NASD

Notice To Members

National Association of Securities Dealers, Inc. August 1992

Number 92-46

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 Additions, Changes, and Deletions as of July 28, 1992

As of July 28, 1992, the following 48 issues joined the Nasdaq National Market, bringing the total number of issues to 2,916:

Symbol	Company	Entry Date	SOES Execution Level
CTEC	Cholestech Corporation	6/26/92	1000
SBUX	Starbucks Corporation	6/26/92	1000
WCBI	Westco Bancorp, Inc.	6/26/92	1000
MTSI	MicroTouch Systems, Inc.	6/30/92	1000
NCBRP	National Community Banks, Inc. (Pfd)	6/30/92	1000
ALCC	Allied Capital Commercial Corporation	7/1/92	1000
BBIOY	British Bio-technology Group plc	7/1/92	500
CFBC	CF Bancorp, Inc.	7/1/92	500
CNTBY	Cantab Pharmaceuticals plc	7/1/92	1000
DRAI	Data Research Associates, Inc.	7/1/92	1000
FMPO	FM Properties Inc.	7/1/92	1000
FFDP	FirstFed Bancshares, Inc.	7/1/92	1000
OSBF	OSB Financial Corp.	7/1/92	200
SBRNP	SANBORN INC. (Pfd)	7/2/92	1000
SBRNZ	SANBORN INC. (Cl A Wts)	7/2/92	1000
SEMIW	All American Semiconductor, Inc. (Cl A Wts)	7/6/92	500
SEMIZ	All American Semiconductor, Inc. (Cl B Wts)	7/6/92	500
TSINW	TSI Corporation (Wts)	7/6/92	500
HNFC	Hinsdale Financial Corporation	7/7/92	1000
FISH	Small's Oilfield Services Corp.	7/7/92	200
FISHW	Small's Oilfield Services Corp. (Wts)	7/7/92	200
RCOM	Regal Communications Corporation	7/7/92	1000
ABCI	Allied Bank Capital, Inc.	7/9/92	200
ARGS	Argus Pharmaceuticals, Inc.	7/10/92	1000
EISI	Electronic Information Systems, Inc.	7/10/92	1000

Symbol	Company	Entry Date	SOES Execution Level
FSLA	First Savings Bank, SLA	7/10/92	200
FFBA	First Federal Savings Bank Of Colorado	7/14/92	200
ABCW	Anchor BanCorp Wisconsin, Inc.	7/16/92	1000
EAGL	Eagle Hardware & Garden, Inc.	7/16/92	1000
WIRE	Encore Wire Corporation	7/16/92	1000
MEDR	Medrad, Inc.	7/16/92	500
ZOLL	Zoll Medical Corporation	7/16/92	1000
AMPXA	Ampex Incorporated (Cl A)	7/17/92	1000
BLSAP	Bolsa Chica Company (The) (Pfd)	7/17/92	1000
IRPPF	International Petroleum Corporation	7/17/92	1000
MSBK	Mutual Savings Bank, f.s.b.	7/17/92	1000
COOP	Cooperative Bank for Savings, Inc.	7/21/92	200
HISS	HealthCare Imaging Services, Inc.	7/21/92	1000
HISSW	HealthCare Imaging Services, Inc. (Wts)	7/21/92	1000
MFCB	Michigan Financial Corporation	7/21/92	500
PURT	Pure Tech International, Inc.	7/21/92	1000
SWBC	Sterling West Bancorp	7/21/92	500
STRM	StrataCom, Inc.	7/21/92	1000
FPNX	First Pacific Networks, Inc.	7/22/92	1000
TWFSP	TW Holdings, Inc. (Pfd)	7/22/92	200
PYXS	Pyxis Corporation	7/23/92	1000
MEGF	Megafoods Stores, Inc.	7/24/92	1000
BSBC	Branford Savings Bank	7/28/92	500

Nasdaq National Market Symbol and/or Name Changes

The following changes to the list of Nasdaq National Market securities occurred since June 25, 1992:

New/Old Symbol	New/Old Security	Date of Change
ATLI/WMRK	Advanced Technology Laboratories, Inc./Westmark International, Inc.	6/29/92
BUTL/NAVI	Butler International, Inc./North American Ventures, Inc.	6/29/92
ICFI/ICFIA	ICF International, Inc./ICF International, Inc. (Cl A)	6/29/92
EFSB/EFSB	Elmwood Bancorp, Inc./Elmwood Federal Savings Bank	7/1/92
SCBC/FSFC	Security Capital Bancorp/First Security Financial Corp.	7/1/92
FFSB/FFSB	FF Bancorp, Inc./First Federal Savings Bank of New Smyrna	7/8/92
NCELW/NCELW	Nationwide Cellular Service, Inc. (10/29/92 Wts)/Nationwide Cellular Service, Inc. (7/15/92 Wts)	7/13/92
SHOEZ/SHOEZ	Millfeld Trading Co., Inc. (7/24/97 Wts)/Millfeld Trading Co., Inc. (7/22/92 Wts)	7/14/92
BLSA/HENP	Bolsa Chica Company (The)(Cl A)/Henley Properties, Inc. (Cl A)	7/17/92
TUSC/TUSC	Tuscarora Incorporated/Tuscarora Plastics Inc.	7/20/92
GCRA/GCRA	CNL Realty Investors, Inc./Golden Corral Realty Corp.	7/21/92
CRVL/FORT	CorVel Corp./FORTIS Corporation	7/27/92

Nasdaq National Market Deletions

Symbol	Security	Date
FRBK	Fairfield First Bank and Trust Company	6/30/92
GBYLF	Giant Bay Resources Ltd.	6/30/92
INRD	INRAD Inc.	6/30/92

Symbol	Security	Date
MIPS	MIPS Computer Systems, Inc.	6/30/92
OWWH	OW Office Warehouse, Inc.	6/30/92
OCGI	Omni Capital Group, Inc.	7/1/92
RVAC	Royal Appliance Mfg. Co.	7/1/92
FBTC	FB & T Corporation	7/2/92
MORF	Mor-Flo Industries, Inc.	7/2/92
SMCR	Summcorp	7/2/92
PFLY	Polifly Financial Corporation	7/7/92
STUH	Stuart Hall Company, Inc.	7/9/92
PSYSE	Programming and Systems, Inc.	7/10/92
TLMD	Telemundo Group, Inc.	7/10/92
ANSY	American Nursery Products, Inc.	7/13/92
IMGE	IMNET, Inc.	7/13/92
NYMG	NYMAGIC, Inc.	7/13/92
SMET	SiMETCO, Inc.	7/13/92
NUCOL	Nucorp, Inc. (Paired Wts)	7/15/92
NUCOW	Nucorp, Inc. (Cl C Wts)	7/15/92
BAMI	Basic American Medical, Inc.	7/16/92
HENG	Henley Group, Inc. (The)	7/17/92
ASHBY	Automated Security (Holdings) PLC	7/22/92
CGNEP	Calgene, Inc. (Pfd)	7/22/92
FNPC	First National Pennsylvania Corporation (The)	7/24/92
SLMAJ	Student Loan Marketing Association (Voting Stock)	7/24/92
SNMD	Sunrise Medical, Inc.	7/27/92
CNSLQ	Consul Restaurant Corporation	7/28/92

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.

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Board Briefs

National Association of Securities Dealers, Inc. August 1992

Actions Taken by the NASD Board of Governors in July

■ **President's Report** — The Securities and Exchange Commission (SEC) has approved entirely the NASD's® proposal on asset-based sales charges for mutual funds. Under current SEC Rule 12b-1, mutual funds can use up to 1.25 percent of a fund's assets annually for sales expenses. These asset-based fees can escape the 8.5 percent cap on load funds. Beginning July 7, 1993, the NASD rule imposes an annual limit and rolling cap on total sales charges, including asset-based fees.

The SEC staff has tentatively agreed with proposed Rule 10b-6 amendments that permit passive market making 48 hours before an offering. The measure must now go out for comment and subsequent action by the full SEC. If adopted, the proposal would be a boon to Nasdaq companies seeking to raise capital because an issuer's market makers could continue to support its stock immediately prior to an underwriting.

The SEC staff recently issued its U.S. Equity Market Structure Study Release officially announcing the Market 2000 study. The release sets forth the standards, scope, and objectives of the study; identifies five broad areas of the study's focus (competition, fragmentation, best execution, transparency, and regulatory oversight); identifies in a neutral, pro-and-con style, the issues that arise in each area; and closes with a list of nine broad questions that commentators should address. The NASD will be moving promptly to respond to this major initiative by the SEC staff.

Legislative issues are moving along as well as can be expected in an election year. From the NASD's perspective, one of the more significant pieces of legislation under consideration involves investment advisers. A provision to be added to this rule will allow the SEC, if it chooses to do so, to delegate to a self-regulatory organization the responsibility for regulating the investment advisory activities of its member's affiliates. Both the Investment Companies Institute and the Securities Industry Association support our present position, while the SEC has not expressed opposition. The NASD has agreed to certain restrictions, i.e., limiting examinations to investment advisers that have significant broker/dealer activities and capping both fines and costs.

A proposed tax bill working its way through the Senate includes an administration measure that would require firms holding securities for resale to customers to mark those securities to market at year end and pay taxes on the unrealized profits. An amendment was introduced to the legislation to exempt specialists to which the NASD has objected. We are working to have any such exemption also apply to market makers.

The Government Securities Act amendments continue to languish in Congress. The Senate bill containing these changes was passed last year while a companion measure is still in debate in the House. Both measures provide the NASD with sales practice authority over government securities dealers. The major difference between the bills is that the Senate bill does not give the NASD authority for qualifications and bonding, while the House bill does.

Twenty NASD staff members were recently recognized for their outstanding performance during the past year at the NASD's annual Excellence-in-Service program held in Hot Springs, Virginia. These well-received sessions not only reward employees for their contributions, but also open channels of communication between staff and NASD senior management.

The NASD recently sponsored two programs with *Fortune* magazine. One was a West Coast program for the 100 fastest growing companies in America, 66 of which are on Nasdaq. The other is the Business and Presidential Leadership program, which the NASD co-sponsored with the Center for Creative Leadership. This program engaged public and private sector leaders in a live debate on a variety of issues that aired on the Public Broadcasting Service on July 31.

■ **Fees** — The Board has approved for SEC filing a fee change concerning branch offices. The proposal would establish an initial NASD registration fee of $50 for each branch office. In addition, members would pay an annual fee no greater than the sum total of registered representatives and member principals multiplied by $50.

■ **Test Center** — The Board also approved a consolidated Test Center in the NASD Financial Center in New York. As a result, the NASD hopes to centralize the scheduling of examination appointments between the new center and the existing test center in midtown New York. In addition, the new center will showcase the NASD's testing capacity for its employees and member users.

■ **Trading** — The Board approved technical amendments to Schedules D and G. These changes, if approved by the SEC, will:

- Eliminate the "de minimis" exemption from trade reporting requirements for non-market makers.
- Bring trade reporting procedures for listed securities in line with those pertaining to Nasdaq securities.
- Amend and update references to trade reporting and communication systems no longer in use.

The NASD's reporting rules now allow non-market makers to report their principal or agency-cross trades weekly if they do not exceed certain thresholds (1,000 shares per day and $25,000 in market value) on at least 5 of 10 trading days. By removing the de minimis exemption, non-market makers would have to report their trades in Nasdaq National Market,SM regular Nasdaq, and listed securities within 90 seconds of execution. This will reduce reliance on Form T and ensure that non-market maker trades get recorded in the NASD's audit trail data base.

Another proposed change would establish that a member firm assumes the trade-reporting obligations of a market maker only for those listed securities in which the firm is registered as a market maker. The current language imputes market maker status, for trade reporting purposes, to any listed security that a registered third market maker might trade.

The Board also approved submission of a comment letter to the SEC regarding its proposed large-trader reporting system. These recommendations would:

- Limit the system's focus to market reconstruction — not surveillance — and provide the SEC with more significant data than originally proposed.
- Modify the large-trader threshold to $5 billion under management to target only the market participants with the capability of moving the market in a crisis and — if necessary — modify the volume test to cover trades in excess of $50 million on each of three days in a five-day period, or trades in excess of $500 million in a 30-day period.
- Require only persons with investment discretion to register as a large trader but not as the beneficial holder.
- Require only foreign persons who are direct customers of U.S. broker/dealers to register as large traders.
- Significantly narrow the concept of aggregation for purposes of the large-trader definition.
- Reduce the amount of disclosure required by large traders to eliminate the continuous report burdens.
- Permit large-trader status to be terminated when the investor no longer meets one of the threshold requirements.
- Separately consider issuers trading in their own securities and reduce their reporting burdens.
- Clarify broker/dealer liability in monitoring large-trader accounts and provide an extended two-year phase-in period for broker/dealers to develop appropriate computer and compliance systems, with an additional phase-in period for including the "execution time" of reports.

■ **Bond Trading** — The Board approved SEC rule proposals providing for the operation of the Fixed Income Pricing System (FIPS). The NASD developed FIPS to increase the transparency of the most liquid segment of the high-yield bond market and to enhance surveillance of the universe of high-yield fixed-income securities. To accomplish these objectives, FIPS would serve as a quotation system for the top 40 to 50 high-yield bonds as well as a regulatory system to collect audit trail information relating to all transactions in high-yield securities.

The following framework crafts the specific regulatory proposals for the FIPS system.

- Identify securities in the quotation system.
- Establish "listing standards" or criteria for

adding bonds to quote list.

- Develop symbols to represent each specific bond.
- Develop exit criteria from the quote system for bonds being upgraded, experiencing a substantial change in volume or trading characteristics, or going into bankruptcy.
- Determine timing parameters and procedures for interim changes in the bond list (such as immediate replacement of upgraded bonds), as well as establish semi-annual review procedures for all bonds on list for possible additions or deletions.
- Have quote system hours of operation mirror those of the equity markets, 9:30 a.m. to 4 p.m., Eastern Time.
- Set the minimum quotation size for FIPS display at 100 bonds.
- Define the character of quotations as a minimum requirement for a one-sided quote that is firm, displayed either directly by a dealer or through a broker's broker.
- Require all members holding themselves out as dealers in high-yield fixed-income securities to participate in the quote system, and establish the obligations of dealers and brokers.
- Make FIPS available for the display of any high-yield bond quote, whether or not the bond is quoted in the top tier.
- Permit direct negotiation of trades through FIPS similar to SelectNet,℠ if members so desire.

The NASD would collect trade information on bonds in the system and disseminate summary trade information to the public hourly on the top 40 to 50 bonds. This information would include the highest and lowest execution price submitted from all trade reports as well as the accumulated daily volume.

For all other high-yield fixed-income securities, members would submit trade reports at the end of the day for regulatory purposes. The trade reports should contain security identification, price, volume, contra-party, broker or dealer status, and time of execution. Rules would designate which party to the trade has to report. Participants may direct the NASD to forward the trade to NSCC or DTC for comparison.

■ **ITS/CAES Rules** — With members' support and SEC approval, dealers in listed securities will have to participate in the Intermarket Trading System/Computer Assisted Execution System (ITS/CAES) Automated Interface. The proposal, which affects several NASD rules, would:

- Require mandatory registration as an ITS market maker and participation in the ITS/CAES system by all third market makers in ITS-eligible securities.
- Require ITS/CAES market makers to display a minimum size of 500 shares in their ITS/CAES quotations (with exceptions made for stocks trading at unusually high prices to be quoted at 200 shares).
- Require ITS/CAES market makers to abide by Nasdaq's excess spread parameters and to include the quotations of exchange participants in the calculation of "average dealer spread."

■ **New Officers** — In other action, the Board elected Al Casanova as Senior Vice President and Doug Henderson and R. Clark Hooper as NASD Vice Presidents. Casanova has responsibility for Systems Planning in the Information Technology Division. Henderson will continue to serve as the Deputy Director of the NASD's largest district, District 10, in New York. Hooper recently assumed responsibility for the Investment Companies and Insurance Affiliated Members Commit-

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Disciplinary Actions

National Association of Securities Dealers, Inc. August 1992

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 17, 1992. 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

Guardian International Securities Corp. (Miramar, Florida) was fined $20,000 and expelled from membership in the NASD. The sanctions were based on findings that the firm failed to pay a $1,579 arbitration award.

FIRMS FINED, INDIVIDUALS SANCTIONED

Baring & Brown, Inc. (Chicago, Illinois) David G. Pisciarino (Registered Principal, Chicago, Illinois), and **Brett S. Briggs (Registered Principal, Chicago, Illinois)** submitted an Offer of Settlement pursuant to which the firm was fined $25,000. Pisciarino was fined $50,000, barred from association with any member of the NASD in any capacity, and required to pay $50,000 in restitution to a customer before seeking re-entry to the securities industry through the NASD's eligibility proceedings. Briggs was fined $10,000 and suspended from association with any member of the NASD in any capacity for six months.

Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Pisciarino and Briggs, failed to maintain its required minimum net capital. In addition, the NASD found that the firm, acting through Pisciarino, prepared inaccurate net capital computations and filed inaccurate FOCUS Parts I and IIA reports. The finding also stated that the firm, acting through Pisciarino, failed to file FOCUS Part IIA reports, to file FOCUS Part IIA reports in a timely manner, and to file mid-month financial reports promptly.

Furthermore, the NASD determined that Pisciarino accepted $50,000 from a public customer for investment purposes and failed to follow the customer's instruction. Instead, he used the funds for his personal benefit and the benefit of Baring & Brown, according to the findings. Pisciarino also failed to respond to NASD requests for information.

Lanaco Securities Corporation (Burlingame, California) and **Joseph Anthony Atencio (Registered Principal, Burlingame, California)** were fined $10,000, jointly and severally. In addition, Atencio was barred from association with any member of the NASD in any principal capacity. The National Business Conduct Committee (NBCC) imposed the sanctions following an appeal of a decision by the District Business Conduct Committee (DBCC) for District 1. The sanctions were based on findings that the firm, acting through Atencio, filed false and inaccurate FOCUS Parts I and IIA reports and failed to maintain its required minimum net capital.

Furthermore, the firm, acting through Atencio, failed to give telegraphic notice to the NASD regarding its net capital deficiency and failed to file its FOCUS Part IIA reports. Lanaco, acting through Antencio, also solicited public customers to purchase restricted stock in contravention of SEC Rule 144 and failed to establish written supervisory procedures to prevent this activity. In addition, the firm, acting through Atencio, failed to carry a blanket fidelity bond.

Texas Independent Securities, Inc. (Arlington, Texas) and **Jimmy Ray Carter (Registered Principal, Arlington, Texas)** were fined $300,000, jointly and severally. Carter was also barred from association with any member of the NASD in any capacity. The sanctions were based on findings that the firm, acting through Carter, sold to public customers shares of common stocks that were neither registered under the Securities Act of 1933 nor exempt from registration.

In contravention of the NASD's Mark-Up Policy, the firm, acting through Carter, effected corporate securities transactions as principal with retail customers at prices that were unfair and unreasonable. In addition, the firm, acting through Carter, effected transactions in securities without maintaining its required minimum net capital.

FIRMS AND INDIVIDUALS FINED

Palm Beach Financial, Inc. (North Palm Beach, Florida), Peter Scott Smith (Registered Principal, Anchorage, Alaska) and **Mark Rocco Conboy (Registered Principal, Jupiter, Florida)** submitted an Offer of Settlement pursuant to which they were fined $5,000, jointly and severally and must pay $6,654 in restitution, jointly and severally to public customers. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Smith, conducted a securities business without maintaining its required minimum net capital and failed to make and keep its net capital calculations accurate.

The NASD also found that the firm, acting through Smith, filed materially inaccurate FOCUS Reports Parts I and IIA and effected over-the-counter corporate securities transactions as principal with public customers at prices that were unfair.

FIRMS FINED

Dean Witter Reynolds Inc. (Rutland, Vermont) submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm was fined $30,000. Without admitting or denying the allegations, the firm consented to the described sanction and to the entry of findings that it failed to adequately supervise a registered representative and to enforce its written supervisory procedures in a branch office.

INDIVIDUALS BARRED OR SUSPENDED

Gary P. Adams (Registered Representative, Nashville, Tennessee) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $15,000, suspended from association with any member of the NASD in any capacity for two months, and required to requalify by examination as a general securities representative.

Without admitting or denying the allegations, Adams consented to the described sanctions and to the entry of findings that he exercised discretion in the account of a public customer without prior written authorization from the customer or written acceptance of the account as discretionary by his member firm. Furthermore, the findings stated that Adams executed trades in the account causing the margin debit balance to exceed $500,000, in contravention of the customer's written instructions.

Martha Jane Adams (Registered Representative, Dallas, Texas) was fined $110,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Adams misappropriated and converted to her own use customer funds totaling $83,404.36. In addition, Adams failed to respond to NASD requests for information.

Roger Darnell Alvey (Registered Representative, Portland, Oregon) was fined $10,000 and suspended from association with any member of the NASD in any capacity for 10 business days. In addition, Alvey must requalify by examination as a general securities representative. The sanctions were based on findings that Alvey effected unauthorized transactions in the accounts of public customers. Furthermore, Alvey recommended these transactions without having reasonable grounds for believing that such recommendations were suitable for the customers in view of the size, frequency, and nature of the recommended transactions, and the customers' financial situations, circumstances, needs, and investment objectives.

John Harold Ashley (Registered Representative, Boca Raton, Florida) 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 30 days. Without admitting or denying the allegations, Ashley consented to the described sanctions and to the entry of findings that he remitted personal checks totaling $5,600 to his member firm to cover transactions in his personal securities account, and then withdrew monies from his bank account so that the account would not have sufficient funds to cover the checks.

Howard N. Barlow (Registered Representative, Glendale Heights, Illinois) 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 five business days. Without admitting or denying the allegations, Barlow consented to the described sanctions and to the entry of findings that he engaged in securities transactions for the account of a public customer without the customer's knowledge or consent to exercise discretion in the account.

James R. Baron (Registered Representative, Park Forest, Illinois) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $3,000 and barred from association with any member of the NASD in any capacity. In addition, Baron must pay $549.70 in restitution to public customers before seeking re-entry to the securities industry through the NASD's eligibility proceedings.

Without admitting or denying the allegations, Baron consented to the described sanctions and to the entry of findings that he received from public customers cash totaling $549.70 intended as payment for their insurance policies. However, the NASD found that Baron used the funds for other purposes.

Evan Jay Beren (Registered Representative, Chatsworth, California) was fined $68,509.54 and barred from association with any member of the NASD in any capacity. The fine may be reduced by $3,509.54, should Beren make restitution of that amount to his member firm. The sanctions were based on findings that, without a customer's knowledge or consent, Beren received four checks totaling $3,509.54 representing loan proceeds and dividends on insurance policies purchased by the customer. Beren caused these checks to be cashed and converted the proceeds. Beren also failed to respond to NASD requests for information.

Bruce Nissim Binler (Registered Representative, East Northport, New York) was fined $75,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Binler effected unauthorized purchase and sales transactions in the account of a public customer. Binler also sent fictitious documents to the same customer reflecting that the unauthorized transactions had been canceled or that the positions had been sold at a profit. In addition, Binler failed to respond to NASD requests for information.

Timothy Lane Burkes (Registered Representative, Pleasanton, California) was fined $16,200 and suspended from association with any member of the NASD in any capacity for 180 days. The NBCC imposed the sanctions following an appeal of a decision by the DBCC for District 1. The sanctions were based on findings that Burkes caused funds totaling $16,500.54 to be transferred from his member firm's account to his commission account. As a result, Burkes received credit for funds to which he was not entitled.

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

Frank Ronald Camara (Registered Representative, Miami, Florida) was fined $20,000 and barred from association with any member of the NASD in any capacity. In addition, Camara must pay $13,273.31 in restitution to his member firm before seeking re-entry to the securities industry through the NASD's eligiblity proceedings. The sanctions were based on findings that Camara effected the purchase and sale of shares of common stocks for the accounts of public customers without their knowledge or consent.

Floyd A. Cardwell, Jr. (Registered Representative, Edgewood, Maryland) was fined $20,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Cardwell falsified insurance applications and submitted initial premiums for 11 fictitious persons to his member firm to generate commissions. Cardwell also failed to respond to NASD requests for information.

James F. Chase (Registered Principal, Rutland, Vermont) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $10,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Chase consented to the described sanctions and to the entry of findings that he engaged in a course of conduct involving unauthorized transfers of customer positions in three accounts to hide customer losses.

George O. Cherry (Registered Representative, Mebane, North Carolina) was fined $30,000 and barred from association with any member of the NASD in any capacity. In addition, Cherry must pay $7,000 in restitution to his member firm within 45 days. The sanctions were based on findings that Cherry solicited and accepted checks from a public customer but, instead of using the checks as specified by the customer, Cherry deposited the funds in a bank account that he controlled and applied the proceeds to his own use and benefit. Cherry also failed to respond to NASD requests for information.

Richard D. Collins (Registered Representative, Tulsa, Oklahoma) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $5,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Collins consented to the described sanctions and to the entry of findings that he sold unregistered securities. In addition, the findings stated that Collins engaged in private securities transactions without prior written notice to and approval from his member firm.

Robin C. Collins (Registered Representative, Louisville, Kentucky) submitted a Letter of Acceptance, Waiver and Consent 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, Collins consented to the described sanctions and to the entry of findings that he received $387 from public customers for the purchase of insurance. The findings stated that he failed to promptly transmit the monies to his member firm and, instead, converted the funds to his own use and benefit without the knowledge or consent of the customers.

James Patrick Connaughton, Jr. (Registered Representative, St. Louis, Missouri) 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. In addition, Connaughton must pay $74,751.18 in restitution to a public customer before seeking re-entry to the securities industry through the NASD's eligibility proceedings. Without admitting or denying the allegations, Connaughton consented to the described sanctions and to the entry of findings that he converted customer funds totaling $74,751.18 to his own use and benefit, without the customer's knowledge or consent. Specifically, the findings stated that Connaughton withdrew drafts from the customer's securities account and deposited the proceeds to his personal bank account. In addition, Connaughton failed to respond to NASD requests for information in a timely manner.

James Patrick Connaughton, Sr. (Registered Principal, St. Louis, Missouri) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was suspended from association with any member of the NASD in a principal capacity for 90 days and required to requalify by examination as a general securities principal. Without admitting or denying the allegations, Connaughton consented to the described sanctions and to the entry of findings that he failed to supervise a registered representative adequately and properly to assure compliance with applicable rules and regulations.

James C. Dunlap (Registered Representative, Scottsdale, Arizona) submitted an Offer of Settlement pursuant to which he was fined $35,000 and barred from association with any member of the NASD in any capacity. In addition, Dunlap must pay $15,000 in restitution to a public customer before seeking re-entry to the securities industry through the NASD's eligibility proceedings.

Without admitting or denying the allegations, Dunlap consented to the described sanctions and to the entry of findings that he received from a public customer a $15,000 check intended for the purchase of securities. According to the findings, Dunlap endorsed the check and deposited the money into his personal bank account.

Michael Anthony Durham (Registered Principal, Houston, Texas) was fined $515,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Durham withdrew checks totaling $465,190 from the accounts of public customers without their knowledge or consent, and converted the funds to his own use and benefit. In addition, Durham failed to respond to NASD requests for information.

Michael Ehrlich (Registered Representative, Coral Springs, Florida) was fined $10,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Ehrlich failed to respond to an NASD request for information concerning a customer complaint.

Anthony J. Falcone (Registered Representative, Annandale, Virginia) submitted an Offer of Settlement pursuant to which he was fined $5,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Falcone consented to the described sanctions and to the entry of findings that he forged customers' signatures on insurance forms and submitted these forms to his member firm.

Thomas Eugene Felty (Registered Representative, Frankfort, Indiana) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $1,600 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Felty consented to the described sanctions and to the entry of findings that he cashed six checks totaling $310.64 issued to public customers representing repayments of premiums. The NASD found that, without the knowledge or consent of the customers, Felty retained the money for six months before returning it to the customers.

William S. Flournoy (Registered Representative, Lawton, Oklahoma) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $35,000 and barred from association with any member of the NASD in any capacity. In addition, Flournoy must pay $10,054.54 in restitution to public customers before seeking re-entry to the securities industry through the NASD's eligibility proceedings. Without admitting or denying the allegations, Flournoy consented to the described sanctions and to the entry of findings that he caused checks totaling $10,054.54 to be issued against the life insurance policies of public customers. According to the findings, Flournoy then endorsed and cashed the checks, thereby converting the monies to his own use and benefit without the customers' knowledge or consent.

Mohammad Forouzmand (Registered Representative, Plano, Texas) was fined $81,000 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, Forouzmand converted to his own use and benefit customer funds totaling $31,000 that were intended for the purchase of securities and to open an IRA account.

Manuel D. Gana, Sr. (Registered Representative, Vienna, Virginia) was fined $20,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Gana failed to respond to NASD requests for information regarding transactions he effected for the accounts of public customers.

Enrico Joseph Giordano (Registered Representative, Deerfield Beach, 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 Giordano failed to pay a $21,977.18 arbitration award.

In its findings, the NASD determined that Giordano could re-enter the securities industry upon demonstration that the arbitration award was paid. Giordano's bar commenced June 5, 1992 and was lifted June 26, 1992.

Eric E. Goodwin (Registered Representative, Derry, New Hampshire) 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, Goodwin consented to the described sanctions and to the entry of findings that he forged the signatures of two employees of his member firm on payroll checks totaling $940 and deposited the checks into his personal checking account.

Ralph R. Grant (Registered Representative, Oklahoma City, Oklahoma) 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, Grant consented to the described sanctions and to the entry of findings that he guaranteed a public customer reimbursement for any losses incurred in his account.

Michael P. Harris (Registered Representative, Bradenton, Florida) 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. In addition, Harris must pay $5,500 in restitution to his member firm before seeking re-entry to the securities industry through the NASD's eligibility proceedings. Without admitting or denying the allegations, Harris consented to the described sanctions and to the entry of findings that he received a $5,500 check from a public customer intended for the purchase of unspecified investments and, instead, Harris negotiated the check and converted the proceeds to his own use and benefit.

Ron Keith Harrison (Registered Representative, Greenwood Lake, New York) was fined $75,000 and barred from association with any member of the NASD in any capacity. In addition, Harrison is required to pay $57,000 in restitution to customers. The sanctions were based on findings that Harrison received $62,500 from public customers for investment purposes, failed to follow the customers' instructions and, instead, converted

$57,000 of the funds to his own use and benefit. Harrison also effected the purchase of shares of a common stock in the joint account of public customers without their knowledge or consent. In addition, Harrison failed to respond to NASD requests for information.

Nazmi C. Hassanieh (Registered Representative, Memphis, Tennessee) was barred from association with any member of the NASD in any capacity. The sanction was based on findings that Hassanieh exercised discretionary power in the accounts of public customers without prior written authorization from the customers and written acceptance of the accounts as discretionary by his member firm. In addition, Hassanieh failed to respond fully to NASD requests for information.

Mark Alan Helsing (Registered Representative, Tustin, California) was suspended from association with any member of the NASD in any capacity for 30 days and required to requalify by examination before associating with any member of the NASD in any capacity. The sanctions were based on findings that Helsing overcharged a customer in the sale of mutual funds. Specifically, he failed to give the customerr the benefit of reduced sales charges associated with the combined purchases of securities, the execution of a letter of intent, and the rights of accumulation.

Timothy M. Hodgens (Registered Representative, Alexandria, Virginia) submitted an Offer of Settlement pursuant to which he was fined $42,000 (less any amount of restitution he has paid to customers) and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Hodgens consented to the described sanctions and to the entry of findings that he recommended to a public customer the redemption of recently purchased shares of a mutual fund. According to the findings, he made this recommendation without having reasonable grounds for believing the transaction was suitable for the customer.

In addition, the NASD found that Hodgens induced the same customer to sign forms requesting the redemption of the mutual funds shares, and directed that the checks be made payable to himself and sent to his personal residence. The findings also stated that Hodgens converted the funds to his own use and benefit.

Daniel W. Holmes (Registered Representative, Aurora, Colorado) was fined $30,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Holmes received from public customers $1,500 in cash intended for payment of insurance premiums. Holmes failed to turn the payments over to the insurance company and, instead, retained the funds for his own use and benefit. In addition, Holmes failed to respond to NASD requests for information.

Lyle Robert Howie (Registered Representative, Palm Harbor, Florida) was fined $10,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Howie failed to pay a $10,000 arbitration award.

Michael D. Huwe (Registered Representative, East Peoria, Illinois) was fined $41,200 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Huwe received from a public customer $3,423.92 in cash for life insurance policy payments. Huwe used only $2,167.42 as instructed and used $1,256.50 for other purposes. In addition, Huwe failed to respond to NASD requests for information.

Lonnie Hyde, Jr. (Registered Representative, Woodridge, Illinois) was fined $87,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Hyde obtained two checks totaling $17,118.17 representing a request for a loan against a customer's life insurance policy and the cash surrender of another customer's life insurance policy. Hyde failed to forward the checks to the customers and, instead, deposited the funds in a checking account for which the beneficial owner was another individual. Hyde also failed to respond to NASD requests for information.

Danny W. Jackson (Registered Representative, Paducah, Kentucky) 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, Jackson consented to the described sanctions and to the entry of findings that he received $1,118.88 from public customers for payment of insurance premiums and, instead, converted the funds to his own use and benefit without the customers' knowledge or consent.

Alvey Joseph Jeanfreau (Registered Repre-

sentative, Lake Oswego, Oregon) was fined $5,000 and barred from association with any member of the NASD in any capacity until he pays a total of $6,340 in arbitration awards. The sanctions were based on findings that Jeanfreau failed to pay a $6,140 NASD arbitration award and the remaining $200 balance of a $10,200 arbitration award.

Samuel P. Jesselson (Registered Representative, Jacksonville, Florida) submitted an Offer of Settlement pursuant to which he was suspended from association with any member of the NASD in any capacity for three months. Without admitting or denying the allegations, Jesselson consented to the described sanction and to the entry of findings that he recommended the purchase and sale of mutual funds in the account of a public customer. According to the findings, these recommendations were made without having reasonable grounds for believing such transactions were suitable for the customer.

Fred Herman Jones, Jr. (Registered Representative, Atlanta, Georgia) was fined $22,500 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Jones effected the purchase and sale of shares of common stocks for the securities account of a public customer without his knowledge or consent. Jones also misrepresented to the same customer that the trades had been reversed and that a certificate for the sale of common stock was in transfer to him. In addition, Jones failed to respond to an NASD request for information.

Anthony Stanley King (Registered Representative, Washington, District of Columbia) was fined $20,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that King failed to respond to NASD requests for information concerning his termination from a member firm.

Barry A. Kittoe, Sr. (Registered Representative, Stephens City, Virginia) was fined $25,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Kittoe made improper use of an insurance customer's funds by depositing a $1,497.76 cash surrender check intended for the purchase of a life insurance policy to his own account and using the proceeds for his own use and benefit.

Terri Lynn Lane (Associated Person, Houston, Texas) was fined $1,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Lane possessed and used unauthorized reference material during a qualifications examination.

Anastasia Marie Lew (Associated Person, San Diego, California) was fined $78,520.78 and barred from association with any member of the NASD in any capacity. This fine can be reduced by $13,520.73, representing the amount of restitution Lew makes to her member firm. The sanctions were based on findings that Lew misused firm funds by causing six checks totaling $8,411 to be issued to her from her member firm's bank account without the firm's knowledge or consent.

In addition, Lew caused the issuance of a $2,000 check from her member firm's checking account made payable to an affiliated company and intercepted two other checks totaling $2,992.42 representing mutual funds concessions earned by her member firm. Lew cashed these checks and converted the proceeds. She also failed to respond to NASD requests for information.

James Robert Linneweber (Registered Representative, Linton, Indiana) submitted a Letter of Acceptance, Waiver and Consent 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, Linneweber consented to the described sanctions and to the entry of findings that he received $75 in cash from public customers for the purchase of an insurance product. The NASD found that Linneweber misappropriated the $75 and retained the funds for his own use and benefit.

Steve M. Long (Registered Representative, Fort Wayne, Indiana) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $10,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Long consented to the described sanctions and to the entry of findings that he engaged in private securities transactions with public customers without providing prior written notice to his member firm.

Matthew Andrew Look (Registered Representative, Milwaukee, Wisconsin) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $22,000 and barred from association with any member of the NASD in any capacity. In addition, Look must pay $1,242 in restitution to public customers before seeking re-entry to the securities industry through the NASD's eligibility proceedings.

Without admitting or denying the allegations, Look consented to the described sanctions and to the entry of findings that he obtained from two public customers funds totaling $1,242 intended for payments of insurance premiums on policies owned by the customers. The NASD found that Look, without the customers' knowledge or consent, misappropriated the funds and retained the monies for his own use and benefit.

Thomas Charles Martin (Registered Representative, Fair Haven, New Jersey) was fined $50,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Martin acted as a general securities representative and principal without becoming registered with the NASD or seeking relief from a previous bar imposed by the NASD.

Richard W. McFayden, Jr. (Registered Representative, Cheektowaga, New York) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $125,000 and barred from association with any member of the NASD in any capacity. In addition, McFayden must pay $63,633 in restitution to his member firm before seeking re-entry to the securities industry through the NASD's eligibility proceedings.

Without admitting or denying the allegations, McFayden consented to the described sanctions and to the entry of findings that he misappropriated $63,633 in customers' funds without their knowledge or consent. Specifically, the NASD found that McFayden submitted false loan application forms on the customers' insurance policies, obtained possession of the loan proceeds checks, endorsed the checks, and deposited the funds into a bank account over which McFayden had signatory authority. The NASD also found that McFayden failed to respond to an NASD request for information.

Clement W. McLaughlin, Jr. (Registered Representative, Yardley, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $2 million and barred from association with any member of the NASD in any capacity. In addition, McLaughlin must pay restitution to investors before seeking re-entry to the securities industry through the NASD's eligibility proceedings.

Without admitting or denying the allegations, McLaughlin consented to the described sanctions and to the entry of findings that he solicited members of the public, including his customers, to invest funds through an unregistered and fictitious entity. Moreover, the NASD found that McLaughlin represented to the individuals that their funds would be invested in tax-free municipal and other securities. According to the findings, Mclaughlin received more than $1.7 million from the investors and converted most of it to his personal use and benefit.

Daniel E. McLaughlin (Registered Representative, Portsmouth, New Hampshire) 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, McLaughlin consented to the described sanctions and to the entry of findings that he submitted to his member firm applications for life insurance policies on fictitious persons. In addition, McLaughlin failed to respond to NASD requests for information.

Cameron Garth Miller (Registered Representative, Ft. Lauderdale, Florida) submitted an Offer of Settlement pursuant to which he was fined $12,500 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Miller consented to the described sanctions and to the entry of findings that he engaged in a private securities transaction without providing prior written notification to his member firm. In addition, Miller failed to respond to an NASD request for information.

John G. Miller, Jr. (Registered Representative, Brandon, Mississippi) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $2,500 and suspended from association with any member of the NASD in any capacity for two weeks. Without admitting or denying the allegations, Miller consented to the described sanctions and to the entry of findings that he engaged in options spread transactions in the account of a public customer without having reasonable grounds for believing that the account had been cleared for this level of options trading by his member firm.

The NASD also found that Miller engaged in an options strategy in the account of another customer without having reasonable grounds for believing that such strategy and the resultant transactions were suitable for that customer. In addition, the findings stated that Miller exercised discretion in the customer's account without the customer's prior written authorization or the member firm's written acceptance of the account as discretionary.

Philip L. Mosley (Registered Representative, Marietta, Georgia) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $10,000 and suspended from association with any member of the NASD in any capacity for 15 days. In addition, Mosley must pay $17,000 in restitution to public customers within 90 days. Without admitting or denying the allegations, Mosley consented to the described sanctions and to the entry of findings that he sold units of four separate limited partnerships to public customers outside the scope of his association with a member firm and without the knowledge or approval of the firm.

William Joseph Mueger (Registered Principal, East Meadow, New York), Jay M. Vermonty (Associated Person, Flushing, New York) and **Kenneth Lee Lucas (Registered Principal, Englewood, Colorado).** Mueger was fined $75,000 and barred from association with any member of the NASD in any capacity. Vermonty was fined $95,000 and barred from association with any member of the NASD in any capacity. Lucas submitted an Offer of Settlement pursuant to which he was suspended from association with any member of the NASD in any principal capacity for 10 business days.

The sanctions were based on findings that Mueger managed a former member firm's investment banking or securities business while suspended as a general securities principal. In addition, Mueger and Vermonty were subject to statutory disqualification when they became associated with the same firm after the NASD revoked their registrations. Further, the NASD found that Lucas continued the association of Mueger with this firm after revocation of his registration. Vermonty also failed to pay a $13,644 arbitration award and failed to respond to NASD requests for information.

William K. Murphy (Registered Representative, Providence, Rhode Island) submitted an Offer of Settlement pursuant to which he was fined $30,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Murphy consented to the described sanctions and to the entry of findings that he issued two personal checks totaling $28,227 to his member firm as payment for two call options that he purchased in his account. However, the checks were subsequently returned for insufficient funds.

Timothy Daniel Peck (Registered Representative, Tampa, 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 Peck failed to respond to NASD requests for information concerning a customer complaint.

William W. Peterman (Registered Principal, Fairfax, Virginia) was fined $10,000 and barred from association with any member of the NASD in any principal capacity. The sanctions were based on findings that a former member firm, acting through Peterman, disseminated an offering memorandum to investors that failed to disclose certain material information. In addition, the firm, acting through Peterman, filed FOCUS Parts I and IIA reports for certain months that contained inaccurate net capital computations and filed a late annual audited report. Peterman, acting on behalf of the firm, also conducted a securities business without maintaining its minimum required net capital.

Further, Peterman failed to maintain accurate books and records in that the firm's general ledger and trial balance did not include, or inaccurately reflected, various balances and liabilities. Moreover, Peterman inaccurately computed the firm's net capital and aggregate indebtedness and failed to provide telegraphic notice of the existence of material inadequacies in the firm's internal controls.

James Charles Popken (Registered Representative, New York, New York) was fined $50,000 and suspended from association with any member of the NASD in any capacity for 30 business days. The sanctions were based on findings that Popken made unauthorized transactions in public customers' accounts.

Keith D. Renner (Registered Representative, West Mifflin, Pennsylvania) 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, Renner consented to the described sanctions and to the entry of findings that he received from two public customers funds totaling $4,650 intended for the purchase of a common stock. The NASD determined that Renner used the funds to purchase the stock in his own name, sold shares of the stock, and used the sales proceeds for his own benefit. The findings also stated that Renner engaged in private securities transactions while failing to provide prior written notice to his member firm.

Mark D. Ritacco (Registered Representative, Broomall, Pennsylvania) submitted an Offer of Settlement pursuant to which he was fined $15,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Ritacco consented to the described sanctions and to the entry of findings that he forged a public customer's signature on a life insurance policy application and submitted the form to his member firm without the authorization or consent of the customer.

Stephen Alan Roche (Registered Representative, Redmond, Washington) was fined $5,600 and suspended from association with any member of the NASD in any capacity for one business day. In addition, Roche must requalify by examination as a general securities representative. The NBCC imposed the sanctions following an appeal of a decision by the DBCC for District 3. The sanctions were based on findings that Roche recommended securities transactions in the account of a public customer without having reasonable grounds for believing such recommendations were suitable for the customer.

Thomas M. Rodes (Registered Representative, Garrett Park, Maryland) submitted an Offer of Settlement pursuant to which he was fined $3,000 and suspended from association with any member of the NASD in any capacity for 90 days. Without admitting or denying the allegations, Rodes consented to the described sanctions and to the entry of findings that he participated in private securities transactions while failing to provide prior written notice to his member firms.

Dale M. Russell (Registered Principal, La Verne, California) was fined $53,287.45 and suspended from association with any member of the NASD in any capacity for seven days. The NBCC imposed the sanctions following an appeal of a decision by the DBCC for District 2. The sanctions were based on findings that Russell engaged in private securities transactions without giving prior written notification of such activity to his member firm.

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

David Lloyd Schumock (Registered Representative, Sumner, Washington) was fined $50,000, suspended from association with any member of the NASD in any capacity for six months, and required to requalify by examination as a general securities representative.

The fine can be reduced by $15,000, provided Schumock makes that amount of restitution to the customer's estate or beneficiaries.

The sanctions were based on findings that Schumock recommended the purchase and sale of securities in a public customer's account. These recommendations were made without having reasonable grounds for believing that such transactions were suitable for the customer.

Eugene F. Shareef (Registered Principal, Livonia, Michigan) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $5,000 and barred from association with any member of the NASD in any capacity.

Without admitting or denying the allegations, Shareef consented to the described sanctions and to the entry of findings that he received a $1,000 check from a public customer with instructions to invest in a bond fund. The NASD found that Shareef failed to follow the customer's instructions, cashed the check, and used the funds for his personal benefit until six months later when he invested the $1,000 as previously requested by the customer.

Roger H. Simmons (Registered Representative, Gurnee, Illinois) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $35,000 and barred from association with any member of the NASD in any capacity. In addition, Simmons must pay $13,729 in restitution to public customers before seeking re-entry to the securities industry through the NASD's eligibility proceedings.

Without admitting or denying the allegations, Simmons consented to the described sanctions and to the entry of findings that he signed a customer's name to disbursement request forms without the customer's knowledge or consent. This activity resulted in a surrender of the customer's paid-up additions to his insurance policy totaling $10,524.96. Moreover, the NASD determined that Simmons obtained checks on the aforementioned amount made payable to his half-sister, deposited the checks in an account in which he had a beneficial interest, and used the monies to pay premiums on other insurance policies.

In addition, the findings stated that Simmons signed the same customer's name to disbursement request forms without the customer's knowledge or consent resulting in loans against the customer's insurance policy totaling $2,954.04. The NASD found that Simmons applied these funds to pay premiums on two other insurance policies.

The findings also stated that Simmons received a $250 check made payable to his mother as a result of a loan from another customer's life insurance policy that was procured without the customer's knowledge or consent. The NASD determined that Simmons deposited the funds into an account in which he had a beneficial interest and used the monies to pay premiums on other insurance policies without the customer's knowledge or consent.

Gary S. Smith (Registered Principal, Knoxville, Tennessee) 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, Smith consented to the described sanctions and to the entry of findings that he misappropriated $17,591.84 of his member firm's funds without the firm's knowledge or consent.

Ronald Earl Smits (Registered Representative, Grandville, Michigan) was fined $5,000 and barred from association with any member of the NASD in any capacity. The SEC affirmed the sanctions following an appeal of a decision by the NBCC.

The sanctions were based on findings that Smits received a $100,000 check from a public customer to purchase a certificate of deposit. Smits failed to follow the customer's instructions and, instead, engaged in a fraudulent scheme to obtain the customer's signature to purchase interests in a limited partnership without the customer's knowledge or consent. Moreover, Smits attempted to conceal the unauthorized investment from the customer through a series of deceptive and misleading letters.

Daniel J. Steffen (Registered Representative, Wauwatosa, Wisconsin) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $300,000 and barred from association with any member of the NASD in any capacity. In addition, Steffen must pay restitution to public customers before seeking re-entry to the securities industry through the NASD's eligibility proceedings.

Without admitting or denying the allegations, Steffen consented to the described sanctions and to the entry of findings that he accepted personal checks totaling $187,600 from two public customers with instructions to use the funds as payment for single premium annuities. The NASD found that Steffen failed to follow the customers' instructions and used the funds for other purposes.

The findings also stated that Steffen received $167,322.20 in personal checks from two other customers with instructions to deposit the funds into a guaranteed fund. According to the findings, Steffen instead deposited the funds into insurance service accounts for the customers and purchased insurance policies in the customers' names. Furthermore, the NASD determined that Steffen made withdrawals totaling $77,710 from the accounts for purposes other than for the benefit of the customers.

Mark R. Theobald (Registered Principal, Silver Spring, Maryland) 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, Theobald consented to the described sanctions and to the entry of findings that he opened a money market account in the name of a firm by forging the signature of the firm's president on the new account form. According to the findings, Theobald subsequently came into possession of a $23,450.72 check issued by a life insurance company payable to the aforementioned firm. The NASD found that Theobald forged the president's endorsement on the check, deposited it to the newly opened money market account, and converted those funds to his own use by signing the president's name on 16 redemption drafts.

James F. Turner, Jr. (Registered Representative, Milwaukee, Wisconsin) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $25,000 and barred from association with any member of the NASD in any capacity. In addition, Turner must pay restitution to a public customer before seeking re-entry to the securities industry through the NASD's eligibility proceedings.

Without admitting or denying the allegations, Turner consented to the described sanctions and to the entry of findings that he received $4,235.72 from a public customer for the purchase of a life insurance policy. The NASD found that Turner failed to follow the customer's instructions promptly and made only 11 monthly payments on the policy totaling $2,338.80.

Bradley L. Uhlfelder (Registered Representative, Owings Mills, Maryland) was fined $5,000 and barred from association with any member of the NASD in any capacity with the proviso that he may apply to remove the bar after he satisfies a $17,480 arbitration award. The sanctions were based on findings that he failed to pay the arbitration award.

Mark Fitzgerald Verr (Registered Representative, Brookfield, Illinois) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $200,000 and barred from association with any member of the NASD in any capacity. In addition, Verr must pay $160,407 in restitution to public customers before seeking reentry to the securities industry through the NASD's eligibility proceedings.

Without admitting or denying the allegations, Verr consented to the described sanctions and to the entry of findings that he obtained a total of $160,407 from three customer accounts without the customers' knowledge or consent. Specifically, the findings stated that Verr submitted to his member firm requests to withdraw funds from the customers' accounts and retained the monies for his own use and benefit. Verr also failed to respond to NASD requests for information.

William D. Wade (Registered Representative, Paducah, Kentucky) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $2,500 and suspended from association with any member of the NASD in any capacity for one month. Without admitting or denying the allegations, Wade consented to the described sanctions and to the entry of findings that he guaranteed a public customer against loss and thereafter reimbursed the customer for losses he incurred.

Kenneth L. Walker (Registered Representative, Akron, Ohio) submitted an Offer of Settlement pursuant to which he was fined $25,000 and barred from association with any member of the NASD in any capacity. In addition, Walker must pay $4,602.36 in restitution to his member firm prior to seeking re-entry to the securities industry through the NASD's eligibility proceedings. Without admitting or denying the allegations, Walker consented to the described sanctions and to the entry of findings that he misappropriated and converted to his own use customer funds totaling $4,602.36. Specifically, the findings stated that Walker submitted false loan applications on a customer's variable annuity policy and changed the customer's address to Walker's home address.

Mickey W. Watkins (Registered Representative, Jackson, Mississippi) 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 six months. Without admitting or denying the allegations, Watkins consented to the described sanctions and to the entry of findings that he recommended and caused a series of unsuitable purchase and sale transactions involving mutual funds to be executed in the account of a public customer. These transactions had similar investment objectives and cost the customer $6,782.42 in sales charges.

Blake William Wilson (Registered Principal, Ojai, California) was fined $20,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Wilson failed to respond to NASD requests for information.

John L. Wintermeier (Registered Representative, Indian Rocks Beach, 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, Wintermeier consented to the described sanction and to the entry of findings that through the use of falsified letters of authorization, he withdrew $25,000 from the mutual fund account of a public customer and converted $15,000 of the funds to his own use and benefit without the customer's knowledge or consent.

Emily Maria Wu (Registered Representative, Hilton Head, South Carolina) submitted an Offer of Settlement pursuant to which she was fined $15,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Wu consented to the described sanctions and to the entry of findings that she recommended opening sales of uncovered put and call option contracts to public customers without having reasonable grounds for believing that such transactions were suitable for the customers. In addition, the NASD found that Wu failed to disclose or misrepresented the risks of selling uncovered option contracts to public customers.

John A. Zdanecis (Registered Representative, Rochester, New York) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $27,500 and barred from association with any member of the NASD in any capacity. In addition, Zdanecis must pay $1,350 in restitution to a public customer before seeking reentry to the securities industry through the NASD's eligibility proceedings. Without admitting or denying the allegations, Zdanecis consented to the described sanctions and to the entry of findings that he misappropriated and converted customer funds totaling $1,350 to his own use. In addition, Zdanecis failed to respond to NASD requests for information.

Felix M. Zuniga (Registered Representative, Coral Gables, Florida) submitted an Offer of Settlement pursuant to which he was fined $25,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Zuniga consented to the described sanctions and to the entry of findings that he caused his member firm to issue checks totaling $257,697.50 drawn on the accounts of two public customers without their knowledge or approval and applied the proceeds to his own use and benefit.

The findings also stated the Zuniga created and furnished his member firm with false letters of authorization containing forged signatures of these customers authorizing the aforementioned withdrawals. In addition, the NASD determined that in an attempt to conceal the conversion of funds, Zuniga created and furnished one customer with a false account statement that purported to show the purchase of a common stock when no such purchase had been made. Furthermore, Zuniga failed to respond to an NASD request for information.

INDIVIDUALS FINED

Gary D. Barton (Registered Principal, Englewood, Colorado) was fined $10,000 and required to requalify by examination as a general securities principal. The sanctions were based on findings that Barton recommended and effected the purchase of securities for the accounts of public customers without having reasonable grounds for believing that such transactions were suitable for the customers.

Stephen Russell Boadt (Registered Principal, Pacific Palisades, California) was fined $10,000 and ordered to requalify by examination as a financial and operations principal within 120 days or he will be barred in any principal capacity. The sanctions were based on findings that Boadt continued to act as a financial and operations principal for his member firm even though the NASD had ordered him to requalify in that capacity in a previous disciplinary action.

Andrew L. Marcus (Registered Representative, Summit, New Jersey) submitted an Offer of Settlement pursuant to which he was fined $10,000. Without admitting or denying the allegations, Marcus consented to the described sanction and to the entry of findings that he effected the purchase and sale of municipal bonds in the accounts of public customers without their knowledge or authorization. The NASD also found that Marcus effected the purchase and sale of common stocks in the joint account of public customers without their prior written authorization to act on a discretionary basis.

Craig Stanton Norton (Registered Representative, Castle Rock, Colorado) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $12,500. Without admitting or denying the allegations, Norton consented to the described sanction and to the entry of findings that a former member firm, acting through Norton, charged excessive markups to retail customers in the sale of securities.

Richard Robert Whatley (Registered Representative, Rancho Palos Verdes, California) was fined $17,500. The sanction was based on findings that Whatley failed to pay a $2,234 arbitration award in a timely manner and failed to respond to NASD requests for information.

John A. Wolf (Registered Principal, Atlanta, Georgia) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $10,000. Without admitting or denying the allegations, Wolf consented to the described sanction and to the entry of findings that he effected an order to sell 500 shares of a common stock for the account of a public customer without the customer's prior authorization. According to the findings, Wolf engaged in this activity to facilitate a short sale placed by an institutional customer that would generate $7,800 in commissions for Wolf.

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

Manchester Rhone Securities Corporation, Norwell, Massachusetts

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.

Aztec Securities, Inc., Forth Worth, Texas (July 14, 1992)

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.

Jeffrey Brooks, East Hills, New York (July 22, 1992)

General Bond & Share Co., Denver, Colorado (July 14, 1992)

Palm Securities, Inc., Melbourne, Florida (June 23, 1992)

Winthrop Investments, Indianapolis, Indiana (July 14, 1992)

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

David L. Arnold, Birmingham, Alabama
Garret B. Auld, Anderson, California
William T. Bales, Whitehouse, Ohio
David A. Bondy, Maumee, Ohio
Philip S. Brown, Tucson, Arizona
Mark E. Eames, Salt Lake City, Utah
Johnny P. Figliolini, New York, New York
Douglas Todd Johnson, Hillsborough, North Carolina
Salvatore A. Lanza, Boca Raton, Florida
John E. Lawlor, Brightwaters, New York
Keith G. Minella, Westport, Connecticut
Garth Orson Potts, Salt Lake City, Utah
Anthony J. Puglisi, Scottsdale, Arizona
William M. Rosenberger, Leawood, Kansas

NASD

For Your Information

National Association of Securities Dealers, Inc. August 1992

Minnesota Increases Agent Transfer Fee

Effective August 1, 1992, Minnesota increased its agent transfer fee from $20 to $25. The state agent registration fee remains $50.

If you have any questions regarding this change, call NASD Member Services Phone Center at (301) 590-6500.

NASD Membership Department Schedules CRD Conference October 22-23

The second Central Registration Depository (CRD) Conference in 1992 will take place October 22-23, 1992. Additional details will appear in future *Notices To Members* and the CRD banner pages. For further information, call Rick Sheridan at (301) 590-6523.

NASD Mails Insurance Brochures to Associated Persons

In August, the NASD will mail brochures to associated persons describing the NASD's Individual Term Life Insurance Plan designed for NASD employees, registered representatives, and employees of member firms. Only those eligible associated persons whose member firms have authorized the NASD to contact them directly will receive these brochures.

The coverage described in the brochures serves to supplement whatever life insurance the member firm may already provide. The insurance amounts range from $25,000 to $250,000 and the insurance includes optional spouse and child coverage. Waiver of premium for disability of the primary insured applies to these optional family coverages.

Please be assured that all information used for this mailing is strictly confidential and will not be used for any other purpose. Any individual interested in more detailed information may obtain it by contacting Benefits Administrators, Inc., at (800) 336-0883.

Application of the Free-Riding and Withholding Interpretation to Investment Partnerships Managed by Entities or Persons Not Associated With NASD Members

In the May 1992 *Notices to Members*, the NASD reiterated a staff position of long standing that regardless of whether an investment partnership internally allocates profits and losses from hot issue transactions away from restricted persons, a member may not sell a "hot issue" to an investment partnership if restricted persons have a beneficial interest in such partnership unless the sale complies with the provisions of the NASD's Free-Riding and Withholding Interpretation (Interpretation). Thus a partnership having persons associated with a broker/dealer as partners could not purchase hot issues because such persons are absolutely restricted by the Interpretation. Furthermore, partnerships with other categories of conditionally restricted persons as partners could only purchase hot issues to the extent the partnership demonstrated compliance with the "investment history," "insubstantial," and "not disproportionate" tests of paragraph 5 of the Interpretation. The May Notice stated that the National Business Conduct Committee (NBCC) was creating a committee to review the Interpretation.

The May Notice had resulted from an inquiry considered by the NASD's NBCC and Corporate Financing Committee in which an NASD member and its associated persons had been involved in the management and distribution of the interests in partnership.

After publication of this Notice, the NASD received several requests for clarification of the position as it would relate to partnerships managed by third party, non-broker/dealer affiliated entities in which restricted persons may be passive investors. These requests sought interim relief from the restrictions described in the Notice pending the overall review of the Interpretation by the NBCC Subcommittee. These requests stated that for many years partnerships have been operated with "carve out" provisions in the partnership agreement that prevent restricted persons from participating in the hot-issue purchases. The partnerships relied on opinion-of-counsel letters which concluded that sales to these partnerships would comply with the provisions of Part B of the Investment Partnership section of the Interpretation. Under Part B, the member executing the transaction for investment partnership must receive an opinion of counsel that states no restricted persons have a beneficial interest in the account. The opinion-of-counsel letters had concluded no beneficial interest existed because of the carve-out provisions.

The NASD's NBCC and Corporate Financing committees reviewed these requests. The committees determined that, pending review of the entire Interpretation, it was appropriate to grant limited interim relief to investment partnerships having restricted persons as limited partners under certain conditions. Such partnerships must be managed by third-party general partners either corporate or individual who are not affiliated with NASD members, and such partnerships must internally allocate profits and losses from hot-issues transactions away from the restricted persons. In reaching this conclusion, the committees distinguished such third-party partnerships from the managed partnerships previously reviewed.

To obtain such interim relief, the investment partnership must establish the following policing mechanisms:

1. The investment partnerships will establish a separate brokerage account, with a separate identification number, for its new-issue purchases. At the end of each fiscal year, the general partners will certify in writing to its independent public accountants that: (a) all hot issues purchased by the partnership were placed in this new-issue account; and (b) the partners participating in the new-issue account are not restricted persons under the Interpretation. Said independent public accountants must be members of the American Institute of Certified Public Accountants (AICPA).

2. Prior to the execution of the initial hot-issue transaction, the partnership's outside legal counsel will render an opinion that complies with paragraph B of the section of the Interpretation entitled "Investment Partnerships and Corporations."

3. As part of its audit procedure for the partnership, the independent certified public accountant (who is a member of the AICPA) will confirm in writing to the partnership that all allocations for the new-issues account were made in accordance with the provisions of the applicable partnership agreement that restricts participation in hot-issue purchases.

4. The partnership will maintain in its files copies of the certifications, representations, and confirmations referred to in paragraphs (1) - (3) above for at least three years following the last purchase of a hot issue for the new-issue account.

5. The partnership will accept investment funds from other partnerships if such other partnerships provide the same documentation and assurances described in paragraphs (1) - (4) that restricted persons will not participate in the purchase of hot issues.

6. The certifications and documents required in paragraphs (1) - (3) shall be provided to the member holding such account at such time as these certifications and documents are filed with the partnership and its independent certified public accountant.

To qualify for the interim relief described in this Notice, a member executing a hot-issue transaction for an investment partnership with restricted persons as limited partners must receive, prior to the initial transaction, the certification from the general partner described in paragraph 1 and the opinion-of-counsel letter described in paragraph 2. The certification from the independent public accountant described in paragraph 3 above shall be obtained at the partnership's next audit.

As previously discussed, the NBCC has created a committee to review the Interpretation and the NBCC invites the membership to provide to this committee any comments or topics on the Interpretation for the committee's consideration. Such comments or topics should be directed to T. Grant Callery, Vice President and Deputy General Counsel, NASD, 1735 K Street, NW, Washington, DC 20006-1506. Any questions concerning this Notice should be directed to T. Grant Callery at (202) 728-8285 or Craig L. Landauer, Assistant General Counsel, at (202) 728-8291.

NASD Member Voting Results

As a member service, the NASD publishes the final result of member votes on issues presented to them for approval in the monthly *Notices to Members*. Most recently, members voted on the following issue:

■ ***Notice to Members 92-30*** — Proposed Amendment to Rules of Fair Practice to Require Members to Send Periodic Statements of Account to Customers; **Last Voting Date: July 22, 1992.** Ballots For 1,827; Against 329; and Unsigned 18.