NASD

Notice To Members

National Association of Securities Dealers, Inc. May 1990

Number 90 - 31

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: Electronic Filing of Forms U-5 and Amendments to Form U-4

EXECUTIVE SUMMARY

On March 5, 1990, the NASAA/NASD Central Registration Depository (CRD) began accepting the electronic submission of amendments to page 1 of Form U-4, the Uniform Application for Securities Industry Registration or Transfer, and nondisciplinary Forms U-5, the Uniform Termination Notice for Securities Industry Registration. All NASD member firms that subscribe to the NASD Firm Access Query System (FAQS) are eligible to file electronically these forms that all CRD regulatory participants accept.

BACKGROUND

Recognizing the need to streamline the agent registration process, the NASD Registration Committee and Board of Governors approved a resolution in March 1988 calling for the electronic filing of agent registration and termination forms with the CRD. In addition, the staff was directed to develop an Electronic Filing Pilot, which began in January 1989 with 30 NASD member firms and two regulatory participants, the NASD and the state of Georgia, participating.

In February 1990, the North American Securities Administrators Association (NASAA) endorsed the implementation of the Electronic Filing Program for all CRD regulatory participants. With full participation in the program by all of CRD's regulatory participants, the Electronic Filing Program was implemented on March 5, 1990, for the members that participated in the pilot program. Members that subscribe to FAQS and did not participate in the pilot program received training in late March and are now participating in the Electronic Filing Program. The program is now available for participation by all NASD members.

SCOPE OF PROGRAM AND FILING REQUIREMENTS

The implementation of the Electronic Filing Program allows member firms to electronically file all amendments to page 1 of Form U-4 and all nondisciplinary Forms U-5 without submitting follow-up paperwork to CRD. While members must retain manually signed copies of electronically filed forms, the Electronic Filing Program eliminates the delays associated with submitting forms to the CRD for processing, and it provides immediate notification of registration requests and terminations to the applicable self-regulatory organizations (SROs) and states.

Through the Electronic Filing Program, members may process Form U-4, page 1 amendments requesting state registrations, SRO registrations, and examinations. Electronic page 1 amendments can also be filed to update or clear deficiencies associated with a representative's employment date, billing code, office of employment address, and information regarding dual registration. In addition, the program permits members to electronically file nondisciplinary Forms U-5, those forms on which questions 13 through 15 are answered "No," to effect full termination of a representative's registrations or partial termination of only specified registrations. In the summer of 1990 functions will be added to the program to enable the processing of page 2 amendments to Form U-4 and *all* Forms U-5.

To participate in the Electronic Filing Program, a member firm must subscribe to FAQS and complete an electronic filings Addendum to the FAQS Subscribers Agreement. Participants in the Electronic Filing Program agree to maintain sufficient funds in their CRD account to pay for any registration, examination, and termination fees resulting from electronic filings, retain manually signed copies of any form filed electronically, and make available, within 10 days, copies of any electronically filed form requested by any jurisdiction or SRO participating in the CRD. Members should not submit the hard-copy forms supporting their electronic filings to the CRD.

Since electronic filings do not require the submission of paper forms, the program eliminates any processing delays incurred in the mailing of forms to the CRD. Member firms participating in the program during the first month of operation (when 4,999 forms were processed electronically) report that electronic filings have not only reduced regular and express mail costs, but have reduced staff time needed to prepare documents sent to the CRD and the need for copying forms. In addition, members have found that the electronic filing program enables registered individuals to become quickly productive in newly requested states.

Members subscribing to FAQS have direct access to the CRD records of their representatives and can monitor the status of registration requests. Other services provided through FAQS include enabling members to transfer registrations through the Temporary Agent Transfer Program (TAT), obtaining overnight notification of registration approvals and examination results, accessing disciplinary information on prospective employees, and communicating directly with NASD Information Services through an electronic mail service. Members filing electronically are charged only for fees resulting from the registration or termination request and do not incur any FAQS communication charges while performing an electronic filing.

For more information on the Firm Access Query System (FAQS) and the Electronic Filing Program, contact NASD Firm Services at (301) 590-6715.

NASD

Notice To Members

National Association of Securities Dealers, Inc. May 1990

Number 90 - 32

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: Revised Forms U-4 and U-5 Go Into Effect

EXECUTIVE SUMMARY

The SEC has approved changes to the Uniform Application for Securities Industry Registration or Transfer, Form U-4, and the Uniform Termination Notice for Securities Industry Registration, Form U-5. The changes to Form U-4 include the addition of nine new categories of registration and the deletion of one category no longer in use, as well as changes to the certification language on page 4 of the form. The changes to Form U-5 include the addition of a Disclosure Reporting Page (DRP-5) to streamline the submission of disciplinary information relating to Items 13-15 on the form.

BACKGROUND

The NASD, New York Stock Exchange (NYSE), and North American Securities Administrators Association periodically review the registration and termination forms with an eye toward streamlining the registration process or addressing areas that may have caused concerns for regulators and/or members and their associated persons. As a result of the most recent review, changes have been adopted to Forms U-4 and U-5 to reflect new categories of registration and clarify the certification language. The changes also address the need to continually update agent records with information that comes to light after termination and streamline the disclosure of disciplinary information for a terminating agent through the use of a Disclosure Reporting Page for Form U-5.

CHANGES TO FORM U-4

Two major changes have been made to Form U-4. The changes appear on pages 1 and 4 of the form. On page 1, Item 11 has been updated to reflect the additional categories of registration utilized by the NASD, NYSE, and states. These categories are S-7 Securities Trader (NYSE), S-7 Trading Supervisor (NYSE), S-11 Assistant Representative/Order Processing, S-28 Introducing Broker-Dealer/Financial and Operations Principal, Securities Lending Representative, Securities Lending Supervisor, Approved Person, and Agent of the Issuer. The form also now contains a box to request the Series 65 Uniform Investment Adviser Law Examination, which may be required for investment adviser registration by some jurisdictions. In addition, one category, the Series 54 exam, has been deleted because it is no longer in use by the Municipal Securities Rulemaking Board (MSRB).

The other change to Form U-4 involves the consent language on page 4 of the form. A new item 7 has been added at the request of the NYSE and with the approval of the SEC. This item is designed to facilitate more effective service of notice of investigations or proceedings by self-regulatory organizations. Minor changes were made to the remaining items on page 4 that were then renumbered to account for the inclusion of the new item 7.

CHANGES TO FORM U-5

The majority of changes to this form were necessary to implement the use of the Disclosure Reporting Page (DRP-5) to report information relating to Items 13-15 on the form. As with the DRP adopted for Form U-4 last year, the DRP-5 consists of nine questions, eight of which are mandatory, designed to solicit the pertinent information needed to affect full disclosure of all matters relating to Items 13-15. As with the DRP, it is vital that firms fully complete the DRP-5 to report any information relating to these questions, as well as to update information previously reported, as the changes occur.

The signatory box on the bottom of Form U-5 now reflects the fact that the appropriate signatory must verify the accuracy and completeness of the information contained in and with the form. In addition, minor changes to the form have been made to allow more space for the explanations of reasons for termination in Item 12.

The instructions for Form U-5 have been revised to reflect the incorporation of the DRP-5 in a new item 4. In addition, a new instruction (number 5) has been included to remind firms that they have a continuing obligation to amend and update items 13-15 until final disposition of a reported matter, as well as the obligation to report matters that occur or become known after initial submission of Form U-5.

Copies of these new forms have been included with this mailing for your convenience. To request additional copies of the forms, contact NASD Member and Market Data Services at (301) 590-6500. Questions regarding this notice should be addressed to Ellen Badler, Assistant Director, Special Registration Review, at (301) 590-6743.

NASD

Notice To Members

National Association of Securities Dealers, Inc.
May 1990

Number 90 - 33

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: Memorial Day: Trade Date-Settlement Date Schedule

Securities markets and the NASDAQ System will be closed on Monday, May 28, 1990 in observance of Memorial Day. "Regular way" transactions made on the preceding business days will be subject to the settlement date schedule listed below.

Trade Date		Settlement Date		Reg. T Date*	
May	18	May	25	May	30
	21		29		31
	22		30	June	1
	23		31		4
	24	June	1		5
	25		4		6
	28	Markets Closed			—
	29		5		7

These settlement dates should be used by brokers, dealers, and municipal securities dealers 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. May 1990

Number 90 - 34

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 April 12, 1990

As of April 12, 1990, the following 18 issues joined NASDAQ/NMS, bringing the total number of issues to 2,670:

Symbol	Company	Entry Date	SOES Execution Level
BKCO	Bankers Corp.	3/16/90	1000
DVLG	DeVlieg-Bullard, Inc.	3/16/90	1000
BORAY	Boral Limited	3/19/90	200
ELRRF	Elron Electronic Industries, Ltd. (Rts)	3/19/90	500
MMDI	Momentum Distribution Inc.	3/19/90	1000
MMIC	Mass Microsystems, Inc.	3/20/90	1000
ELMF	Elm Financial Services, Inc.	3/26/90	1000
TKOS	Tokos Medical Corporation (Delaware)	3/26/90	200
SYNL	Syntellect Inc.	3/29/90	500
WEXCP	Wolverine Exploration Company (Pfd)	3/30/90	1000
FUND	America's All Season Fund, Inc.	4/3/90	500
HOSS	Hornbeck Offshore Services, Inc.	4/3/90	1000
TTRA	TETRA Technologies, Inc.	4/3/90	1000
ULAB	Unilab Corporation	4/3/90	1000
VFIC	VeriFone, Inc.	4/3/90	1000
VICR	Vicor Corporation	4/3/90	200
PKTN	Pinkerton's, Inc.	4/4/90	1000
PMSV	Pharmacy Management Services, Inc.	4/5/90	200

NASDAQ/NMS Symbol and/or Name Changes

The following changes to the list of NASDAQ/NMS securities occurred since March 13, 1990.

New/Old Symbol	New/Old Security	Date of Change
ASBI/ASBI	Ameriana Bancorp/Ameriana Savings Bank, F.S.B.	3/20/90

New/Old Symbol	New/Old Security	Date of Change
STBYE/STBYE	Stansbury Holdings Corp./Stansbury Mining Corp.	3/28/90
CETH/CETH	United Thermal Corp./Catalyst Thermal Energy Corp.	4/2/90
ELRRF/ELRRF	Elron Electronic Industries, Ltd. (4/20/90 Rts)/Elron Electronic Industries, Ltd. (4/6/90 Rts)	4/4/90
DMNG/AMMG	Damon Group Inc./American Magnetics Corp.	4/5/90
DCBI/USBI	Dartmouth Bancorp, Inc./United Savers Bancorp, Inc.	4/12/90

NASDAQ/NMS Deletions

Symbol	Security	Date
CIBA	Citizens Bank	3/15/90
SVMHF	Silver Hart Mines, Ltd.	3/15/90
DBIO	Damon Biotech, Inc.	3/16/90
MIND	Mindscape Inc.	3/16/90
DSMI	Dallas Semiconductor Corporation	3/19/90
CHEY	Cheyenne Software, Inc.	3/20/90
BRAE	BRAE Corporation	3/22/90
AWST	American Western Corporation	3/26/90
MGRE	Merry-Go-Round Enterprises, Inc.	3/27/90
TNII	Telecommunications Network, Inc.	3/29/90
KEVN	Kimmins Environmental Service Corp.	3/30/90
METB	Metropolitan Bancorp, Inc.	3/30/90
CGIC	Continental General Corporation	4/2/90
VFSB	Virginia First Savings Bank, F.S.B.	4/2/90
BENJ	Benj. Franklin Federal Savings and Loan Association (The)	4/6/90
MRAC	Microamerica, Inc.	4/10/90
RSDLE	Resdel Industries	4/10/90
UESSE	United Education & Software, Inc.	4/10/90
CALIQ	Calumet Industries, Inc.	4/11/90
XTGXQ	TGX Corporation	4/11/90

Questions regarding this notice should be directed to Kit Milholland, Senior Analyst, Market Listing Qualifications, at (202) 728-8281. Questions pertaining to trade reporting rules should be directed to Leon Bastien, Assistant Director, NASD Market Surveillance, at (301) 590-6429.

NASD
Disciplinary Actions
National Association of Securities Dealers, Inc. May 1990

Disciplinary Actions Reported for May

The NASD is taking disciplinary actions against the following firms and individuals for violations of the NASD Rules of Fair Practice, securities laws, rules, and regulations, and the rules of the Municipal Securities Rulemaking Board. Unless otherwise indicated, suspensions began with the opening of business on Monday, May 7, 1990. The information relating to matters contained in this notice is current as of the 20th of the month preceding the date of the notice. Information received subsequent to the 20th is not reflected in this publication.

FIRMS EXPELLED, INDIVIDUALS SANCTIONED

AmeriMutual Corporation (Boca Raton, Florida) and **Rosemary Grady (Registered Principal, Boca Raton, Florida)** were fined $365,000, jointly and severally. AmeriMutual was expelled from membership in the NASD, and Grady was barred from association with any member of the NASD in any capacity. The sanctions were based on findings that the firm, acting through Grady, failed to maintain required minimum net capital, failed to maintain accurate books and records, and filed an inaccurate FOCUS Part I report. AmeriMutual, acting through Grady, violated its restriction agreement with the NASD by employing more registered representatives than previously agreed, permitting a person to become and remain associated with it when that person was statutorily disqualified from being associated with a member. AmeriMutual, acting through Grady, effected transactions in corporate securities with public customers at prices that were unfair.

The David-Maxwell Company, Inc. (Ft. Lauderdale, Florida) and **Howard Caplan (Registered Principal, North Miami Beach, Florida)** were fined $200,000, jointly and severally. The firm was expelled from membership in the NASD, and Caplan was barred from association with any member of the NASD in any capacity. The sanctions were based on findings that the firm, acting through Caplan, effected a series of principal transactions in over-the-counter corporate securities with public customers at unfair prices. The excessive markups charged in these transactions ranged from 10.29 to 200 percent above the prevailing market prices.

Foxhall Group Securities, Inc. (Silver Spring, Maryland) and **Matthew J. Yetman (Financial and Operations Principal, Silver Spring, Maryland)** submitted an Offer of Settlement pursuant to which they were fined $5,000, jointly and severally. The firm was expelled from membership in the NASD, and Yetman was suspended from association with any member of the NASD in any capacity for 40 days. Without admitting or denying the allegations, they consented to the described sanctions and findings that Foxhall, acting through Yetman, sold common stock to customers from its own account at prices that were unfair and excessive. The NASD also found that the firm, acting through Yetman, disseminated to prospective investors a private placement memorandum concerning the offering of debentures issued by its parent, The Foxhall Group, Inc., that contained false and misleading information. The NASD also found that the private placement memorandum failed to disclose that The Foxhall Group, Inc., had negative net worth during a portion of the period in which the debentures were offered to investors. In addition, the NASD determined that the firm, acting through Yetman, sent confirmations to customers relating to purchases and sales of common stock without disclosing the amount of markups or markdowns on the transactions.

W.N. Whelen & Co., Inc. (Georgetown, Delaware) and **William N. Whelen, Jr. (Registered Principal, Georgetown, Delaware)**. The firm was fined $15,000 and expelled from membership in the NASD. William Whelen was fined $15,000, suspended from association with any member of the NASD in any capacity for two months, and barred in any principal, proprietary, managerial, or supervisory capacity. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the District Business Conduct Committee for District 11. The sanctions were based on findings that the firm, acting through William Whelen, effected purchases and sales of municipal securities and the sale of equity securities to public customers at prices that were unfair in relation to the prevailing market. The firm, acting through Whelen, also held customer funds in its operating account, failed to perform periodic computations of the amount required to be deposited in a Special Reserve Bank Account, and, in two instances, failed to pay customers in a timely manner for investment company shares sold. The NASD also found that the respondents failed to record the time of execution on order tickets in 42 instances, failed to make an accurate net capital computation, and failed to record on order tickets whether sales of equity securities were long or short.

R.C. Williams Capital & Securities Corp. (Arlington, Texas), Kenneth D. Simmons (Registered Principal, Arlington, Texas), Lyle David Baldridge (Registered Principal, Fort Worth, Texas), Donald C. Pinkus (Registered Principal, Davie, Florida), and **Cheryl E. Hagan (Associated Person, Arlington, Texas).** The firm was expelled from membership in the NASD and fined $100,000, jointly and severally with Hagan; Hagan was barred from association with any member of the NASD in any capacity until such time as she qualifies as a general securities principal; Simmons was fined $50,000 and barred from association with any member of the NASD in any capacity; Baldridge was fined $5,000, suspended from association with any member of the NASD in any capacity for 60 days, and required to requalify as a general securities principal; and Pinkus was fined $10,000, suspended from association with any member of the NASD in any capacity for six months, and required to requalify as a general securities principal. The sanctions were based on findings that the firm, acting through Simmons, Baldridge, and Hagan, failed to obtain the best possible execution for public customers in agency cross transactions between the customers' accounts and accounts controlled by the respondents. The firm, acting through Simmons, Baldridge, and Pinkus, effected corporate securities transactions with public customers at prices that were unfair and unreasonable in contravention of the NASD Mark-up Policy. To cover a short position resulting from sales of securities to public customers, the firm, acting through Hagan and Simmons, purchased unregistered and restricted securities from Hagan. In addition, in connection with the offering of limited partnership units, the firm, acting through Simmons and Hagan, transmitted investor funds directly to the partnership's general partner and then transferred the funds to a third party prior to satisfying the minimum contingency represented to investors.

FIRMS SUSPENDED AND FINED

Guardian International Securities Corp. (Miami, Florida) submitted an Offer of Settlement pursuant to which the firm was fined $5,000 and suspended from effecting retail principal securities transactions except for unsolicited customer liquidations for five business days. Without admitting or denying the allegations, the firm consented to the described sanctions and findings that it effected over-the-counter sales of corporate securities to public customers at prices that were unfair. The markups ranged from 15 to 51 percent above the prevailing market prices.

FIRMS SUSPENDED, INDIVIDUALS SANCTIONED

Pan Oceanic Investments, Inc. (Honolulu, Hawaii), Brian Alex Henry (Registered Principal, Days Creek, Oregon), Robert Leon Westmoreland, Jr. (Registered Principal, Honolulu, Hawaii), and **Jeffrey Alan Dunster (Registered Representative, Honolulu, Hawaii).** The firm, Henry, and Westmoreland were fined $307,972, jointly and severally. The firm and Henry were fined an additional $15,000, jointly and severally. The firm was suspended from engaging in any market-making activity and from executing any principal transactions for six months. Henry was barred from association with any member of the NASD in any capacity. Westmoreland was fined $10,000, suspended from association with any member of the NASD in any capacity for one year, and required to requalify by examination. Dunster was fined $75,000 and suspended from association with any member of the NASD in any capacity for 10 days. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the District Business Conduct Committee for District 2. The sanctions were based on findings that the firm, acting through Henry, Westmoreland, and Dunster, effected 324 sales of common stock to customers at unfair prices with markups in excess of 10 percent over the prevailing market price and without disclosing such markups to the customers. The NASD found that the firm, acting through Henry and Westmoreland, effected 162 sales of common stock to customers at unfair prices with markups in excess of 10 percent and without disclosing such markups to the customers. The firm, acting through Henry and Westmoreland, entered into contracts to purchase and sell common stock to customers without disclosing to the customers that the issuer of the common stock and the firm were under common control. The NASD also found that the firm, acting through Henry and Westmoreland, in connection with purchases and sales of common stock, failed to disclose on customer confirmations that the firm was a market maker in the stocks. In addition, the firm, acting through Henry and Westmoreland, failed to record on its books and records the time of entry of certain retail customer transactions, engaged in the securities business while failing to maintain required minimum net capital, and failed to register a financial and operations principal as required by Schedule C of the NASD's By-Laws.

Dunhill Investments, Ltd. (Englewood, Colorado) and **William K. Schroff (Registered Principal, Palm Springs, California)** were each fined $25,000. The firm was suspended from conducting a securities business for 20 business days, and Schroff was suspended from association with any member of the NASD in any capacity for 20 business days. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the District Business Conduct Committee for District 3. The sanctions were based on findings that Dunhill, acting through Schroff, failed to disclose to the NASD that a statutorily disqualified person was associated with the firm as a part owner and failed to discontinue this person's association with the firm.

Sheffield Securities, Inc. (Ft. Lauderdale, Florida), John Francis Lasala (Registered Principal, Pompano Beach, Florida), and **Allen Weinstein (Registered Principal, Hollywood, Florida)** were fined $50,000, jointly and severally. The firm was suspended from membership in the NASD in any capacity for 15 business days, and Lasala and Weinstein were suspended from association with any member of the NASD in any capacity for 15 business days. The sanctions were based on findings that the firm, acting through Lasala and Weinstein, effected a series of principal transactions in over-the-counter corporate securities to public customers at unfair prices. The excessive markups in the subject transactions ranged from 11.7 to 66.6 percent over the prevailing market prices.

FIRMS FINED, INDIVIDUALS SANCTIONED

Escalator Securities, Inc. (Willow Grove, Pennsylvania) and **Howard A. Scala (Registered Principal, Meadowbrook, Pennsylvania)** submitted an Offer of Settlement pursuant to which they were fined $27,500, jointly and severally. Without admitting or denying the allegations, they consented to the described sanctions and findings that, in connection with its participation in the securities distribution of its parent company, the firm, acting through Scala, failed to promptly forward subscriber checks to a bank escrow agent or to deposit the checks as agent or trustee. The findings also stated that the firm, acting through Scala, held customer funds received in connection with this distribution without establishing a Special Reserve Bank Account for the Exclusive Benefit of Customers and without performing periodic reserve-account computations. Furthermore, the NASD found that the respondents failed to qualify certain individuals as principals, effected sales of equity and municipal securities to public customers at prices that were unfair in relation to the market price of such securities, failed to maintain accurate books and records, filed an inaccurate FOCUS Part I report, and failed to file the firm's annual audit in a timely manner. Escalator failed to comply with its exemption to the full provisions of SEC Rule 15c3-3, failed to file its FOCUS Part IIA report for one month on a timely basis, and failed to file another FOCUS Part IIA report with the Automated Reports section of the NASD. The findings also stated that the firm permitted seven branch offices to utilize letterheads that implied that the branches were independently registered broker-dealers rather than branch offices of the firm. The NASD found that the firm, acting through Scala, charged some of its customers an additional charge on transactions and made misleading representations on customer confirmations that this fee represented a service charge rather than additional compensation to the firm. In addition, Escalator and Scala, according to the findings, allowed accounts to trade options while failing to maintain essential facts for the accounts, failed to have the firm's option exercise allocation procedure approved by the NASD, and failed to maintain general account information for certain accounts.

First Montauk Securities Corp. (Eatontown, New Jersey) and **Herbert Kurinsky (Registered Principal, Toms River, New Jersey)** submitted an Offer of Settlement pursuant to which they were fined $15,000, jointly and severally. Kurinsky was also suspended from association with any member of the NASD in any principal capacity for 10 business days. Without admitting or denying the allegations, the respondents consented to the described sanctions and findings that the firm failed to maintain accurate books and records and filed inaccurate FOCUS Parts I and IIA reports. The findings stated that First Montauk, acting through Kurinsky, effected sales of equity securities to public customers at prices that were unfair in relation to the market price of such securities. The firm also sold municipal securities to customers at prices that were unfair. The firm, acting through Kurinsky, violated various rules regarding options trading including those concerning option account documentation, acceptance of options accounts and approval of options transactions by a registered options principal, and approval of its method of allocation for option exercise assignments. In contravention of the Board of Governors' Free-Riding and Withholding Interpretation, the firm, acting through Kurinsky, sold shares of a new issue that traded at a premium in the secondary market to restricted persons and to an institutional account without first ascertaining the identities of the persons having beneficial interests in the account. The findings also stated that respondents made inaccurate disclosures on confirmations to customers, failed to file advertisements with the NASD 10 days prior to their use, and failed to indicate whether sell orders were long or short.

Kettler & Company (Ft. Lauderdale, Florida), Paul Kettler (Registered Principal, Chicago, Illinois), and **Randal Craig Forman (Registered Principal, Boca Raton, Florida)** submitted an Offer of Settlement pursuant to which the firm and Paul Kettler were fined $10,000, jointly and severally, and Forman was fined $5,000 and suspended from association with any member of the NASD in any capacity for five business days. Without admitting or denying the allegations, the respondents consented to the described sanctions and findings that the firm, acting through Forman, induced customers to purchase a company's common stock while participating as the sole underwriter in the distribution of units issued by that same company. In contravention of the NASD's Mark-up Policy, the firm, acting through Forman, effected transactions in common stock with public customers at prices that were unfair. Also, in connection with the aforementioned activities, Kettler failed to properly supervise Forman.

Prudential-Bache Securities, Inc. (Jackson, Mississippi) and **Ronald L. Olexy (Registered Representative, Jackson, Mississippi)** submitted an Offer of Settlement pursuant to which the firm was fined $15,000, and Olexy was fined $10,000, suspended from association with any member of the NASD in any capacity for one year, and required to requalify by examination as a general securities representative. Without admitting or denying the allegations, the firm and Olexy consented to the described sanctions and findings that Olexy recommended and executed direct participation program transactions in six customer accounts without having reasonable grounds for believing the transactions were suitable for the customers in light of their financial situations and investment needs. According to the findings, Olney also neglected to prepare documents disclosing to these customers the basis on which the determination of suitability was reached. The NASD also found that Olexy exercised discretionary power in four of these accounts without obtaining prior authorization from the customers and without written acceptance of the accounts as discretionary by his member firm. Prudential-Bache failed to make and keep accurate certain ledger accounts and customer statements and failed to adequately supervise Olexy in connection with the aforementioned activities.

Swink & Company, Inc. (Little Rock, Arkansas), Jim D. Swink (Registered Principal, Little Rock, Arkansas), Gary F. Granger (Registered Financial and Operations Principal, Little Rock, Arkansas), and **Jack F. Brantley, Jr. (Registered Financial and Operations Principal, Little Rock, Arkansas)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which Swink & Company was fined $25,000, Jim Swink was suspended from association with any member of the NASD in any capacity for one week, and Brantley and Granger were suspended from association with any member of the NASD in any capacity for two weeks. Without admitting or denying the allegations, the firm, acting through Brantley, Granger, and Jim Swink, consented to the described sanctions and findings that they filed inaccurate FOCUS Parts I and II reports by failing to accurately reflect certain customer balances on its books and records.

FIRMS FINED

RJO Securities, Inc. (Chicago, Illinois) submitted an Offer of Settlement pursuant to which the firm was fined $10,000. Without admitting or denying the allegations, RJO Securities consented to the described sanctions and findings that it mailed sales literature to public customers that contained exaggerated and misleading statements. The findings stated that the firm also failed to file the sales literature with the NASD within 10 days of its first use.

Shearson Lehman Hutton Inc. (New York, New York) submitted a Letter of Acceptance, Waiver and Consent pursuant to which it was fined $25,000. Without admitting or denying the allegations, the firm consented to the described sanctions and findings regarding communication with the public and related filing requirements and review procedures. This action, which involved alleged violations of NASD and SEC rules, concerned the use of 22 advertisements or pieces of sales literature by either E.F. Hutton Inc., Shearson Lehman Brothers, Inc., Shearson Lehman Hutton Inc., or associated persons of these firms. (In 1988, Shearson Lehman Brothers, Inc., merged with E.F. Hutton Inc. to form Shearson Lehman Hutton Inc. Several of the findings arose exclusively from the Hutton system prior to, or at the time of, the merger.)

INDIVIDUALS BARRED OR SUSPENDED

Mark Donald Allison (Registered Representative, Issaquah, Washington) 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 days. Without admitting or denying the allegations, Allison consented to the described sanctions and findings that he exercised discretion in a customer's account without obtaining the customer's prior written discretionary authority. In addition, the findings stated, Allison effected 100 discretionary purchases and sales for the same customer without having reasonable grounds for believing the transactions were suitable, considering the customer's financial situation and investment objectives. Also, Allison reimbursed this customer for interest charged in the customer's account. Furthermore, the NASD found that Allison effected 56 unauthorized and unsuitable purchases and sales of securities in the account of another public customer.

Joseph Anthony Atencio (Registered Principal, San Bruno, California) submitted an Offer of Settlement pursuant to which he was fined $5,000, jointly and severally with a member firm and suspended from association with any member of the NASD in any capacity for two weeks. Without admitting or denying the allegations, Atencio consented to the described sanctions and findings that, on behalf of a member firm, he failed to file FOCUS Parts I and IIA reports for certain months on a timely basis, failed to file FOCUS Part IIA reports for a certain period, and failed to pay its annual assessment to the NASD on a timely basis. The NASD also found that the same member firm, acting through Atencio, engaged in a securities business while failing to maintain required minimum net capital.

John B. Bonifay (Registered Representative, Memphis, Tennessee) submitted an Offer of Settlement pursuant to which he was fined $1,000 and suspended from association with any member of the NASD in any capacity for one week. Without admitting or denying the allegations, Bonifay consented to the described sanctions and findings that he recommended securities and options to a public customer and effected these securities and options transactions in the customer's account without having reasonable grounds for believing such transactions were suitable for the customer considering her investment objectives and financial needs.

Jeffrey L. Bornstein (Registered Representative, Pottsville, Pennsylvania) was fined $20,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Bornstein engaged in a scheme to obtain temporary funding for his own business purposes by making false representations about a single-premium insurance policy to a public customer. Bornstein received $5,000 from the customer, made payment on a different policy, and used part of the customer's funds for his own business purposes. In addition, the NASD found that Bornstein received $5,000 from another public customer for the purchase of a life insurance policy and converted $4,784.50 to his own use and benefit. Bornstein also failed to respond to NASD requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Allen Paul Boullt (Registered Representative, Houston, Texas) was fined $10,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Boullt purchased warrants for the accounts of public customers without their knowledge or consent.

Mark Russell Boyle (Registered Principal, Overland Park, Kansas) was fined $50,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Boyle executed unauthorized securities transactions in 10 customer accounts.

Ronald Irwin Brill (Registered Representative, Tampa, Florida) was fined $2,000 and suspended from association with any member of the NASD in any capacity for five business days. The sanctions were based on findings that Brill effected two unauthorized securities transactions for the account of a public customer.

Jeff Cohen (Registered Representative, Franklin, Massachusetts) was fined $10,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Cohen failed to respond to NASD requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice concerning his termination from a member firm.

William G. Corrigan (Registered Representative, Glendale, Arizona) was fined $50,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Corrigan fraudulently induced three investors to give him $110,000 for the purchase of securities by making misrepresentations to the customers concerning a fictitious company, failed to purchase the securities, and failed to return $85,000 of the funds to the investors. He also distributed false and misleading information to one investor concerning an investment in the nonexistent company. In addition, Corrigan failed to respond to NASD requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Arthur J. Curry (Registered Principal, Chicago, Illinois) was fined $45,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Curry, acting on behalf of a member firm, failed to deposit or transmit investors' funds to a proper escrow or trust account in connection with its participation in a limited partnership offering, and that he effected securities transactions while the firm failed to maintain required minimum net capital. Curry also deposited three investors' subscription checks totaling $70,000 in his personal bank account.

Thaddeus L. Daber (Registered Representative, Durham, North Carolina) was fined $25,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Daber forged customer signatures to 40 dividend election forms relating to the customers' life insurance policies. Without customer authorization, he then caused dividends from these policies to be applied toward the purchase of new life insurance policies in order to generate commissions totaling $3,712. Daber also failed to respond to NASD requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Joseph K. Daley (Registered Principal, Chapel Hill, North Carolina) was fined $5,000 and barred from association with any member of the NASD as a general securities principal, suspended in any capacity for six months, and required to requalify by examination as a general securities representative. The sanctions were based on findings that a member firm, acting through Daley, effected transactions in securities while failing to maintain required minimum net capital, made inaccurate computations of net capital, filed inaccurate FOCUS Part I reports for certain months, failed to file FOCUS Part I reports for certain months on a timely basis, and failed to provide telegraphic notice to the SEC and to file monthly FOCUS Part IIA reports in connection with a net capital deficiency. In addition, Daley failed promptly to provide all of his member firm's books and records to new owners. Daley also failed to respond to NASD requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Michael S. DeJesus (Registered Representative, Malvern, Pennsylvania) was fined $5,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that DeJesus failed to respond to NASD requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Thomas A. Edgeton (Registered Representative, Des Moines, Iowa) was fined $18,014.25 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Edgeton effected 23 unauthorized transactions in a total of 14 customer accounts and induced three customers to conduct securities transactions by misrepresenting material facts.

Alan Keith Ellis (Registered Principal, Dunwoody, Georgia) was fined $15,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Ellis executed a securities purchase for a public customer and subsequently cancelled the trade without notifying the customer. He then received a check for $4,520 from the customer as payment for the transaction, deposited the funds into his personal bank account, and converted the funds to his own use and benefit. Ellis also failed to respond to NASD requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Jeffrey Nissim Funes (Registered Representative, Seattle, Washington) was fined $10,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Funes received $4,000 in cash from two public customers with instructions to deposit these funds in two separate Individual Retirement Accounts. Funes failed to follow the customer's instructions and never deposited the funds.

Norman R. Greer (Registered Representative, Gary, Indiana) was fined $5,000, suspended from association with any member of the NASD in any capacity for six months, required to submit proof that he has made restitution of $8,500 to a public customer and required to requalify by examination before becoming associated with a member firm. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the District Business Conduct Committee for District 8. The sanctions were based on findings that Greer entered into written contracts with two customers to sell them securities with a guaranteed 12 percent annual return. In connection with these activities, Greer failed to provide prior written notice to his member firm.

Greer has appealed this decision to the Securities and Exchange Commission, and the sanctions against him are not in effect pending consideration of the appeal.

Ronald F. Harris (Registered Representative, Littleton, Colorado) was fined $50,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Harris fraudulently induced four investors to give him $400,000 to buy securities. Harris misused the funds in that he endorsed the checks and deposited the proceeds into his personal bank account.

Michael Allen Henry, Sr. (Registered Representative, Pensacola, 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 Henry forged a customer's signature to seven checks totaling $1,960 made payable to himself or his designees and applied the proceeds to his own use and benefit. He also effected an unauthorized securities transaction in the account of a public customer.

Stephen Franklin Hilsenroth (Registered Representative, Sarasota, Florida) was fined $5,000, suspended from association with any member of the NASD in any capacity for 10 business days, and required to make restitution to his member firm in the amount of $8,906.46, which the firm reimbursed to customers, before applying to become associated with a member firm. The sanctions were based on findings that Hilsenroth effected a total of seven unauthorized securities transactions in the account of two customers.

Albert W. Houseman, Jr. (Registered Representative, Carlisle, Pennsylvania) 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, Houseman consented to the described sanctions and findings that he received checks totaling $54,135.90 from nine insurance policy holders for investment purposes and converted the proceeds to his own use and benefit. The findings also stated that Houseman failed to respond to NASD requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Kevin Michael Hunt (Registered Representative, Ft. Myers, 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 Hunt received a check for $3,000 from a public customer with instructions to deposit the proceeds in the customer's money market account. Instead of complying with the customer's instructions, Hunt converted the funds to his own use and benefit.

David D. James (Registered Representative, Radnor, Pennsylvania) was fined $15,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that James received a check for $4,240 from two public customers for the purchase of investment company shares. James then deposited the check into his own checking account and converted part of the funds to his own use and benefit. James also provided a public customer with a fictitious statement of his account and presented an altered bank statement to his member firm in an attempt to conceal the conversion of customer funds.

John Edward Johnson (Registered Principal, Solvang, California) was fined $35,000 and barred from association with any member of the NASD in any capacity. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the District Business Conduct Committee for District 2. The sanctions were based on findings that Johnson, acting on behalf of a member firm, participated in the public distribution of debt securities issued by a corporation and failed to file the offering documents with the NASD prior to the distribution. Also, certain of the underwriting compensation terms were unfair. Both actions were in contravention of the Board of Governors' Interpretation — Review of Corporate Financing. In connection with this distribution, Johnson offered and sold securities to investors without disclosing material information about this public distribution. Also, Johnson made false representations to the NASD concerning the distribution.

Stephen D. Jones, II (Registered Representative, Falls Church, Virginia) was fined $15,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Jones purchased municipal bonds for the accounts of two customers without the customers' authorization. Jones also submitted false new account forms to his member firm for the two customers.

Patrick G. Keel (Registered Representative, New Orleans, Louisiana) was fined $10,000 and suspended from association with any member of the NASD in any capacity for 30 days. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the District Business Conduct Committee for District 5. The sanctions were based on findings that Keel exercised discretionary power in the account of a public customer without first obtaining from his member firm written acceptance of the account as discretionary and without indicating on order tickets that discretion was used. Keel also effected an unauthorized purchase of options in the same customer's account.

Jay Frederick Keeton (Registered Representative, Seattle, Washington) 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 District Business Conduct Committee for District 1. The sanctions were based on findings that Keeton sold units in general partnerships that he formed, for the purpose of purchasing private placement stock, to 19 investors without providing written notice to his member firm. Keeton sent threatening correspondence to a corporation with the intent of coercing the company into meeting his demands for compensation relating to the purchase of its common stock by an investor. In connection with a firm's pending application for NASD membership, Keeton also submitted a Form BD that failed to disclose that he was the managing partner of seven general partnerships involved in securities investments.

Keeton has appealed this decision to the Securities and Exchange Commission. The fine is not in effect pending consideration of the appeal; however, the bar became effective as of the date of the Board of Governors' decision.

Paul Joseph Landry (Registered Principal, Baton Rouge, Louisiana) submitted an Offer of Settlement pursuant to which he was barred from association with any member of the NASD in any capacity with the right to reapply in five years. Without admitting or denying the allegations, Landry consented to the described sanctions and findings that, in connection with the offer and sale of interests in several general partnerships, he fraudulently obtained money and property from investors by making untrue statements and omitting material facts. The NASD found that, in several instances, Landry made improper use of customer funds.

The NASD also found that Landry acted as a general partner and offered and sold securities outside the regular scope of his employment with a member firm without prior written notification to the firm, in contravention of the Board of Governors' Interpretation concerning Private Securities Transactions. In addition, the NASD determined that Landry failed to keep current his Uniform Application for Industry Registration to reflect his petition for bankruptcy and a monetary judgment rendered against him in a civil court case.

Joseph Buckmon Largen (Registered Representative, Jacksonville, Florida) was fined $7,500 and suspended from association with any member of the NASD in any capacity for 15 business days. The sanctions were based on findings that Largen engaged in private securities transactions in the sale of promissory notes to six customers without providing prior written notice to his member firm.

Clarence Joseph Law, Jr. (Registered Representative, Lubbock, Texas) was fined $70,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Law obtained checks totaling $56,500 from customers for the purchase of securities. Without the knowledge or consent of the customers, Law converted the funds to his own use and benefit. Law also failed to respond to NASD requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Mark A. Lebamoff (Registered Representative, Dearborn, Michigan) was fined $50,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Lebamoff received $10,000 from a public customer with instructions to use the funds to purchase securities. Lebamoff failed to purchase the securities and retained the funds for his own benefit. He effected unauthorized purchases of variable life insurance products for nine customers and signed applications for the policies without the customers' knowledge or consent. Lebanoff also failed to respond to NASD requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Sunhae Lee (Associated Person, Oreland, Pennsylvania) was barred from association with any member of the NASD in any capacity. The sanctions were based on findings that during the course of a Series 6 qualification examination, Lee had notes and computational formulas related to the subject matter of the examination written on the palm of her left hand.

Kenneth Letzgus (Registered Representative, Sterling Heights, Michigan) was fined $5,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Letzgus received $755.57 in cash from a public customer with instructions to use the funds to pay a premium for an employee benefit plan. Letzgus failed to follow the customer's instructions and retained the funds for his own use and benefit. Letzgus also failed to respond to NASD requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Louis Pastrana Marin (Registered Representative, Evanston, Illinois) was fined $15,000 and suspended from association with any member of the NASD in any capacity for 20 days. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the District Business Conduct Committee for District 2. The sanctions were based on findings that Marin effected the purchase of shares of common stock for the account of a public customer without the customer's knowledge or consent.

Marin has appealed this decision to the Securities and Exchange Commission, and the sanctions against him are not in effect pending consideration of the appeal.

Robert A. McMahon (Registered Representative, San Diego, California) was fined $10,000, suspended from association with any member of the NASD in any capacity for six days, and required to requalify as a general securities representative within six months. The sanctions were imposed by the NASD's Board of Governors following an appeal of a decision by the District Business Conduct Committee for District 2. The sanctions were based on findings that McMahon executed six unauthorized securities transactions in a customer's account.

John Espey Oberg (Registered Representative, Seattle, Washington) was fined $10,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Oberg failed to respond to NASD requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice concerning his termination from a member firm.

Richard H. Ostberg (Registered Representative, Englewood, Colorado) was fined $150,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Ostberg obtained 22 checks disbursed from eight customer accounts, caused these checks to be endorsed without the customers' knowledge or consent, and converted the funds to his own use and benefit.

In addition, Ostberg provided customers with false information, falsified his member firm's books and records, and exercised discretion in customer accounts without obtaining prior written acceptance from his member firm. Ostberg also effected transactions in customer accounts that were excessive in size or frequency in view of the customers' financial needs, caused funds not belonging to customers to be deposited into their securities accounts in order to personally reimburse them for losses incurred in the accounts, and executed five unauthorized securities transactions in a customer's account.

Madhu Paruchuri (Registered Principal, Oak Brook, Illinois) was barred from association with any member of the NASD in any principal or supervisory capacity. The sanctions were based on findings that Paruchuri, acting on behalf of a member firm, effected securities transactions while failing to maintain required minimum net capital, filed inaccurate FOCUS Part I and II reports for certain periods, failed to maintain accurate books and records, failed to note long or short on 25 order tickets, failed to establish, maintain, and enforce adequate written supervisory procedures, failed to reflect adequate information on 10 customer option account files, and failed to register under the Lost and Stolen Securities Program.

Judd S. Pollock (Registered Representative, Denver, Colorado) submitted an Offer of Settlement pursuant to which he was fined $5,000 and suspended from association with any member of the NASD in any capacity for five business days. Without admitting or denying the allegations, Pollock consented to the described sanctions and findings that he participated in a private securities transaction for his own account without providing prior written notice to his member firm.

Eric August Pomeroy (Registered Principal, Boca Raton, 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 Pomeroy provided a letter to a customer that guaranteed an annual return of no less than 40 percent on all funds the customer invested within 30 days without having a reasonable basis for such a guarantee. Also, Pomeroy failed to respond to NASD requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Michael R. Pulver (Registered Representative, Rockville, Maryland) was fined $75,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that, in order to generate commissions, Pulver caused the purchase of unauthorized life insurance policies for 62 customers by forging these customers' signatures to policy service request forms and using customer funds to pay for these policies.

Pamela Lynn Rutherford (Registered Principal, Boca Raton, Florida) and **Randal Craig Forman (Registered Principal, Boca Raton, Florida)** submitted an Offer of Settlement pursuant to which Rutherford was fined $500, Forman was fined $5,000, and both were suspended from association with any member of the NASD in any capacity for five business days. Without admitting or denying the allegations, Rutherford and Forman consented to the described sanctions and findings that, on behalf of their member firm, they effected 51 transactions in over-the-counter corporate securities with public customers at unfair prices.

Charles E. Safford (Registered Principal, Kenner, Louisiana) 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, Safford consented to the described sanctions and findings that he failed to record on a new account form and option approval form the fact that he had discretionary power over a customer's account, and failed to identify on order tickets that discretion was used in certain transactions. The NASD also found that Safford failed to notify his member firm that he obtained discretionary authority from customers and failed to obtain his member firm's acceptance in writing of this discretionary account. Safford neglected to disclose to the customers that discretionary accounts were prohibited by his member firm and that his member firm did not authorize his discretionary power in the account. In addition, the NASD determined that Safford used one or more option strategies in this options account without furnishing customers with a written explanation of the risks involved.

Mark B. Schrutt (Registered Representative, Toronto, Canada) was fined $27,900 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Schrutt exercised discretion in a customer's account without obtaining prior written authorization from the customer and without the account being accepted as discretionary by his member firm. Schrutt received $4,194 from the same customer for investment purposes and misappropriated these funds to his own use and benefit. In addition, Schrutt changed the address on the customer's account to that of a family member in order to conceal the activity in the account from the customer.

Steven Sechrest (Registered Representative, Sarasota, 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 Sechrest accepted a $6,000 check from a customer for the purpose of purchasing an interest in a private options investment account without providing prior notice to his member firm. Sechrest cashed the $6,000 check, purchased a cashier's check for $5,625, deposited the $5,625 into the account of a second registered representative, and converted the remaining $375 to his own use and benefit.

Paul M. Spiller (Registered Representative, Tampa, Florida) was fined $10,000 and suspended from association with any member of the NASD in any capacity for 20 days. The sanctions were based on findings that Spiller effected one unauthorized securities transaction in the accounts of two public customers.

Gary Douglas Taylor, Jr. (Registered Representative, Orlando, 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 Taylor obtained $975 in cash from a customer for the purported purchase of securities. Taylor failed to effect the purchase of the securities on the customer's behalf and instead converted the funds to his own use and benefit.

Dennis Ray Thuernau (Registered Representative, St. Louis, Missouri) 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 30 days. Without admitting or denying the allegations, Thuernau consented to the described sanctions and findings that he participated in the sale of units of a corporation to 24 investors without prior written notice to his member firm.

Walter Anthony Turner (Registered Representative, Clemson, South Carolina) 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 five business days. Without admitting or denying the allegations, Turner consented to the described sanctions and findings that he offered and sold limited partnership interests to public investors in private securities transactions without providing prior written notice to his member firm.

Charles A. Valenti (Registered Representative, Birmingham, Michigan) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $7,500 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Valenti consented to the described sanctions and findings that he made improper use of customer funds. Specifically, Valenti was given an insurance policy dividend check for $1,146.53 made payable to a public customer with instructions to deliver the check to the customer. Instead, he endorsed the check, deposited the proceeds into an account in which he had a beneficial interest, and used the funds for his own benefit.

David A. Villars (Registered Representative, Hurricane, West 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 Villars engaged in the offer and sale of limited partnership interests outside the normal scope of his association with a member firm and without giving his member firm prior written notice of such transactions.

Harold R. Vizethann (Registered Representative, Palm Beach, Florida) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined $2,000 and suspended from association with any member of the NASD in any capacity for five business days. Without admitting or denying the allegations, Vizethann consented to the described sanctions and findings that, on two occasions, he solicited public customers to invest a total of $95,000 in a private limited partnership without providing prior written notice to his member firms.

Anthony Volante (Associated Person, Chicago, Illinois) submitted an Offer of Settlement pursuant to which he was barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Volante consented to the described sanctions and findings that, during the course of a Series 7 examination, he had in his possession and used notes relating to the material on the test.

Lawrence William Walsh (Registered Representative, Kissimmee, Florida) was fined $25,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Walsh withdrew $6,230.21 from a customer's mutual fund account, deposited the funds into his personal account, and applied them to his own use and benefit. On a separate occasion, Walsh obtained $6,488.46 from the same customer for the purchase of mutual fund shares, deposited that sum in his bank account, and subsequently converted the funds to his own use and benefit. Walsh also failed to respond to NASD requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

Gene Wilbur Williams, Jr. (Registered Principal, Rocklin, California) submitted an Offer of Settlement pursuant to which he was fined $1,000 and suspended from association with any member of the NASD in any capacity for 10 days. Without admitting or denying the allegations, Williams consented to the described sanctions and findings that, on behalf of a member firm, he failed to file FOCUS Parts I and IIA reports for certain months, failed to file an annual audit report for one year, and failed to respond to NASD requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

INDIVIDUALS FINED

Brian M. Cohen (Registered Principal, Toms River, New Jersey), Herbert Kurinsky (Registered Principal, Toms River, New Jersey), and **William J. Kurinsky (Financial Principal, Lakewood, New Jersey)** submitted an Offer of Settlement pursuant to which they were fined $12,500, jointly and severally. Herbert Kurinsky was required to requalify by examination as a general securities principal, and William Kurinsky was required to requalify by examination as a financial and operations principal.

A period of 90 days was provided in which Herbert Kurinsky and William Kurinsky might continue to function in such capacities pending their requalification. Without admitting or denying the allegations, they consented to the described sanctions and findings that a member firm and William Kurinsky effected a securities transaction while failing to maintain required minimum net capital; inaccurately computed its net capital and aggregate indebtedness; failed to fully comply with its exemption from SEC Rule 15c3-3, the customer protection rule; filed an inaccurate FOCUS Part I report; and failed to have its annual audit performed by an independent accountant.

The NASD found that a member firm and Herbert Kurinsky effected sales to public customers of equity securities at unfair prices. A member firm and Cohen failed to comply with Regulation T promulgated by the Federal Reserve Board. The NASD also determined that a member firm, acting through Herbert Kurinsky and Cohen, failed to evidence in writing the review of certain securities transactions and correspondence by a registered principal and failed to establish any written supervisory procedures. A member firm and Herbert Kurinsky failed to register an individual who was an officer, director, and major shareholder of the firm as a general securities principal and failed to disclose the trade price reported and the markup or markdown on customer confirmations of principal trades in NASDAQ National Market securities. In connection with the distribution of a limited partnership offering, the NASD found that a member firm and Herbert Kurinsky failed to deposit subscriber checks into an escrow account and permitted these funds to be transferred to the general partner's operating account before the contingency was met, accepted subscription agreements and subscribers' checks after the termination date of the offering, and failed to advise subscribers that the general partner had resigned on the initial date of the offering. In addition, the NASD determined that a member firm and Herbert Kurinsky violated various aspects of the NASD rules regarding options.

Also, a member firm and Herbert Kurinsky failed to respond to NASD requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice, and a member firm, acting through Cohen, failed to implement a program for the supervision of mutual fund transactions.

Barry Allen Roman (Registered Representative, Alexandria, Virginia) and **Michael Ian Roman (Registered Representative, Arlington, Virginia)** submitted Offers of Settlement pursuant to which they were each fined $15,000 and required to requalify by examination as general securities representatives. Without admitting or denying the allegations, Barry and Michael Roman consented to the described sanctions and findings that, in connection with a best-efforts offering of a limited partnership, they failed to promptly deposit subscribers' funds into a bank escrow account, failed to prevent the disbursement of the subscribers' funds prior to the satisfaction of the offering contingency, and participated in the sale of such limited partnership interests to investors without providing prior written notice of such transactions to their member firm.

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

Alison Baer Securities, Inc., Boca Raton, Florida

Capital First Securities, Inc., Dallas, Texas

Lawson Amason Investment Securities, Inc., Dallas, Texas

Mount Vernon Equity Sales, Inc., Alexandria, Virginia

Power Securities Corporation, Las Vegas, Nevada

Skidmore, Riddle, Blanchard & Doyle Securities, Inc., Amarillo, Texas

L.F. Thompson & Company, San Diego, California

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

Robert P. Amason, Dallas, Texas
Neil S. Bernstein, Denver, Colorado
Aaron D. Brown, Albuquerque, New Mexico
William R. Clark, Dallas, Texas
Rita R. Cross, Denver, Colorado
Ronald A. Cutrer, Baton Rouge, Louisiana
Joseph M. Ellis, Grand Haven, Michigan
Gregory A. Gast, W. Palm Beach, Florida
John R. Geel, St. Anne, Illinois
Edward E. Gould, Sr., Singer Island, Florida
John D. Greene, New York, New York
Paul H. Hall, Orem, Utah
Stephen R. Hanmer, III, Alexandria, Virginia
Glenn M. Heelan, Avon, Colorado
Stanley James, Jr., DeSoto, Texas
Mark R. Keefe, Lynnfield, Massachusetts
Ronald A. Knittle, Highland Ranch, Colorado
Arthur A. Mai, Minneapolis, Minnesota
Richard Marchese, Las Vegas, Nevada
Alan J. Meyers, Riverside, Connecticut
Gary M. Miltner, Grand Rapids, Michigan
Eric G. Monchecourt, Las Vegas, Nevada
Howard E. Nathan, Chico, California
Kenneth F. Patton, Lakewood, Colorado
Michael P. Rennert, Dallas, Texas
Roy W. Riemenschneider, III, Ardsley, Pennsylvania
Orville L. Sandberg, Aurora, Colorado
Kenneth G. Schave, Jr., Aurora, Colorado
Eric J. Schedeler, Phoenix, Arizona
Michael L. Seat, Thornton, Colorado
Gerard A. Spelman, Pompano Beach, Florida
Jerold P. Weinger, Rockville Centre, New York

NASD

For Your Information

National Association of Securities Dealers, Inc. May 1990

Sites, Dates Change for Series 7 Examination

Temporary Site Changes

The May and June 1990 Series 7 examinations in Atlanta, Georgia will be held at the Sheraton Century Center Hotel, 2000 Century Blvd., NE, Atlanta, Georgia.

The May 19, 1990, Series 7 examination in Dallas, Texas will be held at the Hilton Inn, Mockingbird and N. Central Expressway, Dallas, Texas. Candidates should report to the University Room.

The June 16, 1990, Series 7 examination in Dallas, Texas will be held at Southern Methodist University, Underwood Law Library, 6400 Hillcrest at University Blvd., Dallas, Texas.

The May 19, 1990, Series 7 examination for Washington, D.C. will be held at the Capital Centre, 1 Harry S. Truman Drive, Landover, Maryland. Candidates should report to the Centreplex.

The June 16, 1990, Series 7 examination for Washington, D.C. will be held at George Mason University, Metro Campus, Law School and Professional Campus, 3401 North Fairfax Drive, Arlington, Virginia. Candidates should report to Rooms 220 and 224.

Permanent Site Changes

Effective April 21, 1990, the Series 7 examination in New Orleans, Louisiana is being administered at the University of New Orleans, Business Administration Building, Room 179, New Orleans, Louisiana.

The first Saturday test site that appears in the current PLATO booklet for Anchorage, Alaska is incorrect. The correct address is the University of Alaska, Providence Drive, Building C, Room 110, Anchorage, Alaska.

Date Changes

The May 1990 Series 7 examinations for the following sites will be held May 12, 1990: Little Rock, Arkansas; Rochester, New York; and Houston, Texas. The locations for the examinations have not been changed.

Members Can Receive Series 7 PLATO Examination Reports Before Candidates

Notice to Members 90-23 in April 1990 announced the start of PLATO administration of the General Securities Representative Examination (Series 7) on May 1, 1990. One of the features of any PLATO test administration is instant test scoring and display as each candidate finishes a test.

If a member wishes to receive Series 7 score reports before its candidates do, this PLATO feature can be suppressed. To do this, write a letter instructing the NASD to do so to Qualifications Department, NASD, 9513 Key West Avenue, Rockville, Maryland 20850. Test scores are normally posted to the Central Registration Depository within one business day, and test score reports are normally mailed within two business days.

Series 63 Examination Requirement Implemented in Illinois and Delaware

The states of Illinois and Delaware began requiring the Series 63 Uniform Securities Agent State Law Examination (USASLE) as a prerequisite for agent registration in Illinois on March 28, 1990 and in Delaware on April 16, 1990. The requirement applies to all agents who have never been registered in these states or have not been registered within the past two years. Questions should be directed to NASD Member & Market Data Services at (301) 590-6500.

New Hampshire Begins Participation in CRD Phase II Program

Effective June 15, 1990, the state of New Hampshire will begin participation in CRD Phase II, receipt and review of broker-dealer filings. New Hampshire will continue to collect the initial Form BD as well as the fee associated with a request for BD registration in the state.

In addition, New Hampshire will participate in broker-dealer renewal through CRD for 1991.

Questions regarding New Hampshire's filing requirements should be directed to the State Securities Bureau at (603) 271-1463.

NASD

Notice To Members

SPECIAL

National Association of Securities Dealers, Inc. May 9, 1990

Number 90 - 35

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 for and Startup of the OTC Bulletin Board

EXECUTIVE SUMMARY

The OTC Bulletin Board is scheduled to start **June 1**. The OTC Bulletin Board includes the first real-time display of firm and nonfirm quotation information on potentially more than 10,000 thinly traded securities. It allows market makers to register in whatever number of the securities they wish and to view, enter, and update information on those securities instantaneously. The OTC Bulletin Board is expected to bring increased visibility to these securities as well as provide more efficiency and better regulation.

ADVANTAGES OF THE OTC BULLETIN BOARD

A one-year pilot of the OTC Bulletin Board will start up **June 1**, following its May 1 approval by the Securities and Exchange Commission (SEC). More than 50 market makers are expected to participate. The OTC Bulletin Board captures and displays on a real-time basis, during market hours, firm and nonfirm quotation information (as well as unpriced indications of interest) entered by NASD member firms that function as market makers in eligible securities. This group consists of all equity securities not listed on NASDAQ or any U.S. securities exchange.

Market makers can use the OTC Bulletin Board to view, enter, and update information on their Bulletin Board securities instantaneously. They may enter either one- or two-sided priced quotes that may be firm or indicative. They also may have unpriced entries (bid wanted, offer wanted), or they may merely enter a trading identifier and telephone number. Participation in the OTC Bulletin Board is voluntary, and market makers may register in as few or as many securities as they wish. They also can use an electronic scan function to view all securities in which they are registered.

The OTC Bulletin Board will allow all NASD members that are NASDAQ Level 2 or Level 3 subscribers to view on their terminals quotes or indications of interest on potentially more than 10,000 eligible securities. Up until now, only static quote information was available electronically or in print in the "Pink Sheets"™ published by the National Quotation Bureau.

The new OTC Bulletin Board will bring increased visibility to these securities, many of which are thinly traded, although a number of them are well-capitalized. This visibility will enable smaller companies to enjoy the benefits of a nationwide quotation medium that will help them grow to the point where they may qualify for listing on NASDAQ.

HOW THE OTC BULLETIN BOARD WILL OPERATE

NASD member firms will be able to retrieve and view OTC Bulletin Board information by means of Harris terminal devices or PC workstations authorized either for Level 2 or Level 3 NASDAQ service.

Features of the OTC Bulletin Board's pilot operation include:

- Market makers electing to participate will incur no minimum obligation as to time or the number of securities that they may quote in the OTC Bulletin Board;
- Securities chosen by participating market makers will be separately identified by the numeral "3" before the security's four- or five-letter symbol code and accessed by a special key ("P");
- A participating market maker will be permitted to enter two-sided or one-sided quotes at a specified price, to designate whether a priced bid or priced offer is firm for one unit of trading (i.e., 100 shares), to solicit a bid or offer without stipulating a price (bid wanted/offer wanted), or to advertise a general interest in trading a particular security without specifying a price (telephone number entry only);
- NASDAQ and exchange-listed securities are not eligible for quotation in the OTC Bulletin Board; and
- Several hundred American Depository Receipts (ADRs) and foreign securities will be eligible for the OTC Bulletin Board, but the quotes on them will be eligible for updating only twice each day — at the opening (9 to 9:30 a.m. Eastern Time) and at mid-day (12 to 12:30 p.m.). Because of this constraint, the OTC Bulletin Board will not carry firm quotes in foreign issues or ADRs.

The display of quotation information in the OTC Bulletin Board will look like this:

P 3 ABCD		ABC Development Corp.			
BADR	10	F	11	F	800-250-1620
DBCC	10	F	11	F	212-646-1000
WALC	10 1/8	F	11		202-898-1000
MATS	9.5	F	11.25		800-909-2100
BAGN	10		13		800-243-6120
BOTE	10 1/2		11 1/2		303-525-4230
RJAA	b.w.				800-126-1423
DANI					641-202-2087

This hypothetical display reflects the trading interests of eight market makers that have elected to participate in the OTC Bulletin Board by entering information on the stock of ABC Development Corp. The ranking of market-maker information shown on the screen display is determined by the system design.

For example, market makers BADR and DBCC appear at the top because they have entered two-sided, firm ("F") quotes. Market makers WALC and MATS appear next because both have firm bids, but nonfirm offers. Because WALC's firm bid is higher in price, WALC is listed ahead of MATS.

BOTE and BAGN follow all market makers displaying a firm bid price because their priced bids are not designated as "firm." However, BAGN ranks ahead of BOTE on the basis of time priority. Finally, RJAA and DANI are listed below all other market makers because neither firm has made a priced entry. Multiple firms with unpriced entries in a particular security will be listed by time priority. In this example, RJAA appears ahead of DANI solely because of the former's indication of "bid wanted" ("b.w.").

All firms registering as market makers in Bulletin Board securities must enter their respective telephone numbers. These will be displayed regardless of whether the firm inserts a priced entry.

Bulletin Board information will be differentiated from market data displays for NASDAQ issues by the numeral "3" that appears before the security's symbol and by the need to use a special key (P) to retrieve information on securities included in the OTC Bulletin Board.

The new market will be separate and distinct from NASDAQ. The differences include that NASDAQ has listing standards while there are none for the OTC Bulletin Board; NASDAQ quotations must be firm, while OTC Bulletin Board quotes do not have to be; and the NASDAQ System transmits price and volume information on its securities to market data vendors and press wire services, while the OTC Bulletin Board, at least during its pilot, will not.

REGULATORY ISSUES

Market makers participating in the OTC Bulletin Board are still subject to the information maintenance requirements established by Securities Exchange Act Rule 15c2-11. Generally, if a market maker now satisfies these information maintenance requirements (which apply on a security-by-security basis) respecting the Pink Sheets™ publication, the firm will not incur an additional compliance burden by entering quotes or other indications of interest in the OTC Bulletin Board.

During the OTC Bulletin Board's first 60 days of operation, securities quoted in the Pink Sheets™ publication will be given "grandfathered" status for purposes of Rule 15c2-11. In most instances, market makers may initiate quotation of these securities in the OTC Bulletin Board without having to submit Rule 15c2-11 information.

AGREEMENT WITH CCH/NQB

As part of the OTC Bulletin Board, the NASD has entered into a working agreement with the Commerce Clearing House, Inc./National Quotation Bureau, Inc. (CCH/NQB). The agreement provides for CCH/NQB's processing of Rule 15c2-11 information (coordinating those functions with the NASD) in connection with market makers' entries of quotations in the OTC Bulletin Board as well as the Pink Sheets™.

In addition, the NASD will provide to CCH/NQB, twice daily, a static transmission of data captured in the OTC Bulletin Board's data base. The first transmission will occur at approximately 12 noon Eastern Time and be used in connection with publication of the next day's Pink Sheets™. The second transmission, consisting of end-of-day information, will occur after the OTC Bulletin Board closes and be provided to subscribers of CCH/NQB's electronic delivery service the following morning.

For both the Pink Sheets™ and CCH/NQB's electronic delivery service, the priced entries of market makers utilizing the OTC Bulletin Board will appear in the form of a stringline. Each market maker will be identified by a four-character alpha symbol followed by the firm's bid and/or offered prices, and an indicator to designate whether the bid and/or offer price is firm. In instances where a market maker enters only a bid or an offer price, a prefix designating the price as a bid or offer will appear.

CHARGES FOR THE OTC BULLETIN BOARD

During the pilot, NASD market makers in Bulletin Board securities will incur the following charges for displaying their trading interest through the OTC Bulletin Board:

- $85 per month for the first 10 or fewer listings, and
- $37 per month for each additional lot of one to five listings, or
- $74 per month for each additional lot of 6 to 10 listings.

* * *

For additional information on the OTC Bulletin Board, call NASD Market Operations at (800) 635-6485. To order the OTC Bulletin Board or to obtain contracts for it, call NASD Subscriber Services at (301) 948-6162.