NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
1735 K STREET, NORTHWEST
WASHINGTON, D.C. 20006

September 16, 1991

To All NASD Members:

The recent disclosure of impropriety in the government securities market is yet another link in the chain of recent events that have shaken investor confidence and brought into question the credibility of the securities industry. Recovering from the highly publicized cases of insider trading, irregularities in the junk bond market, and the near collapse of the savings & loan industry, the financial markets have been dealt another blow.

As might be expected, a number of serious questions are being asked: Are America's securities markets fair? Are greed, corruption, and rulebreaking commonplace? An important question, which we must ask ourselves, is whether self-regulation works. More to the point, self-regulation has been an integral part of the securities industry for more than 50 years — but is the commitment to it still strong?

Lest we forget, self-regulation is not a right but a privilege. It is a responsibility that must be earned and re-earned. The compact forged between our industry, federal regulators, and lawmakers in the 1930s — which led to the formation in 1939 of the NASD — placed enormous trust in the ability of the securities industry to regulate itself. We must do everything in our power to sustain that trust.

The starting point is for every NASD member to reaffirm its commitment to observing the highest standards of professional and ethical conduct and to following just and equitable principles of trade. Since the responsibility for compliance with rules and regulations begins with the securities firms themselves, every member should undertake a comprehensive review of its internal compliance programs to be absolutely certain they are effective. If deficiencies are detected, they must be corrected promptly. In addition, each of us should personally scrutinize our daily activities, making certain that self-interest or the interests of the firm do not stand in the way of our mandate to serve the investing public fairly. We must submit to rigorous and repeated self-examination.

In spite of recent events, U.S. securities markets continue to be the fairest, most visible, and best regulated in the world. Self-regulation has helped make them so. The process works — but it can work better. We must demonstrate that self-regulation is effective at detecting and deterring wrongdoing. If we fail, we stand to lose the trust and confidence of our most valuable asset — the investor.

Unquestionably, the overwhelming majority in the securities industry play by the rules. They are ethical. They are honest. They know that good compliance is good business. Through renewed commitment and the rededication of every market, every member, and every professional in our industry to the principles of self-regulation, it is within our power to restore investor confidence in the financial markets. Together we can make it happen.

Sincerely,

William B. Summers, Jr.
Chairman

Joseph R. Hardiman
President and CEO

NASD

Notice To Members

National Association of Securities Dealers, Inc. September 1991

Number 91-56

Suggested Routing:*

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

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

Subject: SEC Approval of Amendments to Appendix F Concerning Member Participation in Partnership Rollups

EXECUTIVE SUMMARY

The Securities and Exchange Commission (SEC or "Commission") has approved amendments to Appendix F under Article III, Section 34 of the NASD Rules of Fair Practice regarding members' compensation arrangements in connection with the solicitation of investor votes in partnership rollup transactions. The amendments are effective immediately. The text of the amendments follows this notice.

BACKGROUND

In December 1990, the NASD requested comments on the receipt of differential compensation contingent on investor votes in connection with members' solicitation of votes or tenders in partnership rollups. Differential compensation plans provide for NASD members soliciting limited partners in a rollup to receive compensation only when an investor votes "yes" on the proposed transaction. The NASD was concerned that arrangements providing payment only for "yes" votes may raise a conflict of interest or the appearance of a conflict of interest. In light of serious regulatory and legislative concerns that have been raised about rollup transactions, the NASD questioned the appropriateness of compensation arrangements that provide members with an incentive to recommend only approval of the transaction, particularly when it is unclear that a "yes" vote is in the best interest of investors.

Commenters were strongly in favor of an amendment prohibiting differential compensation and indicated that compensation arrangements should provide an incentive for general partners to propose fair transactions. Therefore, the NASD's proposal was amended to prohibit member participation in rollups unless the general partner or sponsor has agreed to pay the costs of the solicitation, including the preparatory work related thereto, if the transaction is not approved. The commenters also indicated that solicitation compensation paid to members should not be contingent on approval of the transaction. In addition, the NASD decided to limit the amount of solicitation compensation that may be received by members to 2 percent of the exchange value of the newly issued securities resulting from the rollup.

The NASD believes that amendments to Appendix F requiring payment for any vote, regardless of whether the transaction is approved, will eliminate any conflict of interest, or the appearance of any conflict of interest, that may be present when NASD members soliciting limited partners in

a rollup receive compensation only when the investor votes "yes" to the transaction. The intended result of the NASD's action is that the general partner or sponsor, if faced with the responsibility of paying the costs of an unsuccessful solicitation, will have a strong incentive to structure and propose rollup transactions that are fair to limited partners. Meanwhile, NASD members will have equal incentive to advise their customers to vote "yes" or "no" as is appropriate.

EXPLANATION OF AMENDMENTS

The amendments to Appendix F prohibit NASD members from receiving compensation for soliciting votes or tenders from participants in connection with a rollup of a direct participation program unless such compensation (1) is payable and equal in amount regardless of whether limited partners vote affirmatively or negatively on the proposed rollup, (2) in the aggregate does not exceed 2 percent of the exchange value of the newly created securities, and (3) is paid regardless of whether the limited partners accept or reject the proposed rollup.

The amendments also prohibit members or persons associated with members from participating in the solicitation of votes or tenders in connection with a rollup unless the general partner or sponsor proposing the rollup agrees to pay all solicitation expenses related to the transaction, including all preparatory work related thereto, in the event the rollup is not approved. Solicitation expenses include direct marketing expenses such as telephone calls, broker/dealer fact sheets, legal and other fees related to the solicitation, as well as direct solicitation compensation to members. Solicitation expenses do not include other expenses normally paid by the registrant such as counsel fees, accounting fees, printing costs, and financial advisory fees related to the rollup transaction.

The amendments define "rollup" or "rollup of a direct participation program" as a transaction involving an acquisition, merger, or consolidation of at least one direct participation program, not currently listed on a national securities exchange or The Nasdaq Stock Market,℠ into another direct participation program, public corporation, or public trust. The definition of rollup in the amendments differs from the definition employed in proposed rollup legislation being considered by Congress. The NASD will consider conforming the definition of rollup to the legislative definition in the event it becomes law.

EFFECTIVENESS OF AMENDMENTS

The amendments were approved by the SEC August 19, 1991.* Members must comply with the amendments immediately. Questions concerning this notice may be directed to Richard J. Fortwengler, Associate Director, or Carl R. Sperapani, Assistant Director, Corporate Financing Department at (202) 728-8258.

TEXT OF AMENDMENTS TO APPENDIX F UNDER ARTICLE III, SECTION 34 OF THE NASD RULES OF FAIR PRACTICE

(**Note**: New language is underlined.)

APPENDIX F

Sec. 1.

No member or person associated with a member shall participate in a public offering of a direct participation program or a rollup of a direct participation program except in accordance with this Appendix.

Sec. 2.

DEFINITIONS

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(b) The following terms shall have the stated meaning when used in this Appendix:

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(7) Rollup or Rollup of a Direct Participation Program — a transaction involving an acquisition, merger or consolidation of at least one direct participation program, not currently listed on a registered national securities exchange or the Nasdaq System, into another public direct participation program or a public corporation or public trust.

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Sec. 6.

PARTICIPATION IN ROLLUPS

(a) No member shall receive compensation for soliciting votes or tenders from participants in connection with a rollup of a direct participation pro-

*See SEC Release No. 34-29582; 56 F.R. 42095, August 26, 1991

gram or programs, irrespective of the form of the entity resulting from the rollup (i.e., a partnership, real estate investment trust or corporation), unless such compensation:

(1) is payable and equal in amount regardless of whether the participant votes affirmatively or negatively on the proposed rollup;

(2) in the aggregate, does not exceed 2% of the exchange value of the newly-created securities; and

(3) is paid regardless of whether the participants reject the proposed rollup.

(b) No member or person associated with a member shall participate in the solicitation of votes or tenders in connection with the rollup of a direct participation program unless the general partner or sponsor proposing the rollup agrees to pay all solicitation expenses related to the rollup, including all preparatory work related thereto, in the event the rollup is not approved.

NASD

Notice To Members

National Association of Securities Dealers, Inc. — September 1991

Number 91-57

Suggested Routing:*

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

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

Subject: Adoption of Amendments to Interpretation of the Board of Governors — Forwarding Of Proxy and Other Materials, Article III, Section 1 of the NASD Rules of Fair Practice Re: Forwarding of Material on the Issuer's Behalf to Beneficial Owners of Nasdaq Securities

EXECUTIVE SUMMARY

The Securities and Exchange Commission has approved amendments to the Interpretation of the Board of Governors — Forwarding of Proxy and Other Materials, Article III, Section 1 of the NASD Rules of Fair Practice to require NASD members to forward on the issuer's behalf all material in addition to material required by law to be sent to beneficial owners. The text of this amendment, which took effect September 14, 1991, follows this notice.

BACKGROUND AND SUMMARY OF AMENDMENTS

On July 31, 1991, the Securities and Exchange Commission (SEC or "Commission") approved amendments to the Interpretation of the Board of Governors — Forwarding of Proxy and Other Materials, Article III, Section 1 of the NASD Rules of Fair Practice (the "Interpretation of the Board") to require members, on the issuer's behalf, to forward material in addition to that required by law to be sent to beneficial owners.

Prior to the approval of these amendments, the Interpretation of the Board required NASD members to forward on the issuer's behalf only proxy material, annual reports, information statements, and other material required by law to be sent to stockholders periodically. The NASD member's duty to forward did not extend to materials not required by law to be sent periodically.

The NASD became aware that a disparity existed among different NASD members regarding the duty to forward material not required by law to be sent periodically, and that such disparity could create unnecessary confusion in the area of issuer communications. The disparity existed because NASD members affiliated with the New York Stock Exchange (NYSE) are required to forward all material on the request of either NYSE-listed or unlisted companies.[1] Therefore, a Nasdaq issuer that requested the forwarding of material not required to be sent by law could receive a different level of service from an NASD member, depending on the member's affiliation or nonaffiliation with the NYSE.

This amendment eliminates the disparity among NASD members regarding their duty to for-

[1]NYSE Rule 465 and Section .10 of Supplementary Material to Rule 465.

ward material on behalf of the issuer to beneficial owners. As amended, the Interpretation of the Board requires that NASD members forward other material on behalf of the issuer. The amended requirement is not limited to material required by law to be sent periodically.

Currently, NASD members are reimbursed for expenses incurred in forwarding other material pursuant to Section 4 of the Interpretation. The rates for such reimbursement are set forth under the Appendix to the Interpretation of the Board. As amended, Section 4 and the Appendix to the Interpretation clarify that the application of the reimbursement rate applies to the additional material required to be forwarded under this amendment.

TEXT OF RULE CHANGE

The following is the full text of amendments to Interpretation of the Board of Governors — Forwarding of Proxy and Other Materials, Article III, Section 1 of the NASD Rules of Fair Practice.

(**Note:** New language is underlined; deleted language is in brackets.)

Rules of Fair Practice
Article III

Section 1

* * * * *

Interpretation of the Board of Governors

Forwarding of Proxy and Other Materials
Introduction

A member has an inherent duty in carrying out high standards of commercial honor and just and equitable principles of trade to forward all proxy material, annual reports, information statements and other material [required by law to be] sent to stockholders [periodically], which are properly furnished to it by the issuer of the securities, to each beneficial owner of shares of that issue which are held by the member for the beneficial owner thereof. For the assistance and guidance of members in meeting their responsibilities, [therefore,] the Board of Governors has promulgated this interpretation. The provisions hereof shall be followed by all members and failure to do so shall constitute conduct inconsistent with high standards of commercial honor and just and equitable principles of trade in violation of Article III, Section 1 of the Rules of Fair Practice of the Association.

Interpretation

* * * * *

Section 4. A member when so requested by an issuer and upon being furnished with:

(1) sufficient copies of annual reports, information statements or other material [required by law to be] sent to stockholders [periodically], and

(2) satisfactory assurance that it will be reimbursed by such issuer for all out-of-pocket expenses, including reasonable clerical expenses, shall transmit promptly to each beneficial owner of stock of such issuer which is in its possession and control and registered in a name other than the name of the beneficial owner all such material furnished.

This section shall not apply to beneficial owners residing outside of the United States of America though members may voluntarily comply with the provisions hereof in respect to such persons if they so desire.

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Appendix

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Charges for Interim Report [Mailings], Post Meeting Report and Other Material Mailings

30 cents for each copy, plus postage, for interim reports, post meeting reports; or other material with a minimum of $2.00 for all sets mailed;

Members may charge for envelopes, provided that they are not furnished by the person soliciting proxies.

Members are reminded that Article III, Section 3 of the Rules of Fair Practice requires that any such charges must be reasonable. Accordingly, this is a guide and a member may request reimbursement of expenses at other rates after taking into consideration all relevant factors.

NASD

Notice To Members

National Association of Securities Dealers, Inc. September 1991

Number 91-58

Suggested Routing:*

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

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

Subject: Columbus Day — Trade Date-Settlement Date Schedule

The schedule of trade dates-settlement dates below reflects the observance by the financial community of Columbus Day, Monday, October 14, 1991. On this day, the Nasdaq system and the exchange markets will be open for trading. However, it will not be a settlement date because many of the nation's banking institutions will be closed in observance of Columbus Day.

Trade Date		Settlement Date	Reg. T Date*
Oct.	3	10	14
	4	11	15
	7	15	16
	8	16	17
	9	17	18
	10	18	21
	11	21	22
	14	21	23
	15	22	24

Note: October 14, 1991 is considered a business day for receiving customers' payments under Regulation T of the Federal Reserve Board.

Transactions made on Monday, October 14, will be combined with transactions made on the previous business day, October 11, for settlement on October 21. Securities will not be quoted ex-dividend, and settlements, marks to the market, reclamations, and buy-ins and sell-outs, as provided in the Uniform Practice Code, will not be made and/or exercised on October 14.

Brokers, dealers, and municipal securities dealers should use these settlement dates for purposes of clearing and settling transactions pursuant to the NASD Uniform Practice Code and Municipal Securities Rulemaking Board Rule G-12 on Uniform Practice.

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

*Pursuant to Sections 220.8(b)(1) and (4) of Regulation T of the Federal Reserve Board, a broker-dealer must promptly cancel or otherwise liquidate a customer purchase transaction in a cash account if full payment is not received within seven (7) business days of the date of purchase or, pursuant to Section 220.8(d)(1), make application to extend the time period specified. The date by which members must take such action is shown in the column entitled "Reg. T Date."

NASD

Notice To Members

National Association of Securities Dealers, Inc. September 1991

Number 91-59

Suggested Routing:*

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

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

Subject: Nasdaq National Market System (Nasdaq/NMS) Additions, Changes, and Deletions As of August 23, 1991

As of August 23, 1991, the following 53 issues joined Nasdaq/NMS, bringing the total number of issues to 2,605:

Symbol	Company	Entry Date	SOES Execution Level
VRTX	Vertex Pharmaceuticals Incorporated	7/24/91	1000
CATH	Catherines Stores Corporation	7/25/91	1000
GMIS	GMIS Inc.	7/25/91	500
KOLL	Koll Management Services, Inc.	7/25/91	1000
GRNTP	Grant Tensor Geophysical Corp. (Pfd)	7/26/91	1000
RCORF	R-Tek Corporation	7/26/91	1000
MNRO	Monro Muffler Brake, Inc.	7/30/91	1000
PRGS	Progress Software Corporation	7/30/91	200
DIAN	Dianon Systems, Inc.	7/31/91	500
GTII	Genetic Therapy, Inc.	7/31/91	1000
WFLT	Wellfleet Communications, Inc.	7/31/91	1000
COMMP	Cellular Communications, Inc. (Pfd)	8/1/91	1000
MECS	Medicus Systems Corporation	8/1/91	1000
OHCO	OCOM Corporation	8/1/91	1000
OFII	Omni Films International, Inc.	8/1/91	500
SMTG	Somatogen, Inc.	8/2/91	1000
AGSV	Ag Services of America, Inc.	8/6/91	1000
CRCL	Circle Financial Corporation	8/6/91	200
EXTL	Executive TeleCard, Ltd.	8/6/91	1000
KLOC	Kushner-Locke Company (The)	8/6/91	1000
KLOCW	Kushner-Locke Company (The) (Wts)	8/6/91	1000
NABC	NAB Asset Corporation	8/6/91	500
NMRR	NMR of America, Inc.	8/6/91	1000
NTAIF	Nam Tai Electronics, Inc.	8/6/91	1000

Symbol	Company	Entry Date	SOES Execution Level
VALE	Valley Systems, Inc.	8/6/91	1000
BIOX	Biomatrix, Inc.	8/7/91	1000
HYBWV	Hycor Biomedical Inc. (Wts)(WI)	8/7/91	500
MPLX	Mediplex Group, Inc. (The)	8/7/91	1000
OXHP	Oxford Health Plans, Inc.	8/7/91	500
RVAC	Royal Appliance Mfg. Co.	8/7/91	1000
SDII	Special Devices, Incorporated	8/7/91	1000
STMX	SyStemix, Inc.	8/7/91	1000
CABK	Capital Bancorporation, Inc.	8/8/91	1000
IGHC	Intergroup Healthcare Corporation	8/8/91	500
PCHM	PharmChem Laboratories, Inc.	8/8/91	1000
RCMIF	Rogers Cantel Mobile Communications Inc. (Cl B)	8/8/91	1000
PIZB	National Pizza Company (Cl B)	8/12/91	1000
AMHC	American Healthcorp, Inc.	8/13/91	1000
CFBX	Community First Bankshares, Inc.	8/13/91	500
LSKI	Liuski International, Inc.	8/13/91	500
LPAC	Laser-Pacific Media Corporation	8/14/91	200
SYBS	Sybase, Inc.	8/14/91	1000
FIMG	Fischer Imaging Corporation	8/15/91	1000
ZBRA	Zebra Technologies Corporation (Cl A)	8/15/91	1000
IFRA	Infrasonics, Inc.	8/16/91	1000
NMPC	NutraMax Products, Inc.	8/16/91	1000
AEOK	Alexander Energy Corporation	8/20/91	500
GLBCP	Great Lakes Bancorp, A Federal Savings Bank (Pfd)	8/20/91	200
HAUS	Hauser Chemical Research, Inc.	8/20/91	1000
JEAN	Jean Philippe Fragrances, Inc.	8/20/91	1000
JEANW	Jean Philippe Fragrances, Inc. (Wts)	8/20/91	500
SCHR	Scherer Healthcare, Inc.	8/20/91	200
BMCW	BMC West Corporation	8/22/91	1000

Nasdaq/NMS Symbol and/or Name Changes

The following changes to the list of Nasdaq/NMS securities occurred since July 26, 1991:

New/Old Symbol	New/Old Security	Date of Change
PIZA/PIZA	National Pizza Company (Cl A)/National Pizza Company	7/31/91
INAC/VLCM	InaCom Corp./ValCom, Inc.	8/6/91
CNSI/CNSI	Cambridge NeuroScience, Inc./Cambridge NeuroScience Research, Inc.	8/8/91

Nasdaq/NMS Deletions

Symbol	Security	Date
CPST	CPC-Rexcel, Inc.	7/30/91
CIZCF	City Resources (Canada) Ltd.	7/30/91
KIND	Kinder-Care Learning Centers, Inc.	7/30/91
MLXX	MLX Corp.	7/30/91
ROBVC	Robotec Vision Systems, Incorporated	7/30/91
COMM	Cellular Communications, Inc.	8/1/91

Symbol	Security	Date
CWLD	Child World, Inc.	8/1/91
REDI	ReadiCare, Inc.	8/1/91
VANF	VanFed Bancorp	8/1/91
IMRI	IMCO Recycling Inc.	8/2/91
INFN	Infotron Systems Corporation	8/5/91
NUTM	Nutmeg Industries, Inc.	8/5/91
INAC	Inacomp Computer Centers, Inc.	8/6/91
VTRX	Ventrex Laboratories, Inc.	8/7/91
LDBC	LDB Corporation	8/7/91
LSER	Laser Corporation	8/13/91
CTIAC	Communications Transmission, Inc.	8/20/91
VREOS	Vanguard Real Estate Fund I	8/20/91
VRETS	Vanguard Real Estate Fund II	8/20/91
ADTLY	ADT Limited	8/21/91
INVG	INVG Mortgage Securities Corp.	8/21/91

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 Bernard Thompson, Assistant Director, NASD Market Surveillance, at (301) 590-6436.

NASD

Disciplinary Actions

National Association of Securities Dealers, Inc. September 1991

Disciplinary Actions Reported for September

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, September 16, 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

Johnson-Bowles Company, Inc. (Salt Lake City, Utah) and **Marlen V. Johnson (Registered Principal, Salt Lake City, Utah).** The firm was fined $20,000, jointly and severally with Marlen Johnson, and expelled from membership in the NASD. In addition, Johnson 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 District Business Conduct Committee (DBCC) for District 3. The sanctions were based on findings that Johnson, individually and on behalf of Johnson-Bowles, failed to respond to an NASD request for information in connection with an NASD staff investigation.

Richardson, Lyle & Adler, Inc. (New York, New York) and **Richard Schwartz (Registered Principal, Riverdale, New York)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm was expelled from membership in the NASD. Schwartz was fined $25,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Schwartz, liquidated the securities positions in the account of a public customer and invested the $52,673 proceeds in shares of common stock without the authorization of the customer. The NASD also found that the firm, acting through Schwartz, failed to obtain the most favorable price for its customers who purchased or sold the aforementioned common stock.

FIRMS SUSPENDED, INDIVIDUALS SANCTIONED

Bagley Securities, Inc. (Salt Lake City, Utah), Edward D. Bagley (Registered Principal, Salt Lake City, Utah), and **Thomas Gregg Holloway (Registered Principal, Mandarin, Florida).** The firm was suspended from membership in the NASD for six months, and Edward Bagley was fined $25,000 and barred from association with any member of the NASD in any principal capacity. In addition, Holloway was fined $98,000 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 3. The sanctions were based on findings that the firm, acting through Bagley and Holloway, sold municipal securities to its retail customers at unfair and unreasonable prices with markups ranging from 5.8 to 46.6 percent over the prevailing market price. The firm and Bagley also failed to inform the purchasers of the securities that it charged excessive markups.

Moreover, the firm, acting through Bagley, engaged in a municipal securities business without having a qualified municipal securities principal and sent to customers confirmations of transactions in municipal securities that failed to disclose required information.

First Choice Securities Corporation (Englewood, Colorado) and **Gregory F. Walsh (Registered Principal, Englewood, Colorado)** were fined $10,000, jointly and severally, and the firm was suspended from membership in the NASD for 30 days. In addition, the firm must close all of its branch offices for which it has not received spe-

cific written approval from the NASD. 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, in contravention of the provision of the firm's restriction agreement with the NASD, the firm, acting through Walsh, opened two branch offices.

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

VIP Financial Companies, Inc. (Denver, Colorado) and **Timothy S. Vasko (Registered Principal, Littleton, Colorado)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm was fined $2,500, jointly and severally with Vasko, and suspended from entering into any options transactions for five business days. Vasko also was suspended from acting in a principal capacity with any member of the NASD for five 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 Vasko, conducted an options business prior to qualifying a registered options principal. According to the findings, the firm, acting through Vasko, failed to have a registered options principal approve each discretionary options transaction and to establish adequate written supervisory procedures.

The findings also stated that the firm, acting through Vasko, failed to obtain the required customer account information prior to commencing an options business with customers and, in contravention of the SEC's Customer Protection Rule, failed to transmit customer funds promptly.

FIRMS FINED, INDIVIDUALS SANCTIONED

Americorp Securities, Inc. (Bellevue, Washington), Linda Lee Wilson (Registered Principal, Bellevue, Washington), and **Gary Louis Canady (Registered Representative, Seal Beach, California).** The firm was fined $90,000, jointly and severally with Wilson, and Wilson was barred from association with any member of the NASD in any capacity. In addition, Canady 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 following an appeal of a decision by the DBCC for District 3. The sanctions were based on findings that the firm, acting through Wilson, participated as an underwriter for the offering of convertible debentures on a best-efforts "minimum or none" basis and failed to transmit investors' funds promptly to a separate escrow account. In addition, the firm, acting through Wilson, recommended to a customer the purchase of a private placement investment without having reasonable grounds for believing that the recommendation was suitable considering the customer's financial situation and investment needs. The firm and Wilson also failed to disclose certain material information regarding the investment to the customer.

Furthermore, Wilson made an unsuitable recommendation to another customer in that she fraudulently induced this customer to liquidate her two mutual funds and to invest in Americorp Financial Group. She also failed to respond to three NASD requests for information. In addition, the firm, acting through Canady, made unsuitable recommendations to three public customers and failed to disclose certain material information regarding the investment. In connection with the unsuitable recommendations, Americorp, acting through Wilson, failed to supervise Canady properly.

This action has been appealed to the SEC by Canady, and his sanctions, other than the bar, are not in effect pending consideration of his appeal. The other two respondents, Americorp and Wilson, did not appeal to the SEC, and their sanctions are currently in effect.

Huberman Securities Corporation (North Miami Beach, Florida) and **Michael Huberman (Registered Principal, Newport Beach, California)** were fined $42,751, jointly and severally, and Michael Huberman 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 Huberman, effected transactions in over-the-counter securities at prices that were unfair, with excessive markdowns ranging from 15 to 36 percent.

Kettler and Company (Chicago, Illinois) and **Paul C. Kettler (Registered Principal, Chicago, Illinois)** were fined $10,000, jointly and severally. In addition, Paul Kettler was suspended

from association with any member of the NASD in any capacity for 30 days and required to requalify by examination as a registered 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 the firm, acting through Kettler, employed an individual and/or permitted him to be associated with the firm when Kettler knew that the individual was barred from such employment or association by the NASD.

This case has been appealed to the SEC, and the sanctions are not in effect pending consideration of the appeal.

R.G. Dickinson & Co. (Des Moines, Iowa) and **Raymond Duve, Jr. (Registered Principal, Omaha, Nebraska)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which they each were fined $10,000, and Duve was required to requalify by examination as a financial and operations principal.

Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Duve, failed to maintain required minimum net capital. The NASD found that the firm, acting through Duve, failed to deposit required amounts in its special reserve account, which resulted in deficiencies. The findings also stated that the firm, acting through Duve, prepared an inaccurate reserve computation and withdrew funds from its special reserve account without making a computation showing the basis for the withdrawal.

According to the findings, the firm, acting through Duve, also failed to prepare an accurate net capital computation, filed an inaccurate FOCUS Part I report, and maintained an inaccurate position record.

Sacks Investment Company, Inc. (Novato, California) and **Richard Lawrence Sacks (Registered Principal, Novato, California)** were fined $169,812.43, jointly and severally, and Richard Sacks 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 1.

They were based on findings that the firm, acting through Sacks, engaged in securities transactions with public customers at prices that were unfair with markups ranging from 17 to 220 percent over the firm's contemporaneous cost. In addition, the firm, acting through Sacks, failed to report securities transactions to Nasdaq and failed to employ a financial and operations principal and a municipal securities principal.

Furthermore, the firm, acting through Sacks, engaged in the sales of municipal securities without having first registered with the Municipal Securities Rulemaking Board and paying the required fees. They also engaged in securities transactions on a principal basis without having obtained written approval from the NASD in contravention of its voluntary restriction agreement.

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

Stephens Financial Group, Inc. (Chicago, Illinois) and **Stephen C. Browere (Registered Principal, Chicago, Illinois)** submitted an Offer of Settlement pursuant to which they were fined $15,000, jointly and severally. Browere also was suspended from association with any member of the NASD in any capacity for 30 days and barred from association with any member of the NASD in any 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 Browere, effected securities transactions while failing to maintain required minimum net capital and filed inaccurate FOCUS Parts I and IIA reports. The findings also stated that, in contravention of the SEC's Customer Protection Rule, the firm, acting through Browere, held customer funds, failed to transmit the funds to the clearing broker/dealer, and used the monies to cover the firm's operating expenses.

In addition, the firm, acting through Browere, failed to disclose on customer confirmations the amount of remuneration received in connection with transactions in direct participation programs and failed to prepare and maintain accurate books and records.

FIRMS AND INDIVIDUALS FINED

A.F. Best Securities, Inc. (Coral Springs, Florida) and **Alan Z. Appelbaum (Registered Principal, Coral Springs, Florida)** submitted an Offer of Settlement pursuant to which the firm was fined $50,000 and Appelbaum 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 Appelbaum, conducted a securities business while failing to maintain its required minimum net capital.

The NASD found that the firm, acting through Appelbaum, failed to determine the quantity of fully paid and excess margin securities in its possession and control and not in its possession and control. The NASD also found that the firm, acting through Appelbaum, failed to obtain physical possession or control of all fully paid and excess margin securities. The findings stated that the firm, acting through Appelbaum, hypothecated customer securities so as to permit them to be commingled with the firm's securities under a lien for a loan.

Furthermore, the NASD determined that the firm, acting through Appelbaum, failed to maintain an adequate deposit in its reserve account and made a withdrawal from the account in excess of the amount permitted by applicable rules. In addition, Best, acting through Appelbaum, failed to make weekly computations to determine its reserve account deposit requirement and failed to maintain accurate books and records, according to the findings.

The NASD determined that the firm, acting through Appelbaum, filed materially inaccurate FOCUS reports and failed to give telegraphic notice of the books and records deficiencies. The findings stated that Best, acting through Appelbaum, failed to conduct the required examination count, verification, and comparison of securities. The findings also added that Appelbaum failed to supervise adequately the financial and operational activities of the firm.

Moreover, the NASD determined that the firm, acting through Appelbaum, failed to establish, maintain, and enforce written supervisory procedures.

Bishop Securities, Inc. (Chicago, Illinois), Tibor Zoltan Katona (Registered Principal, Shorewood, Wisconsin), and **Gene Walter Rutkowski (Registered Principal, Chicago, Illinois).** The firm was fined $20,000, and Katona and Rutkowski each were fined $18,000 and required to requalify by examination as registered principals. The sanctions were based on findings that the firm, acting through Rutkowski and Katona, effected principal transactions in the accounts of public customers at prices that were unfair and unreasonable. The firm, acting through Rutkowski and Katona, also failed to report price and volume information through the Non-Nasdaq Reporting System.

Covey & Co., Inc. (Salt Lake City, Utah) and **David E. Nelson (Financial and Operations Principal, Salt Lake City, Utah)** submitted an Offer of Settlement pursuant to which they were fined $12,500, jointly and severally. Without admitting or denying the allegations, the respondents consented to the described sanction and to the entry of findings that, in contravention of the SEC's Customer Protection Rule, the firm, acting through Nelson, failed to compute its reserve computation accurately and to maintain the amount required to be on deposit in its reserve bank account. According to the findings, the firm, acting through Nelson, also made withdrawals from its reserve account in excess of the amount allowed by the aforementioned rule.

Moreover, the findings stated that the firm, acting through Nelson, failed to compute its net capital accurately and to comply with limitations imposed on it by the District Surveillance Committee. In addition, the NASD found that the firm, acting through Nelson, conducted a securities business while failing to maintain its minimum required net capital.

Fortress Securities, Inc. (Beverly Hills, California) and **Alex Lazar Kahan (Registered Principal, Beverly Hills, California)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which they were fined $12,000, jointly and severally. Without admitting or denying the allegations, the respondents consented to the described sanction and to the entry of findings that, in connection with 12 offerings of limited partnership interests, the firm, acting through Kahan, failed to transmit investors' funds to a separate escrow account promptly. Instead, the funds were transmitted to 11 separate bank checking accounts controlled by the firm.

Perry Investments, Inc. (Saratoga, California) and **Joan Anne Perry (Registered Principal, Saratoga, California)** were fined $18,500, jointly and severally, and Perry was required to requalify by examination as a financial and operations principal.

The sanctions were based on findings that the

firm, acting through Perry, conducted a securities business while failing to maintain its minimum required net capital. Also, the firm, acting through Perry, permitted an individual to act as a representative of the firm when he was not registered properly with the NASD. Furthermore, the firm, acting through Perry, failed to file its FOCUS Part I report in a timely manner.

Princeton Financial Group, Inc. (Princeton, New Jersey) and **Jerry F. Shorthouse (Registered Principal, Monmouth Junction, New Jersey)** were fined $20,000, jointly and severally. The sanction was based on findings that, in contravention of the NASD's Mark-Up Policy, the firm, acting through Shorthouse, effected securities transactions in the accounts of public customers at prices that were unfair in relation to the market value of such securities.

Sunpoint Securities, Inc. (Longview, Texas) and **Van Roberson Lewis, III (Registered Principal, Longview, Texas)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which they were fined $10,000, jointly and severally. Without admitting or denying the allegations, the respondents consented to the described sanction and to the entry of findings that the firm, acting through Lewis, modified its business activities without receiving written approval from the NASD.

The findings also stated that the firm, acting through Lewis, effected transactions in securities while failing to maintain its required minimum net capital. The NASD determined that Sunpoint, acting through Lewis, failed to reflect on its books and records all assets and liabilities. Furthermore, the findings stated that the firm, acting through Lewis, filed inaccurate FOCUS Parts I and IIA reports and failed to record on its blotter checks received in and disbursed from the Special Account for the Exclusive Benefit of Customers.

In addition, the NASD found that the firm's agreement to purchase designated securities contained deficiencies. The NASD also determined that the firm, acting through Lewis, allowed four accounts to trade options prior to approval of the accounts by the firm's registered options principal. Furthermore, forms for option accounts and municipal new-account cards contained deficiencies, according to the findings.

FIRMS FINED

Advent Securities, Inc. (Denver, Colorado) was fined $10,000. The sanction was based on findings that Advent failed to establish and implement written supervisory procedures concerning the publication of advertisements. The firm also failed to obtain supervisory approval in writing prior to the use of an advertisement.

INDIVIDUALS BARRED OR SUSPENDED

Vincent William Aquino (Registered Representative, Whitestone, New York) was fined $25,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Aquino failed to pay a $6,875 arbitration award.

Joel E. Babas (Registered Representative, East Meadow, New York) 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, Babas consented to the described sanctions and to the entry of findings that he received from a public customer a $5,000 check to be deposited in the customer's account. According to the findings, Babas instead deposited the check in his account for his own use without the knowledge or consent of the customer.

Michael A. Bagnulo (Registered Representative, Roswell, Georgia) submitted an Offer of Settlement pursuant to which he was fined $7,500 and suspended from association with any member of the NASD in any capacity for 10 business days. Without admitting or denying the allegations, Bagnulo consented to the described sanctions and to the entry of findings that he recommended the purchase and sale of municipal bonds and municipal bond funds to a public customer without having a reasonable basis for believing that such recommendations were suitable for the customer in light of the customer's financial background, situation, needs, and objectives.

Michael A. Barbalato (Registered Principal, Williamsville, New York) was fined $15,000, suspended from association with any member of the NASD in any capacity for 30 days, and required to requalify by examination as a general securities representative. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the DBCC for District 11. The sanctions were based on findings that Barbalato recommended, purchased, and sold

securities for the account of a public customer that were excessive and unsuitable in relation to the customer's investment objectives, financial situation, and needs.

Norman A. Beeghley (Registered Representative, Troy, Ohio) 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, Beeghley consented to the described sanctions and to the entry of findings that he misappropriated and converted to his own use funds of his firm totaling $874.69. Specifically, the findings stated that he failed to notify his member firm promptly of the termination of an employee, endorsed five checks payable to the employee, and deposited the funds into his own account.

Michael Harris Beer (Registered Principal, Miami, Florida) and **Kenneth Cutler (Registered Principal, Miami, Florida).** Beer was fined $25,000 and barred from association with any member of the NASD in any capacity. Cutler was fined $10,000, suspended from association with any member of the NASD in any capacity for one year, and barred from association with any member of the NASD as a principal or supervisor. In addition, Cutler must requalify by examination as a general securities representative.

The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the DBCC for District 7. The sanctions were based on findings that Beer and Cutler effected sales transactions in over-the-counter stocks at prices that were unfair.

Larry P. Blinder (Registered Principal, Englewood, Colorado) 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, Blinder consented to the described sanctions and to the entry of findings that he failed to respond to NASD requests for information.

Das A. Borden (Registered Principal, Muscle Shoals, Alabama) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $5,000 and suspended from association with any member of the NASD in any capacity for one week. Without admitting or denying the allegations, Borden consented to the described sanctions and to the entry of findings that, on behalf of a member firm, he engaged in a securities business while failing to maintain the firm's required minimum net capital.

Dennis A. Brower (Registered Representative, Sioux City, Iowa) 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 10 business days. Without admitting or denying the allegations, Brower consented to the described sanctions and to the entry of findings that he executed a written guarantee against loss to a public customer.

Horace L. Burford (Registered Principal, Herando, Mississippi) 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 three weeks. Without admitting or denying the allegations, Burford consented to the described sanctions and to the entry of findings that, on behalf of a member firm, Burford executed certain municipal securities purchase and sale transactions with a financial institution and two member firms while failing to make certain disclosures. Specifically, the NASD found that these transactions were not executed at prices reasonably related to the current market price for the securities. This activity constitutes a practice commonly known as "adjusted trading."

In connection with this activity, the NASD determined that Burford caused the falsification of the financial institution's and member firms' books and records in that realized losses on the sales were concealed and the new securities purchased were recorded at inflated prices. Furthermore, the findings stated that Burford failed to reflect on his member firm's books and records that the adjusted purchase price on the first leg of each adjusted trade was conditioned on the subsequent sale at a further inflated or adjusted price.

Burford also caused false and misleading confirmations to be mailed to these customers and misled third parties with an interest in one of these accounts concerning the performance of the investment, according to the findings.

Timothy Martin Carroll (Registered Representative, Palm Harbor, Florida) submitted an Offer of Settlement pursuant to which he was suspended from association with any member of the NASD in any capacity for five business days. Without admitting or denying the allegations, Carroll

consented to the described sanction and to the entry of findings that he failed to pay the remaining $6,500 of a $6,964.67 arbitration award.

Darryl Sylvester Cox (Registered Representative, Guttenberg, New Jersey) was fined $20,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Cox failed to respond to NASD requests for information concerning his termination from a member firm.

Samuel J. Dittmer (Registered Representative, Crawfordsville, Indiana) 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, Dittmer consented to the described sanctions and to the entry of findings that he failed to respond to NASD requests for information concerning his termination from a member firm.

Harris Dodge Emery (Registered Representative, Lake Oswego, Oregon) was suspended from association with any member of the NASD in any capacity for one year. 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 Emery executed purchases of securities and units of a limited partnership for public customers without their knowledge or consent.

Charles Clifford Emmons (Registered Representative, Garland, Texas) was fined $20,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Emmons received from public customers checks totaling $30,936.80 for the purchase of securities and, instead, deposited the checks in his own account and converted the funds to his personal use and benefit without the knowledge or consent of the customers. Also, Emmons caused sales literature to be mailed to clients without the knowledge or approval of his member firm.

Burton Engel (Registered Principal, Muttontown, New York) submitted an Offer of Settlement pursuant to which he was fined $17,500 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Engel consented to the described sanctions and to the entry of findings that a member firm, acting through Engel, sold limited partnership units in a direct participation program when no registration statement was in effect.

The NASD also found that, in connection with a best-efforts all-or-none offering, the same firm, acting through Engel, failed to return investors' funds and instead wired funds to the operating account of the limited partnership despite the fact that the contingent number of units had not been sold. In addition, the firm, acting through Engel, conducted a securities business while failing to maintain its required minimum net capital and failed to maintain accurate books and records, according to the findings.

Gerald M. Fitzgerald (Registered Principal, Denver, Colorado) was barred from association with any member of the NASD in any capacity. The sanction was imposed by the NASD's Board of Governors on review of a decision by the DBCC for District 3. The sanction was based on findings that, in connection with the purchase of shares of securities in an initial public offering, Fitzgerald failed to escrow customer funds properly. He also made improper use of the customers' funds in that he caused the monies to be deposited into a former member firm's operating account and used for firm purposes.

Fitzgerald caused the same firm to conduct a securities business while failing to maintain its minimum required net capital. Furthermore, he caused nine customer account records to reflect inaccurate addresses in order to circumvent state securities laws.

Thomas S. Foti (Registered Representative, Tucson, Arizona) was fined $5,000 and suspended from association with any member of the NASD in any capacity for one business day. 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 Foti caused an advertisement to be published and distributed to the public that was misleading and contained promises of specific results and exaggerated and unwarranted claims. Furthermore, Foti disseminated the advertisement without obtaining the prior approval of a registered principal or designee of his member firm.

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

Michael Scott Friedman (Registered Representative, Wayne, New Jersey) was barred from association with any member of the NASD in any

capacity. The sanction was based on findings that, without the knowledge or consent of his member firms, Friedman drew eight checks totaling $27,200 from his member firms' accounts, forged the signature of an authorized drawer, and converted the proceeds to his own use and benefit.

John M. Griffith (Registered Representative, Baton Rouge, Louisiana) 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, Griffith consented to the described sanctions and to the entry of findings that he executed unauthorized transactions in the accounts of public customers.

The NASD also found that without the knowledge or consent of a public customer, Griffith effected loans totaling $84,600 against single life policies owned by the customer and used the proceeds to pay for unauthorized transactions in the customer's account. The NASD determined that Griffith executed government securities transactions for the account of public customers and inaccurately represented to the customers the yields and maturities of the securities. The findings stated that Griffith prepared and sent statements to public customers that contained inaccurate information regarding the values of their accounts. According to the findings, Griffith recommended that public customers make certain investments and/or switch from one mutual fund to another while inaccurately representing the nature of the investments, maturities, and sales charges.

In addition, the NASD found that Griffith transferred securities from public customers' manager's accounts to regular accounts and liquidated the securities, generating commissions totaling $3,720.09. Griffith also failed to respond to NASD requests for information.

Gary G. Hart (Registered Representative, Barberton, Ohio) 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, Hart consented to the described sanctions and to the entry of findings that he forged the signature of a public customer on insurance dividend withdrawal documents and used the proceeds to make unauthorized payments of premiums on insurance policies of other customers.

John Thomas Higley (Registered Representative, Sacramento, California) 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 Higley exercised effective control over the account of a public customer. He also recommended the purchase and sale of securities to the customer without having reasonable grounds for believing that such recommendations were suitable considering the customer's financial situation and investment objectives.

Charles Arthur Hoffmann (Registered Representative, Novato, California) was fined $130,700 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Hoffmann participated in private securities transactions with investors without giving prior written notification to his member firm. In connection with such transactions, Hoffmann received funds totaling $72,500 from the investors and misappropriated $12,500 of those funds to pay his own expenses. Hoffmann also failed to respond to an NASD request for information.

Albert Edward Hyer, Jr. (Registered Principal, Mission Hills, Kansas) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $100,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Hyer consented to the described sanctions and to the entry of findings that, without the knowledge or consent of a public customer, he authorized the issuance of checks totaling $144,700 from the customer's margin account, endorsed the checks by forging the customer's name, and converted the funds to his own use and benefit.

The findings stated that Hyer also reduced the margin debit balance in the same customer's account by executing unauthorized sales of common stock. Hyer facilitated these transactions by changing the customer's mailing address to one that he controlled, according to the findings.

Marc Steven Mandel (Registered Representative, Carmichael, California) 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 one year. Without admitting or denying the allegations, Mandel consented to the described sanctions and to the

entry of findings that he participated in private securities transactions without giving prior written notification to his member firm and effected unauthorized securities transactions in customer accounts.

The findings also stated that Mandel recommended to customers, and effected in their account, the purchase of shares of common stock on margin without having reasonable grounds for believing that such recommendations were suitable for the customers considering their financial situations and investment objectives. Furthermore, in contravention of a loan agreement, Mandel failed to maintain an equity balance of at least $100,000 in his security account at his member firm, according to the findings.

Michael John Matta (Registered Representative, Powell, Ohio) 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, Matta consented to the described sanctions and to the entry of findings that he misappropriated checks totaling $1,124.60 made payable to employees or former employees of his member firm.

Joni Lynn Merwin (Registered Representative, Parker, Colorado) submitted an Offer of Settlement pursuant to which she was fined $5,000 and suspended from association with any member of the NASD in any capacity for three days. Without admitting or denying the allegations, Merwin consented to the described sanctions and to the entry of findings that she solicited a customer to purchase shares of common stock by guaranteeing the customer against losses in the transactions.

The findings also stated that Merwin induced two customers to purchase securities by misrepresenting the price of the securities and by providing optimistic and unrealistic forecasts about future prices while failing to discuss the risks associated with the purchase. In addition, Merwin failed to follow a customer's instructions to sell securities, according to the findings.

Michael Davis Meyers (Registered Principal, Houston, Texas) 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, Meyers consented to the described sanctions and to the entry of findings that he executed transactions in the account of a public customer without the authorization, knowledge, or consent of the customer. The NASD also found that Meyers shared in the losses in the same customer's account. Furthermore, the findings stated that Meyers made purchases in his personal account and paid for the transactions with checks that were returned due to insufficient funds. In addition, Meyers failed to respond to NASD requests for information.

John Raymond Mitkowski (Registered Representative, Hicksville, New York) was fined $25,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Mitkowski failed to execute a customer's order to sell shares of a common stock. In addition, Mitkowski failed to respond to NASD requests for information.

James D. Oberweis (Registered Principal, Aurora, Illinois) was fined $7,500 and suspended from association with any member of the NASD in any capacity for four days. 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 a former member firm, acting through Oberweis, effected securities transactions and attempted to induce the purchase or sale of securities when it failed to maintain the required minimum net capital.

This case has been appealed to the SEC, and the sanctions are not in effect pending consideration of the appeal.

Curtis Andrews Olive (Registered Principal, Tallahassee, Florida) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Olive consented to the described sanction and to the entry of findings that, without providing written notification to or obtaining authorization from his member firm, Olive established a company through which he conducted business and sold debentures issued by that company to public customers.

Ernest L. Palmer (Registered Representative, Tuscaloosa, Alabama) 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 ca-

pacity. Without admitting or denying the allegations, Palmer consented to the described sanctions and to the entry of findings that he received a surrender check for $2,075 from the liquidation of a life insurance policy of a public customer. The proceeds of the check were to be rolled into another policy offered by Palmer's member firm. According to the findings, Palmer instead deposited the funds in a checking account and converted the monies to his own use without the knowledge or consent of the customer.

John W. Pike (Registered Representative, Denver, Colorado) submitted an Offer of Settlement pursuant to which he was fined $2,500 and suspended from association with any member of the NASD in any capacity for three months. Without admitting or denying the allegations, Pike consented to the described sanctions and to the entry of findings that he sent a letter to a public customer confirming that he would guarantee the customer against loss on an investment.

Andrew A. Renert (Registered Principal, Scottsdale, Arizona) submitted an Offer of Settlement pursuant to which he was fined $500,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Renert consented to the described sanctions and to the entry of findings that a former member firm, acting through Renert, effected principal sales of equity securities to customers at prices that were unfair in relation to its own acquisition costs and the actual market value of such securities.

Pamela K. Robbins (Registered Representative, Louisville, Kentucky) was fined $20,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Robbins received $10,783.67 from a public customer intended for deposit into the customer's 401(k) plan. Robbins failed to follow the customer's instruction and, instead, retained possession and control of the funds. In addition, Robbins failed to respond to NASD requests for information.

James A. Ryan (Registered Representative, Phoenix, Arizona) was fined $20,000 and suspended from association with any member of the NASD in any principal or supervisory capacity for two years. 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, in order to increase his earnings, Ryan directed representatives under his supervision to circumvent his member firm's "free exchange" privilege (permitting the free exchange of shares in one of its affiliated mutual funds for one of its affiliated variable annuity products).

In addition, Ryan falsified his member firm's books and records in that he directed registered representatives under his supervision to execute transactions in at least 34 separate accounts through first-year representatives of the firm in order to generate commission overrides for himself to which he was not entitled.

James Scott Short (Registered Representative, Lampasas, Texas) was fined $20,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Short participated in private securities transactions without providing prior written notice to his member firm. In addition, Short utilized fraudulent and deceptive devices, and misstatements and omissions of material facts in connection with the offer and sale of securities.

Bryce W. Smith (Registered Representative, Covington, Louisiana) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $5,000, suspended from association with any member of the NASD in any capacity for one day, and required to requalify by examination as a registered representative. Without admitting or denying the allegations, Smith consented to the described sanctions and to the entry of findings that he failed to prepare order tickets for the sale of shares of common stock to public customers. In addition, the findings stated that Smith failed to follow a customer's instructions in that he executed a purchase transaction when he knew it would generate a margin requirement in the customer's account.

Michael K. Smith (Registered Representative, Shrewsbury, Massachusetts) submitted an Offer of Settlement pursuant to which he was fined $75,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Smith consented to the described sanctions and to the entry of findings that, through the use of fictitious transactions and unauthorized loans against the insurance policies of public customers, he withheld and misappropriated to his own use and benefit cus-

tomer funds totaling $43,130. In addition, Smith failed to respond to NASD requests for information.

Larry Glenn Upp (Registered Representative, Houston, Texas) was fined $20,000 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 a public customer, Upp submitted a distribution request form to his member firm requesting the issuance of a check for $10,500 from the customer's Individual Retirement Account. Upp received the check, endorsed it, and used $5,500 of it to open an account for another individual, from which a $2,000 check was drawn payable to Upp. The remaining $5,000 was received in cash by Upp.

Robert Susumu Uyematsu (Registered Principal, Watsonville, California) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $69,288.11 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Uyematsu consented to the described sanctions and to the entry of findings that he received a $49,288.11 check issued to a public customer and misappropriated and converted the proceeds to his own use and benefit.

Timothy S. Vasko (Registered Principal, Littleton, Colorado) 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 principal capacity for 10 business days. Without admitting or denying the allegations, Vasko consented to the described sanctions and to the entry of findings that he failed to supervise the activities of a registered representative appropriately. Specifically, the findings stated that Vasko failed to ascertain by investigation the good character, business repute, qualifications, and experience of the registered representative prior to making a certification of such matters on an application for registration filed with the NASD.

Frank Wayne Williams (Registered Representative, Trotwood, Ohio) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Williams consented to the described sanction and to the entry of findings that he received an $8,000 check from a public customer to pay the premium on a life insurance policy. The NASD found that Williams altered the date and added his name as a payee to the check, endorsed and deposited the check in his bank account, and converted the proceeds to his use without the authorization of the customer or his member firm.

James Lee Williams (Registered Principal, Las Vegas, Nevada) 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 following an appeal of a decision by the DBCC for District 3. The sanctions were based on findings that Williams failed to respond orally to NASD requests for information concerning his activities at a member firm.

John F. Yakimczyk (Registered Representative, Parker, Colorado) was fined $15,000 and suspended from association with any member of the NASD in any capacity for three business days. 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 Yakimczyk provided inaccurate quotations to four public customers and, in four other instances, failed to follow customers' instructions to sell their stock. In addition, Yakimczyk effected four unauthorized transactions in customer accounts.

This case has been appealed to the SEC, and the sanctions are not in effect pending consideration of the appeal.

INDIVIDUALS FINED

Stephen Charles Everett (Registered Principal, Thousand Oaks, California) was fined $10,250. The sanction was based on findings that Everett participated in private securities transactions without giving prior written notification to his member firm.

Raymond A. Nasta (Registered Representative, Florham Park, New Jersey) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $12,000. Without admitting or denying the allegations, Nasta consented to the described sanction and to the entry of findings that he participated in sales of limited partnerships without having received written approval of such activity from his member firm.

Gregory B. O'Quin (Registered Representative, Alexandria, Louisiana), Charles A. Prince

(Registered Representative, Alexandria, Louisiana), and **Thomas G. Easterling, Jr. (Registered Representative, Alexandria, Louisiana)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which they were fined $15,000, jointly and severally. In addition, O'Quin, Easterling, and Prince must qualify by examination as general securities representatives.

Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that they acted in the capacity of unregistered broker/dealers. The NASD also found that O'Quin, Prince, and Easterling engaged in private securities transactions without providing prior written notice to their member firm.

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

Advent Securities, Incorporated, Denver, Colorado

Bailey, Martin & Appel, Incorporated, Philadelphia, Pennsylvania

Concept Investment Planning & Securities, Incorporated, Louisville, Kentucky

Eagan and Company, Incorporated, San Francisco, California

First Securities Corporation of Columbus, Westerville, Ohio

Princeton Financial Group, Incorporated, Princeton, New Jersey

Schweitzer & Company, Plantation, Florida

FIRM SUSPENDED

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

Windsor Capital Markets Corp., New York, New York (July 31, 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.

Cane Ridge Investment Company, Inc., Los Angeles, California (August 5, 1991)

Omni Securities, Inc., Dallas, Texas (August 8, 1991)

Riverside Securities, Inc., Chicago, Illinois (July 24, 1991)

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

Charles A. Baker, Annapolis, Maryland
Kevin A. Bikus, Highlands Ranch, Colorado
Jack E. Byers, Erie, Pennsylvania
Luis A. Carrillo, Tampa, Florida
James R. Eagan, San Francisco, California
John M. Ellis, Clearwater, Florida
Stephen C. Everett, Thousand Oaks, California
John G. Farrell, Las Vegas, Nevada
Thomas D. George, Cazenovia, New York
Leonard Gurin, Monmouth, New Jersey
Danny M. Hershey, Los Angeles, California
Peter F. Hibbard, Columbia, Maryland
Charles C. Jordan, Delray Beach, Florida
Bradley M. Katz, Boulder, Colorado
Matthew E. Maleta, Tualatin, Oregon
John McCarthy, Macedon, New York
Craig S. McManus, Charleston, South Carolina
Michael P. Noto, Clearwater, Florida
Paul T. Palmer, Jr., Lutz, Florida
Anthony J. Pontieri, Princeton, New Jersey
Amnon I. Schweitzer, Plantation, Florida
Robert A. Schwickrath, Hopewell Junction, New York
Jerry F. Shorthouse, Monmouth Junction, New Jersey
Gary M. Smith, Louisville, Kentucky
Delbert L. Stephens, Jr., Eugene, Oregon
Robert L. Sullivan, Kenner, Louisiana
Jody A. Thompson, Sandy, Utah
John T. Truman, Jr., Tampa, Florida
Darren L. Vellawald, Cahokia, Illinois
Robert F. Walsh, East Brunswick, New Jersey

NASD

For Your Information

National Association of Securities Dealers, Inc. September 1991

Texas, Nebraska Increase Broker/Dealer, Agent Registration Fees

Effective September 1, 1991, Texas boosted its broker/dealer and agent registration fees. The broker/dealer registration fee increased from $70 to $275, while the broker/dealer renewal fee rose from $35 to $240. The agent registration and transfer fees jumped from $30 to $235, while the agent renewal fee climbed from $15 to $220.

Effective September 6, 1991, Nebraska increased its broker/dealer and agent fees. The broker/dealer registration and renewal fee each rose from $100 to $250. Agent registration, transfer, and renewal fees went from $15 to $40.

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

NASD Western Region Conference Slated for November 22-23

Mark your calendar for the NASD's Western Region Securities Conference sponsored by Districts 1, 2, 3, 4, and 6 on November 22 and 23, 1991, at the Registry Resort in Scottsdale, Arizona. Registration information will be mailed to all main and branch offices of member firms in the sponsoring districts in late September. Members in other districts that are interested in additional information should contact Elisabeth Owen at (202) 728-8005.

New Paper and Pencil Exam Site to Open in South Dakota

Effective October 5, 1991, NASD paper and pencil qualification examinations will be administered at a new first-Saturday location in South Dakota. Appointments will be accepted for that session beginning in September. The center is located at Sioux Falls College, Science Center, Room 203, 1501 South Prairie, Sioux Falls, SD.