a public customer without prior written authorization from the customer and prior written acceptance of the discretionary account by his member firm. The findings also stated that Cole recommended and executed margin transactions in one of the accounts of the same customer without having reasonable grounds for believing that such recommendations were suitable based on the customer's financial situation, investment experience, and investment objectives and needs.

Glenn Z. Crawford (Registered Representative, Atoka, Oklahoma) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$20,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Crawford consented to the described sanctions and to the entry of findings that he received cash totaling \$11,800 from two public customers for deposit in the customers' insurance policies. Instead, the NASD found, Crawford converted the funds to his own use without the knowledge or consent of the customers.

Susan C. Cumpston (Registered Representative, Aurora, Colorado) was fined \$7,500 and suspended from association with any member of the NASD in any capacity for 30 days. In addition, she must requalify by examination as a registered representative and disgorge \$2,400 representing illegal gains. The sanctions were based on findings that Cumpston falsified her firm's books and records by changing a public customer's address in order to circumvent state securities laws. In addition, she effected securities transactions without providing prior written notification to her member firm.

Jimmy Allen Dickerson (Registered Representative, Garland, Texas) 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 6. The sanctions were based on findings that Dickerson received from two public customers a \$3,979.66 check intended for prepayment of insurance premiums. Instead, Dickerson deposited the check in his checking account and converted the funds to his own use and benefit without the knowledge or consent of the customers.

Michael E. Duda (Registered Representa-

tive, Buffalo, New York) submitted an Offer of Settlement pursuant to which he was fined \$10,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Duda consented to the described sanctions and to the entry of findings that, without the knowledge or consent of his member firm, he withheld and misappropriated to his own use and benefit funds totaling \$8,329 intended for commission payments to insurance agents. The NASD also found that he falsified records to reflect disbursement of the commissions.

Howard Edrich (Registered Representative, Plantation, 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 Edrich failed to pay an arbitration award in the amount of \$4,475 plus interest and a \$100 filing fee.

John Mitchell Ellis (Registered Representative, Clearwater, Florida) was fined \$5,735, suspended from association with any member of the NASD in any capacity for 10 business days, required to requalify by examination as a registered representative, and ordered to make restitution of \$1,669 to a customer. The sanctions were based on findings that Ellis effected the purchase of common stock for the accounts of two public customers without the knowledge or consent of the customers.

Lawrence J. Gaughenbaugh (Registered Representative, Clarks Summit, Pennsylvania) submitted an Offer of Settlement pursuant to which he was fined \$175,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Gaughenbaugh consented to the described sanctions and to the entry of findings that he received from public customers insurance premiums totaling \$133,000, failed to remit the funds to an insurance company, and converted the monies to his own use and benefit. Gaughenbaugh also failed to respond to NASD requests for information.

Frederick Alan Gladle (Registered Representative, Woodland Hills, California) 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 five business days. Without admitting or denying the allegations, Gladle consented to the described sanctions and to the entry of findings that he

circumvented his member firm's internal policy by opening securities accounts and executing securities transactions for nonresident aliens by using the address of a New York resident. Furthermore, the NASD determined that Gladle misrepresented the true beneficial owners of the accounts to his member firm.

Robert C. Gleave (Registered Representative, Aurora, Colorado), Luis A. Carrillo (Registered Representative, Tampa, Florida), Allen Koehler (Registered Representative, Palm Harbor, Florida), Monte N. Mortensen (Registered Representative, Palm Harbor, Florida), and Paul T. Palmer (Registered Representative, Lutz, Florida). Gleave was fined \$25,000 and barred from association with any member of the NASD in any capacity. Mortensen was fined \$10,000 and suspended from association with any member of the NASD in any capacity for 15 days. In addition, Carrillo, Koehler, and Palmer each were fined \$5,000 and suspended from association with any member of the NASD in any capacity for five business days.

The sanctions were based on findings that Gleave engaged in manipulative, deceptive, and other fraudulent devices with respect to the purchase and sale of a common stock during the initial public offering. Gleave also dominated and controlled the market in this security and set arbitrary prices in the aftermarket. In addition, he sold the stock to public customers at prices that were unfair with markups of 166 percent above his member firm's contemporaneous cost for the securities.

In connection with the prospectus used in this offering, Carrillo, Koehler, and Palmer falsely described the offer as a "blank check" offering or falsely told purchasing customers about prospective merger partners for the "blank check." Furthermore, during the trading in the same stock, Mortensen failed to disclose certain contradictory recommendations to his customers.

Thomas F. Greblewski (Registered Representative, Rochester, New York) submitted an Offer of Settlement pursuant to which he was fined \$20,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Greblewski consented to the described sanctions and to the entry of findings that he withheld and misappropriated customer funds totaling \$2,000 intended for investment in a mutual fund without the knowledge or

consent of the customer. In addition, Greblewski failed to respond to NASD requests for information.

Ricardo Juan Grimes (Registered Representative, Boca Raton, Florida) was fined \$500 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Grimes failed to pay a \$5,100 arbitration award.

Edward P. Harris (Registered Representative, Holmdel, New Jersey) was barred from association with any member of the NASD in any capacity. The sanction was based on findings that Harris failed to pay a \$2,000 arbitration award.

Virginia A. Hudspeth (Registered Representative, Jenks, Oklahoma) was fined \$20,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Hudspeth solicited a \$10,061.78 check from a public customer for investment in a bond fund but failed to open an account. Instead, she deposited the funds in a bank account that she controlled, thereby converting the funds to her own use without the knowledge or consent of the customer. Furthermore, in order to conceal this activity, Hudspeth provided the customer with a false receipt and account statement. In addition, Hudspeth failed to respond to NASD requests for information.

Marlen V. Johnson (Registered Principal, Salt Lake City, Utah) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$1,074,300 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 implemented and directed a scheme of inducing the purchase of stock by others in order to raise or maintain the price of such securities so that the stock he owned or controlled, at little or no cost, could be sold at substantial profits.

According to the findings, Johnson also sold unregistered securities through his account to public customers and to other broker-dealers. The NASD also found that he failed to inform those customers of material facts necessary in order that statements made were not misleading under the circumstances.

Charles Cameron Jordan (Registered Principal, Delray Beach, Florida) submitted an Offer

of Settlement pursuant to which he 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, Jordan consented to the described sanctions and to the entry of findings that, without the knowledge or consent of his member firm, Jordan converted to his own use \$84,000 of his member firm's monies by overstating postage expenses for the offices he managed.

The NASD also found that Jordan obtained more funds in various amounts from his member firm by drawing out-of-sequence checks on his firm's bank account payable to himself and converting the funds to his own use. In addition, the NASD determined that Jordan caused false credits totaling \$59,000 to be entered in his securities account with his member firm.

Bradley M. Katz (Registered Representative, Boulder, Colorado) was fined \$105,000, suspended from association with any member of the NASD in any capacity for 180 days, and required to requalify by examination as a registered representative. In addition, he must disgorge \$8,300 in commissions. The sanctions were based on findings that Katz made misrepresentations to a public customer in connection with the customer's purchase of securities, including promises of profits and assurances as to the lack of risk involved.

Furthermore, Katz recommended and executed 27 highly speculative securities transactions in low-priced stocks in the same customer's account without having reasonable grounds for believing such recommendations were suitable for the customer considering her other security holdings, financial situation, and needs. Katz also effected unauthorized and excessive securities transactions in customer accounts and filed an inaccurate Uniform Application for Securities Industry Registration or Transfer (Form U-4).

Terry A. Knight (Registered Principal, Newtown, Pennsylvania) 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, Knight consented to the described sanctions and to the entry of findings that he instructed his member firm to issue checks totaling \$140,750.98 from two securities accounts of a public customer. The checks were made payable to an entity that Knight

owned. Thereafter, the NASD found that Knight negotiated the checks and converted the proceeds to his own use and benefit without the knowledge or authorization of the customer.

Ulrich Edmund Konig (Registered Representative, Miami, Florida) was fined \$25,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Konig caused the issuance of seven checks totaling \$278,000 by his member firm drawn on two joint securities accounts of a public customer without authority and applied the proceeds to his own use and benefit. Konig also engaged in deceptive and fraudulent devices and contrivances to conceal such activity by creating and furnishing false monthly statements to the same customer. In addition, Konig failed to respond to an NASD request for information.

Michael L. Laidlaw (Registered Principal, Belgrade, Minnesota) was fined \$50,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Laidlaw engaged in private securities transactions and failed to give written notification to his member firm of his intention to engage in such activities. In addition, he used investors' funds totaling \$38,821 for his personal benefit as a result of these private securities transactions. Furthermore, Laidlaw received \$2,000 from two public customers intended for the purchase of limited partnership interests, failed to follow the customers' instructions, and used the funds for his own benefit. Laidlaw also failed to respond to NASD requests for information.

Roger T. Leonard (Registered Representative, Naperville, Illinois) submitted an Offer of Settlement pursuant to which he was fined \$55,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Leonard consented to the described sanctions and to the entry of findings that he submitted to his member firm false order tickets for purported purchases by public customers of interests in a limited partnership offering. As a result, he received from his member firm \$25,788.25 in commissions to which he was not entitled, according to the findings. The NASD also found that Leonard submitted an amended Form U-4 that failed to disclose the true facts surrounding his termination from a member firm.

Stanley Levin (Registered Representative,

Plantation, 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 Levin failed to pay a \$2,076 arbitration award.

Leonard William Lister, Jr. (Registered Representative, Kansas City, Missouri) was fined \$25,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that, without the knowledge or consent of three public customers, Lister requested a change of address for these customers and arranged for the issuance of checks totaling \$2,211.24 that were endorsed and deposited by another individual. That individual then wrote checks totaling \$1,855 to Lister, who converted the funds to his own use and benefit.

Elliott I. London (Registered Representative, Danvers, Massachusetts) submitted an Offer of Settlement pursuant to which he was fined \$20,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, London consented to the described sanctions and to the entry of findings that he withheld and misappropriated, to his own use and benefit, funds totaling \$3,000 received from a public customer for investment purposes without the knowledge or consent of the customer.

Michael David Luther (Registered Representative, Port Orange, 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 Luther failed to pay a \$350 arbitration award.

Kevin W. Marcum (Registered Principal, Sandy, Utah) was fined \$25,000 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 3. The sanctions were based on findings that Marcum falsified his member firm's books and records by submitting false address change requests and sending falsified account information to a public customer. He also effected 32 unauthorized transactions in the same customer's account and attempted to conceal these transactions from the customer by the aforementioned actions. In addition, Marcum deposited \$1,925 in the same customer's securities account as reimbursement for losses incurred in the ac-

count without obtaining prior written permission from his member firm.

Craig Suydam McManus (Registered Representative, Charleston, South Carolina) was fined \$10,000, suspended from association with any member of the NASD in any capacity for 10 days, and required to make restitution of \$3,686.41 to a member firm. The sanctions were based on findings that McManus effected the purchase of shares of common stock for the account of a public customer without the knowledge or consent of the customer.

Theodore Joseph Meyer (Registered Representative, Redmond, Washington) was fined \$20,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Meyer failed to respond to an NASD request for information regarding customer complaints.

Glenn S. Mitchell (Associated Person, Waukegan, Illinois) submitted an Offer of Settlement pursuant to which he was fined \$500 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Mitchell consented to the described sanctions and to the entry of findings that, contrary to instructions given to him, Mitchell took into an examination room certain notes that contained material relevant to the Series 7 examination.

Kenneth D. Moore, Jr. (Registered Principal, Columbus, Ohio) and **Mark A. Cyphers (Registered Principal, Worthington, Ohio)** submitted an Offer of Settlement pursuant to which Moore was fined \$50,000 and barred from association with any member of the NASD in any capacity. Cyphers was fined \$2,500 and suspended from association with any member of the NASD as a general securities principal for three days. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that Moore caused four checks totaling \$9,100 drawn on the accounts of two public customers to be endorsed and deposited into his personal bank account without the knowledge or consent of the customers.

The findings also stated that Moore recommended to the same customers the purchase and sale of securities without having reasonable grounds to believe such recommendations were suitable for the customers in view of the size and frequency of trades and the customers' financial sit-

uations, needs, and investment objectives. Furthermore, Moore purchased options in his personal account without making payment or having an adequate credit balance, according to the findings. In addition, Moore failed to respond to NASD requests for information. The NASD further found that Cyphers failed to supervise the activities of Moore adequately.

Michael Peter Noto (Registered Representative, Clearwater, Florida) was fined \$10,000, suspended from association with any member of the NASD in any capacity for 30 calendar days, and required to make and provide proof of restitution of \$4,000 to a member firm and \$2,085 to a public customer. The sanctions were based on findings that Noto purchased securities in the accounts of two public customers without the knowledge or consent of the customers.

Roberto R. Ortiz (Registered Representative, Long Branch, New Jersey) was fined \$25,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Ortiz failed to respond to NASD requests for information regarding a customer complaint.

Winston Charles Pitman (Registered Representative, Largo, Florida) was barred from association with any member of the NASD in any capacity. The sanction was based on findings that, in connection with the sale of common stock to three public customers, Pitman engaged in private securities transactions and failed to provide prior written notification of such sales to his member firm. In connection with these private securities transactions, Pitman failed to disclose material facts regarding the use of the proceeds and the consequences of the offering failing to close.

Howard Randolph, Jr. (Registered Representative, Verona, Pennsylvania) was fined \$50,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Randolph misappropriated \$7,797.45 in customer funds by forging the customers' signatures on withdrawal requests and by converting the proceeds of an insurance-premium check and policy-loan checks to his own use and benefit. Randolph also failed to respond to NASD requests for information.

Neil L. Rothstein (Registered Representative, Coral Springs, Florida) submitted an Offer of Settlement pursuant to which he was fined

\$1,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Rothstein consented to the described sanctions and to the entry of findings that he effected unauthorized transactions in the securities accounts of three public customers.

Jim W. Smith (Registered Representative, Dubuque, Iowa) was fined \$20,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Smith failed to return funds to another registered representative. Specifically, he cancelled an exposition booth that was reserved and paid for by the representative without her knowledge or consent, received a refund check for \$150, endorsed the check, and deposited the funds into his personal account. In addition, Smith failed to respond to NASD requests for information.

Pamela Rose Swearngin (Associated Person, Independence, Missouri) submitted a Letter of Acceptance, Waiver and Consent pursuant to which she was fined \$20,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Swearngin consented to the described sanctions and to the entry of findings that, without the knowledge or consent of five public customers, Swearngin detached money orders totaling \$250 from mutual fund applications, changed the payee names to her own name, cashed the money orders, and converted the proceeds to her own use and benefit.

John W. Swiger (Registered Representative, Jacksonville, Florida) was fined \$20,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that, in contravention of the Board of Governors' Free-Riding and Withholding Interpretation, a member firm, acting through Swiger, sold shares of a new issue that traded at a premium in the aftermarket to restricted persons. Swiger also failed to respond to NASD requests for information.

Shelton Allen Thorne (Registered Principal, Tampa, Florida) was fined \$10,000, suspended from association with any member of the NASD in any capacity for 30 days, and required to make and provide proof of restitution totaling \$17,517.50. The sanctions were based on findings that Thorne recommended to a public customer the purchase of various securities without having

reasonable grounds for believing such recommendations were suitable based on the customer's other security holdings, financial situation, and needs.

John T. Truman, Jr. (Registered Representative, Tampa, Florida) was fined \$10,000 and suspended from association with any member of the NASD in any capacity for 30 days. The sanctions were based on findings that Truman effected purchases and sales of securities in the accounts of public customers without the knowledge or consent of the customers.

Darren Lee Vellawald (Registered Representative, Cahokia, Illinois) submitted an Offer of Settlement pursuant to which he was fined \$8,000, suspended from association with any member of the NASD in any capacity for four months, and required to requalify by examination for any registered capacity. Without admitting or denying the allegations, Vellawald consented to the described sanctions and to the entry of findings that, in contravention of the Board of Governors' Interpretation with Respect to Fair Dealing with Customers, Vellawald executed purchases and sales of securities in the accounts of five customers without their knowledge or consent.

Edward Richard Walsh (Registered Representative, Clearwater, Florida) was fined \$25,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Walsh received a check for \$5,115 from a public customer for the purchase of securities. Walsh did not purchase the securities and instead converted the proceeds to his own use by depositing the check in his personal savings account.

INDIVIDUALS FINED

Matthew Edward Maleta (Registered Representative, Tigard, Oregon) was fined \$30,000 and required to requalify by examination for any capacity requiring registration. In addition, he must provide evidence that restitution of \$45,118 was made to customers. The sanctions were based on findings that Maleta recommended to public customers the purchase of securities without having reasonable grounds for believing such recommendations were suitable considering the customers' financial situations and needs. In connection with such activity, Maleta also made false representations and omissions of material facts, including the

risks involved.

Delbert L. Stephens (Registered Representative, Eugene, Oregon) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$10,000. Without admitting or denying the allegations, Stephens consented to the described sanction and to the entry of findings that, without the prior approval by a principal of his member firm, he caused a letter to be mailed to prospective clients that contained misrepresentations, concerning the past performance of an investment program and the types of investments used to achieve that performance.

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

Cornwall, Abbott & Gray, Inc., Newport Beach, California

Diehl & Company, Newport Beach, California

King Equity Management/Syracuse Inc., Cazenovia, New York

LSCO Securities, Incorporated, Wichita, Kansas

FIRMS SUSPENDED

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

Cane Ridge Investment Company, Los Angeles, California (June 11, 1991)

Cutter Capital Services, Inc., Stamford, Connecticut (June 11, 1991)

Devonshire Financial Corp., Champaign, Illinois (June 11, 1991)

Dunman Resources, Inc., Torrance, California (June 11, 1991)

Great Cumberland Group, Inc., West Newbury, Massachusetts (June 11, 1991)

Hasan Growney Co., Inc., New York, New York (June 11, 1991 to June 24, 1991)

Hyer, Bikson & Hinsen, Inc., Leawood, Kan-

sas (June 11, 1991)

Independence Equities, Inc., New York, New York (June 11, 1991)

Madison Capital Corp., Madison, Alabama (July 2, 1991)

M.B. Global Asset Allocation, Inc., New York, New York (June 11, 1991)

Momentum Securities, Inc., Plano, Texas (June 11, 1991)

North Shore Investment Company, Syosset, New York (June 11, 1991)

Peer Securities, Inc., Livingston, New Jersey (June 11, 1991)

Peregrine Securities Corp., Miami, Florida (June 11, 1991 to July 2, 1991)

Sacks Investment Company, Inc., Novato, California (June 20, 1991)

SEI Securities, Inc., Duluth, Georgia (July 2, 1991)

Sterling Pacific Securities, Inc., Spokane, Washington (June 11, 1991)

Townsend & Associates, Inc., Towson, Maryland (June 20, 1991 to June 28, 1991)

V P Securities, Inc., Island Heights, New Jersey (June 11, 1991)

Women Securities International, Littleton, Colorado (July 2, 1991)

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.

Accord Capital Growth, Inc., Dallas, Texas (June 21, 1991)

Capital Equity Corporation, Raleigh, North Carolina (June 5, 1991)

Esquire Investments, Inc., Lansing, Michigan (June 17, 1991)

Grace Securities, Inc., Winter Park, Florida (July 22, 1991)

John G. Varel, Haleiwa, Hawaii (June 24, 1991)

KAJ Financial Corporation, Los Angeles, California (June 11, 1991)

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

Vincent W. Aquino, Whitestone, New York

Wayne L. Bartelt, Milwaukee, Wisconsin

Dale R. Dargie, Parker, Colorado
 Charles P. Davis, Jr., Hudson, Florida
 Nicholas DeGennaro, Essex, Vermont
 Russell R. Diehl, Irvine, California
 Mark Foglia, Los Angeles, California
 Michael T. Hesse, Denton, Texas
 Pearl I. Hummel, Wichita, Kansas
 Graham R. Jones, Scottsdale, Arizona
 Joseph H. King, Jr., Cazenovia, New York
 Charles E. Kinnick, Signal Hill, California
 Thomas L. Martin, St. Petersburg, Florida
 Thomas F. McKeown, Pittsburgh,

Pennsylvania

Gregory A. Newsome, West Chester, Ohio
 Arveal Paggett, Jr., Fresno, California
 Brent A. Peterson, Boca Raton, Florida
 Connie H. Rogers, Los Angeles, California
 Neal Van Schouwen, Dyer, Indiana
 David P. Schrader, New Port Richey, Florida
 Kendall C. Shaffer, Jr., Morgan Hill,

California

Franklin L. Stiles, Tampa, Florida
 Gary F. Vick, Albuquerque, New Mexico
 William W. Whitmore, Wilmette, Illinois
 Robert A. Wilson, Southampton, New York

NASD IMPOSES FINES AND SUSPENSIONS ON INVESTMENT BANKER FOR TRADING BASED ON MATERIAL, NONPUBLIC INFORMATION

The NASD has taken a disciplinary action against Ronald F. Beck of Denver, Colorado, formerly a Senior Vice President in the Investment Banking Division of an NASD member firm. The NASD's decision was based on proceedings before its Market Surveillance Committee and Board of Governors.

The allegations of misconduct involved, among other things, Beck's effecting transactions in a joint account (which he controlled) with two aunts while in possession of material, nonpublic information regarding a proposed merger transaction in 1989 in American Capacity Group, Inc., formerly a Nasdaq-listed security. The NASD found that Beck had obtained the material, nonpublic information in connection with his fiduciary position as an investment banker to the issuer and that Beck utilized the joint account maintained at a firm other than his employer to place orders for his own personal gain.

Based on trading within the joint account, Beck realized a profit of approximately \$30,000. In its decision, the NASD found that Beck had a clear duty to refrain from trading in the subject security once he became aware of material, nonpublic information regarding the proposed tender offer. Because Beck failed to do so, the NASD found that he had violated Article III, Sections 1 and 18 of the Association's Rules of Fair Practice, Sections 10b and 14e of the Securities Exchange Act of 1934, and Rules 10b-5 and 14e-3 thereunder. Based on these findings, Beck was censured, fined \$56,056, suspended in all capacities for one year, and barred from association with any member firm in a principal capacity in an investment banking or corporate finance function.

These disciplinary proceedings and sanctions imposed are part of the NASD's continuing commitment to address fraud and other abuses in the securities markets. This investigation was conducted by the NASD's Market Surveillance Department, whose sophisticated technological systems alerted it to the unusual market activity.

For Your Information

National Association of Securities Dealers, Inc.

August 1991

Colorado Cuts Registration Fees; Arkansas Changes CRD Phase II Participation

Effective July 1, 1991, Colorado reduced its broker-dealer and agent fees. The broker-dealer registration and renewal fee fell from \$130 to \$100. Agent registration, transfer, and renewal fees declined from \$25 to \$20.

Effective June 20, 1991, Arkansas ceased to allow its initial broker-dealer registration fee of

\$300 to be collected through the Central Registration Depository (CRD). Payment of the fee now should be submitted directly to the state.

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

West Orange, New Jersey, and Charlotte, North Carolina, PLATO Centers Relocate

Effective August 26, 1991, the West Orange, New Jersey, PLATO Professional Development Center will relocate to 101 Eisenhower Parkway, 4th Floor, Roseland, NJ 07068. The new phone number will be (201) 228-8777.

The West Orange center will close at noon Thursday, August 22 and all day Friday, August 23.

Effective September 16, 1991, the Charlotte, North Carolina, PLATO Professional Development Center will relocate to 5250 77 Center Drive, Suite 495, Charlotte, NC 28217.

The Charlotte center will close at 1 p.m. Thursday, September 12 and all day Friday, September 13. The telephone number will remain the same.

Maine Hikes Licensing and Filing Fees, Eases Use of "Blue Sky" Exemption

The Maine Securities Division is increasing two categories of fees and easing use of the exemption from state registration for Nasdaq/NMS securities to make it a self-executing exemption that does not require a filing or a fee. All of the changes, which result from implementation of the Revised Maine Securities Act, are effective August 19, 1991.

The fee for initial and renewal sales representative licensing applications will rise from \$30 to \$40. The filing fee for securities registration will go up from \$300 to \$400 for each security being offered, except for offerings in which the total

amount raised (in and out of state) does not exceed \$1 million. The fee for these smaller offerings will remain at \$300.

The new law continues to provide for an exemption from state "blue sky" registration for securities listed or approved for listing on Nasdaq/NMS and eliminates the previous requirement for those approved-for-listing securities that a notice filing and fee be sent to the Maine Securities Administrator. For additional information about the changes, contact the state securities division at (207) 582-8760.