

# Notice To Members

National Association of Securities Dealers, Inc.

May 1991

## Number 91-30

### Suggested Routing:\*

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|--|--|--|---|
| <input type="checkbox"/> Senior Management     | <input checked="" type="checkbox"/> Internal Audit | <input checked="" type="checkbox"/> Operations | <input type="checkbox"/> Syndicate          |
| <input type="checkbox"/> Corporate Finance     | <input type="checkbox"/> Legal & Compliance        | <input type="checkbox"/> Options               | <input checked="" type="checkbox"/> Systems |
| <input type="checkbox"/> Government Securities | <input type="checkbox"/> Municipal                 | <input type="checkbox"/> Registration          | <input checked="" type="checkbox"/> Trading |
| <input type="checkbox"/> Institutional         | <input type="checkbox"/> Mutual Fund               | <input type="checkbox"/> Research              | <input type="checkbox"/> Training           |

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

### Subject: Nasdaq National Market System (Nasdaq/NMS) Additions, Changes, and Deletions As of April 12, 1991

As of April 12, 1991, the following 19 issues joined Nasdaq/NMS, bringing the total number of issues to 2,535:

Symbol	Company	Entry Date	SOES Execution Level
ASKI	ASK Computer Systems, Inc.	3/18/91	1000
ATML	Atmel Corporation	3/19/91	1000
GVGC	Grand Valley Gas Company	3/19/91	1000
SBEI	SBE, Inc.	3/19/91	1000
BCHXF	IAF BioChem International Inc.	3/20/91	1000
TKCR	TakeCare, Inc.	3/20/91	1000
CITN	Citation Insurance Group	3/21/91	1000
FSVBW	Franklin Savings Bank, FSB (Wts)	3/21/91	200
SYMX	Symix Systems, Inc.	3/22/91	200
CRNT	CareNetwork, Inc.	3/26/91	1000
MMGI	Medical Marketing Group, Inc.	3/26/91	1000
FFBS	FedFirst Bancshares, Inc.	3/28/91	1000
ICBK	Intercontinental Bank	4/1/91	200
IPOP	Input/Output, Inc.	4/2/91	1000
REGN	Regeneron Pharmaceuticals, Inc.	4/2/91	1000
BONEO	Banc One Corporation (Ser. C Pfd)	4/4/91	500
VHII	Value Health, Inc.	4/4/91	1000
AHLDY	Ahold Limited	4/8/91	200
LXEI	LXE, Inc.	4/11/91	1000

### Nasdaq/NMS Symbol and/or Name Changes

The following changes to the list of Nasdaq/NMS securities occurred since March 13, 1991:

New/Old Symbol	New/Old Security	Date of Change
VMLPZ/VMLPZ	Banyan Mortgage Investors L.P./Mortgage Investors L.P.	3/13/91

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New/Old Symbol	New/Old Security	Date of Change
VMTGZ/VMTGZ	Banyan Mortgage Investors L.P. II/VMS Mortgage Investors L.P. II	3/13/91
VMORZ/VMORZ	Banyan Mortgage Investors L.P. III/VMS Mortgage Investors L.P. III	3/13/91
VLANS/VLANS	Banyan Strategic Land Trust/VMS Strategic Land Trust	3/13/91
SOMA/HANA	Somatix Therapy Corp./Hana Biologics, Inc.	3/18/91
ABKR/ABKR	Anchor Bancorp, Inc./Anchor Savings Bank, F.S.B.	4/1/91
CCLRA/CCLR	Commerce Clearing House, Inc. (Cl A)/Commerce Clearing House, Inc.	4/1/91
GMRK/GATS	Gulfmark International, Inc./Gulf Applied Technologies, Inc.	4/2/91
ISLI/SGSI	Sage Software, Inc. (INTERSOLV)/Sage Software, Inc.	4/9/91
NECC/NECC	Critical Care America, Inc./New England Critical Care, Incorporated	4/10/91

**Nasdaq/NMS Deletions**

Symbol	Security	Date
FSBG	First Federal Savings Bank of Georgia	3/14/91
FLEX	Flextronics, Inc.	3/14/91
BARTE	Barton Industries, Inc.	3/15/91
GEOD	Geodyne Resources, Inc.	3/18/91
HSLD	Home Savings and Loan Association, Inc.	3/18/91
TERX	Terex Corporation	3/19/91
INDX	Index Technology Corporation	3/20/91
ACIG	Academy Insurance Group, Inc.	3/27/91
IMMCO	International Mobile Machines Corporation (Pfd)	3/27/91
TMAS	TriMas Corporation	3/27/91
KUST	Kustom Electronics, Inc.	3/28/91
ATFC	Atico Financial Corporation	4/1/91
CNBA	County Bank, F.S.B.	4/1/91
HFED	HeartFed Financial Corporation	4/1/91
MGNC	MEDIAGENIC	4/1/91
WWIN	Western Waste Industries	4/1/91
CMCA	Comerica Incorporated	4/2/91
CMCAP	Comerica Incorporated (Pfd)	4/2/91
ERCE	ERC Environmental and Energy Services Co., Inc.	4/2/91
BSBX	Bell Savings Holdings, Inc.	4/3/91
ICRR	Illinois Central Corporation	4/3/91
MAWS	Mid-American Waste Systems, Inc.	4/3/91
YESS	Yankee Energy System, Inc.	4/3/91
PCTLW	PictureTel Corporation (Wts)	4/5/91
XYVI	Xyvision, Inc.	4/10/91
OCLB	Office Club, Inc. (The)	4/11/91
ATTWY	Attwoods plc	4/12/91
CSAV	Continental Savings of America	4/12/91
LEXI	Lexicon Corporation	4/12/91
SBTC	SBT Corp.	4/12/91

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

# Disciplinary Actions

National Association of Securities Dealers, Inc.

May 1991

## 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 6, 1991. The information relating to matters contained in this notice is current as of the 20th of the month preceding the date of the notice. Information received subsequent to the 20th is not reflected in this publication.

### FIRMS EXPELLED

**Firm One Securities, Inc. (Westlake Village, California)** was expelled from membership in the NASD. The sanction was based on findings that Firm One, acting through an associated person, failed to prepare and/or maintain the firm's books and records accurately. In addition, the firm failed to establish and maintain adequate written supervisory procedures and systems. The firm also opened two branch offices in contravention of its restriction agreement with the NASD and failed to operate those offices in a manner that limited the firm's obligations to only payment of commissions in connection with revenues generated by those offices.

### FIRMS EXPELLED, INDIVIDUALS SANCTIONED

**Easter Kramer Group Securities, Inc. (Boca Raton, Florida)** and **Angelo Cosino DaBiero (Registered Representative, Hobe Sound, Florida)** were each fined \$25,000. The firm was expelled from membership in the NASD, and DaBiero was barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Easter Kramer and DaBiero failed to honor a \$2,552 arbitration award.

**Graystone Nash, Inc. (Bloomfield, New Jersey)**, **Dennis Michael Williams (Registered Representative, Laguna Hills, California)**, and **Sean M. Boyle (Registered Representative, Boca Raton, Florida)** were fined \$25,000, jointly and severally. The firm was expelled from membership in the NASD, and Williams and Boyle were barred

from association with any member of the NASD in any capacity. The sanctions were based on findings that they failed to honor a \$25,800.16 arbitration award.

### FIRMS SUSPENDED

**H.T. Fletcher Securities, Inc. (Englewood, Colorado)** was fined \$2,500 with each of two registered representatives, jointly and severally, and suspended from effecting any purchase of designated securities in customer accounts for 30 days. In addition, the firm was required to obtain a written agreement and suitability determination for purchases of designated securities in all accounts for an additional 90 days from the termination of its suspension. The firm also was required to provide proof of remedial action with respect to its written supervisory procedures within 60 days. The sanctions were based on findings that Fletcher sold designated securities to four public customers without first obtaining the suitability statements and written agreements required by SEC Rule 15c2-6. The firm also failed to maintain adequate written supervisory procedures concerning designated securities.

### FIRMS SUSPENDED, INDIVIDUALS SANCTIONED

**Greycliffe Securities, Inc. (Dallas, Texas)** and **William Ian MacDonald (Registered Principal, Desoto, Texas)** were fined \$25,000, jointly and severally. The firm was suspended from membership with the NASD for 60 days, and MacDonald was suspended from association with any member of the NASD in any capacity for 60 days.

In addition, the firm's exemption from the requirement of having a financial and operations principal was revoked. The sanctions were based on findings that the firm, acting through MacDonald, effected transactions in securities while failing to maintain its required minimum net capital. The firm, acting through MacDonald, submitted inaccurate assessment reports to the NASD understating assessable income, and it failed to prepare and maintain accurate books and records. In addition, Greycliffe, acting through MacDonald, failed to file FOCUS Part IIA reports in a timely manner and to maintain a fidelity bond.

The respondents did not submit to the NASD written notification of the termination of association of 10 individuals. Greycliffe, acting through MacDonald, also failed to show evidence of supervision of any transactions or acceptance of each new customer. Furthermore, its written supervisory procedures did not designate a supervisor of each office of supervisory jurisdiction, did not assign each registered representative to a supervisor, and did not provide for an annual meeting to discuss compliance matters.

#### **FIRMS FINED, INDIVIDUALS SANCTIONED**

**Marshall Davis, Inc. (Denver, Colorado), Rene Philippart (Registered Principal, Littleton, Colorado), and Walter T. Black (Registered Representative, Denver, Colorado)** were fined \$25,000, jointly and severally, and required to disgorge \$19,369.35, jointly and severally. In addition, Philippart and Black were barred from association with any member of the NASD in any capacity. The sanctions were based on findings that the firm, acting through Philippart and Black, effected principal transactions with public customers at prices that were unfair with markups ranging from 11.1 to 73.3 percent over the firm's contemporaneous cost for the securities.

**New South Securities, Inc. (Amarillo, Texas) and Zachary Lee Shultz (Registered Principal, Amarillo, Texas)** submitted an Offer of Settlement pursuant to which the firm and Shultz were fined \$10,000, jointly and severally. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that, in connection with the offer and sale of interests in two limited partnerships, New South, acting through Shultz, released investor funds from the escrow accounts and trans-

ferred such funds to the general partner before the required number of units were sold. The NASD also found that the firm, acting through Shultz, allowed an individual to act as a direct participation programs principal when he was not so registered or qualified with the NASD. In addition, the findings stated that New South, acting through Shultz, paid a finder's fee of \$2,250 to a person who was not registered with the NASD and failed to fingerprint five nonregistered persons properly.

#### **INDIVIDUALS BARRED OR SUSPENDED**

**Kevin J. Allis (Registered Representative, Baltimore, 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 Allis received eight checks totaling \$30,300 issued by his member firm to several of its customers but diverted these funds to his own use and benefit.

**Donald G. Asquith (Registered Principal, Williamston, Michigan)** was fined \$75,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Asquith, acting on behalf of a member firm, effected securities transactions while failing to maintain its minimum required net capital, filed inaccurate FOCUS Parts I and IIA reports, and failed to prepare and maintain accurate net capital computations. Asquith, acting on behalf of a member firm, also failed to prepare accurate books and records, to transmit promptly customer funds held in his member firm's bank account, and to abide by the terms of a restrictive agreement with the NASD. Moreover, Asquith, acting on behalf of a member firm, violated SEC Rule 15c2-4 in that he failed to deposit funds received from a contingent offering into a separate escrow account. In connection with the same offering, he failed to disclose certain contingencies in the offering memorandum. Asquith also failed to respond to NASD requests for information.

**Susan Carol Belanger (Registered Representative, Port Neches, Texas)** was fined \$50,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Belanger received checks totaling \$23,233.03 from public customers for the purchase of mutual fund shares. She failed to invest the funds and, instead, deposited the checks in her own bank account and converted the proceeds

to her own use and benefit without the knowledge or consent of the customers.

**James R. Bishop (Registered Representative, Delaware, Ohio)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$31,719.38 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Bishop consented to the described sanctions and to the entry of findings that he misappropriated and converted to his own use and benefit customer funds totaling \$6,719.38. In addition, the findings stated that Bishop failed to respond to NASD requests for information.

**John Eugene Bucholz (Registered Representative, Atlanta, Georgia)** was fined \$50,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Bucholz solicited a public customer and accepted a \$10,000 check from the customer for the purpose of loaning the proceeds to his member firm. Bucholz guaranteed the return of the funds plus interest but failed to repay the customer. In addition, Bucholz sold and purchased bonds for the account of the same public customer without the knowledge or consent of the customer.

**William A. Bundy (Registered Representative, St. Joseph, Missouri)** 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 two years. Without admitting or denying the allegations, Bundy consented to the described sanctions and to the entry of findings that, during the course of taking the Series 6 examination, he was observed using notes.

**Aubrey L. Childress (Registered Representative, Richmond, 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 Childress received four checks totaling \$2,599.66 from an insurance customer and used \$2,399.66 of these funds for his own benefit. Childress also failed to respond to NASD requests for information.

**Thomas A. Christofferson (Registered Representative, Greeley, Colorado)** was fined \$35,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that he effected unau-

thorized transactions in the accounts of nine public customers and failed to follow the instructions of three customers regarding the purchase and sale of securities in their respective accounts. In addition, Christofferson made misrepresentations to four customers regarding the purchase price of securities and guaranteed customers against loss in order to induce the customers to purchase securities.

**William K. Collings (Registered Representative, Georgetown, Indiana)** was fined \$56,000 and suspended from association with any member of the NASD in any capacity for 30 days. The sanctions were based on findings that Collings effected transactions in mutual funds, common stock, and options in the account of a public customer without having reasonable grounds for believing that such transactions were suitable for her, considering the customer's investment objectives and financial situation.

**Kevin Lee Custer (Registered Principal, Salt Lake City, Utah)** submitted an Offer of Settlement pursuant to which he was barred from association with any member of the NASD as a principal. In addition, Custer was suspended from association with any member of the NASD as a registered representative for two years. Without admitting or denying the allegations, Custer consented to the described sanctions and to the entry of findings that, in contravention of the Policy of the Board of Governors with respect to Fair Dealing with Customers, Custer executed securities transactions for the accounts of public customers without the knowledge or consent of the customers.

**William T. Daigle (Registered Representative, Bear Creek, 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 Daigle received \$6,000 from a public customer for the purchase of mutual fund shares but, instead, converted the funds to his own use and benefit.

**Louis H. Denton (Registered Representative, Church Hill, Mississippi)** was fined \$25,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Denton received \$2,250 from a public customer for investment purposes but, instead, misappropriated and converted the funds to his own use. Denton also prepared two false confirmations for another public customer indicating that the customer made a \$3,000 invest-

ment. In addition, Denton failed to respond to NASD requests for information.

**Terry R. Donnelly (Registered Representative, Alpharetta, Georgia)** was fined \$25,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Donnelly effected or caused to be effected the purchase of shares of a common stock in the joint account of two public customers without the knowledge or consent of the customers. He also failed to respond to NASD requests for information.

**Linda L. Doviak (Registered Representative, Jonestown, Pennsylvania)** submitted an Offer of Settlement pursuant to which she was fined \$100,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Doviak consented to the described sanctions and to the entry of findings that, without the prior authorization or consent of insurance customers, she forged their endorsements on checks totaling \$64,291.57, negotiated the checks, and converted the funds to her own use and benefit.

**William Roscoe Eyler (Registered Representative, West Linn, Oregon)** was fined \$47,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Eyler accepted a personal check for \$7,534.23 from a public customer to be rolled over into a new Individual Retirement Account. The check was made payable to the "William Eyler Special Account." Eyler failed to follow the customer's instructions and, when the customer requested that the money be withdrawn from his account, Eyler sent the customer a personal check for \$7,943 that was not paid due to insufficient funds. Eyler also failed to respond to NASD requests for information.

**Robert Fiorese (Registered Representative, Jersey City, New Jersey)** was fined \$35,500 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Fiorese executed the purchase of shares of common stock in the accounts of public customers without the authorization, knowledge, or consent of the customers. He also failed to respond to NASD requests for information.

**Terry Fiorillo (Registered Representative, Hoboken, New Jersey)** was fined \$13,500 and barred from association with any member of the

NASD in any capacity. The sanctions were based on findings that Fiorillo caused securities to be purchased for the account of a public customer without the customer's consent. The NASD also found that Fiorillo refused to execute an order to sell securities for the same customer. In addition, Fiorillo failed to respond to NASD requests for information.

**Jeremy Patrick Garner (Registered Representative, Jersey City, New Jersey)** was suspended from association with any member of the NASD in any capacity for 30 days. The sanction was based on findings that Garner executed an unauthorized transaction in the joint account of two public customers.

**Stephen E. Goodson (Registered Representative, Birmingham, Alabama)** was fined \$25,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Goodson solicited and received \$5,000 from a public customer for investment in a limited partnership. Goodson failed to invest the funds and, instead, misappropriated and converted the monies to his own use and benefit. In addition, he failed to respond to NASD requests for information.

**Robert P. Gordon (Registered Representative, St. Petersburg, Florida)** submitted an Offer of Settlement pursuant to which he was fined \$500 and suspended from association with any member of the NASD in any capacity for six months. Without admitting or denying the allegations, Gordon consented to the described sanctions and to the entry of findings that he failed to respond to NASD requests for information concerning a customer complaint.

**Martin A. Haas (Registered Representative, Wynnewood, Pennsylvania)** was fined \$2,500 and suspended from association with any member of the NASD in any capacity for 15 business days. The sanctions were based on findings that Haas assisted another registered representative in manipulative and deceptive practices concerning the trading activity in a security. By ignoring irregular circumstances, Haas facilitated this individual's scheme to create the appearance of active trading in a stock by effecting a series of transactions, usually at progressively higher prices. This activity involved no ultimate change in beneficial ownership and resulted in "wash sales." In addition, by executing transactions at or near the close

of the market, often at prices outside the prevailing market, Haas facilitated the same individual's scheme to affect the closing price for the same security. These transactions represented the last sale in the security, thereby "marking the close" of the market, when in fact the transactions reported by Haas to the Nasdaq system were not bona fide purchases and sales.

Furthermore, although not aware of this individual's association with another member at the time this individual opened an account at Haas' firm, the NASD determined that the nature of the ensuing transactions was such that, as an experienced trader, Haas should have become aware that this individual had a continuing association with another brokerage firm. By this failure, Haas caused his member firm to fail to notify another member firm that the aforementioned registered representative maintained a brokerage account at Haas' firm.

**Thomas Bruno Haider (Registered Representative, New Port Richey, 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 Haider accepted checks totaling \$3,761 from two public customers for investment purposes. He failed to make such investments and, instead, deposited the funds in his personal bank account and applied the proceeds to his own use and benefit. Haider also failed to respond to NASD requests for information.

**William R. Heffelfinger (Registered Representative, Nesquehoning, 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, Heffelfinger consented to the described sanctions and to the entry of findings that he received a total of \$1,761.30 in cash premiums from insurance customers, failed to remit these premiums to his member firm, and, instead, converted the funds to his own use and benefit.

**Stuart M. Helffrich (Registered Representative, Park Ridge, Illinois)** was fined \$5,000 and suspended from association with any member of the NASD in any capacity for one year. For an additional period of two years commencing at the end of the one-year suspension, he shall become associated with a member of the NASD only under terms that require the member to supervise his activities

to prevent violations such as those in this action. The sanctions were imposed by the NASD's Board of Governors on review of a decision by the District Business Conduct Committee for District 3. The sanctions were based on findings that Helffrich obtained a \$500 check from his member firm that was payable to a customer, forged the customer's name to the check, and converted the funds to his own use and benefit.

**Gwen Michelle Hendershot (Registered Representative, Columbus, Ohio)** was fined \$25,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Hendershot recommended and induced a public customer to purchase securities by means of misrepresentation of material facts. In addition, Hendershot purchased and sold mutual funds in the accounts of public customers without the knowledge or consent of the customers. Hendershot also failed to respond to NASD requests for information.

**John Robert Herm (Registered Representative, Westtown, New York)** was fined \$50,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Herm received a \$10,000 cashier's check from a public customer for the purchase of shares in a mutual fund. Herm failed to purchase the shares and, instead, converted the proceeds of the check to his own use and benefit. In addition, Herm failed to respond to NASD requests for information.

**John F. Horton (Registered Principal, Metairie, Louisiana)** and **Collins J. Roussel, III (Registered Representative, Kenner, Louisiana)** were each fined \$20,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that, on several occasions, Horton purchased shares of common stock for the accounts of public customers without the knowledge or consent of the customers. Horton also failed to respond to NASD requests for information. Furthermore, Roussel failed to supervise the activities of Horton properly.

**Charles H. Howard, III (Registered Representative, Londonderry, New Hampshire)** submitted an Offer of Settlement pursuant to which he was fined \$30,000 and suspended from association with any member of the NASD in any capacity for 10 days. Without admitting or denying the allega-



tions, Howard consented to the described sanctions and to the entry of findings that, in contravention of the Board of Governors' Free-Riding and Withholding Interpretation, he sold shares of four new issues that traded at a premium in the immediate aftermarket to restricted accounts.

**Robb B. Ivey (Registered Representative, Dallas, Texas)** was fined \$15,000, suspended from association with any member of the NASD in any capacity for three business days, and required to requalify by examination as a registered representative. The sanctions were based on findings that Ivey induced three public customers to purchase shares of common stock by means of material misrepresentations including price predictions and guarantees against loss for such investments.

**Peter William Janssen (Registered Representative, Flushing, New York)** and **Lorraine Heinz Janssen (Registered Representative, Flushing, New York)** submitted an Offer of Settlement pursuant to which they were fined \$40,000, jointly and severally. Peter Janssen was suspended from association with any member of the NASD in any capacity for 30 business days, and Lorraine Janssen was suspended from association with any member of the NASD in any capacity for 120 business days.

Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that, in contravention of the Board of Governors' Free-Riding and Withholding Interpretation, Peter Janssen sold shares of six new issues that traded at a premium in the immediate aftermarket to the restricted account of his wife, Lorraine Janssen. The NASD also found that Peter Janssen falsified information on a new account form for his wife in order to conceal such misconduct from his member firm. In addition, the NASD's findings stated that Lorraine Janssen violated the Free-Riding and Withholding Interpretation by purchasing shares of new issues in a restricted account at a member firm with which she was associated.

**Charlotte Louise Jenkins (Registered Representative, Oakland, California)** was fined \$15,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Jenkins received funds totaling \$15,000 from two public customers for the purchase of annuity contracts but failed to make such purchases. When these customers asked

Jenkins to liquidate their contracts, Jenkins canceled a purchase order from a third customer and withdrew funds by forging a withdrawal slip from the bank account of a fourth customer in order to return the monies to the first two customers. Jenkins also failed to respond to NASD requests for information.

**Steven Jenkins (Registered Representative, Brooklyn, New York)** was fined \$20,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Jenkins failed to respond to NASD requests for information concerning his termination from a member firm.

**Jerry A. Kregg (Registered Representative, Denver, Colorado)** was fined \$10,000, suspended from association with any member of the NASD in any capacity for 30 days, and required to requalify by examination as a general securities representative. The sanctions were based on findings that Kregg effected unauthorized securities transactions in the account of public customers.

**Stephen Howard Larkin (Registered Representative, Yukon, Oklahoma)** was barred from association with any member of the NASD in any capacity. The sanction was based on findings that Larkin failed to honor a \$1,189.50 arbitration award.

**Melissa Gale Leiner (Registered Representative, Washington, D.C.)** was barred from association with any member of the NASD in any capacity. The sanction was based on findings that Leiner effected a number of unauthorized mutual fund transactions that were excessive in size in the accounts of public customers. Also, Leiner forged customer signatures on a letter to her member firm that falsely stated the customers were aware of sales charges assessed against their joint mutual fund account in connection with the unauthorized transactions.

**Beverly Ann Lemoine (Associated Person, Los Angeles, 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 on review of a decision by the District Business Conduct Committee for District 2. The sanctions were based on findings that Lemoine submitted 86 fictitious life-insurance applications to her member firm and received commissions totaling \$13,754.64 to which she was not entitled.



**David L. Marion (Registered Representative, St. Paul, Minnesota)** submitted an Offer of Settlement pursuant to which he was fined \$2,500 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Marion consented to the described sanctions and to the entry of findings that he executed transactions in the accounts of public customers without the authorization, knowledge, or consent of the customers.

**Richard Stanley Markey (Registered Representative, Avon, Connecticut)** was barred from association with any member of the NASD in any capacity. The sanction was based on findings that Markey received from a public customer a \$5,000 check intended for the purchase of a common stock but, instead, converted the funds to his own use and benefit.

**Stanford Harvey Marks (Registered Representative, N. Miami Beach, Florida)** was fined \$2,500 and suspended from association with any member of the NASD in any capacity for 10 business days. The sanctions were based on findings that Marks recommended that a public customer sell uncovered put options without having reasonable grounds for believing that such recommendation was suitable for the customer based on the customer's other security holdings, investment objectives, and financial situation and needs.

**William A. McBride, Jr. (Registered Representative, Virginia Beach, Virginia)** was fined \$75,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that McBride received from a public customer three checks totaling \$39,220 intended to be deposited into the customer's securities account. In addition, he received a \$10,500 check from his member firm issued to the same customer that was to be delivered to the customer. Instead, McBride converted all four checks, totaling \$49,720, to his own use and benefit.

**Charles W. McMakin (Registered Principal, Baton Rouge, Louisiana)** 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 a principal capacity for one week. Without admitting or denying the allegations, McMakin consented to the described sanctions and to the entry of findings that he entered into an agreement with another indi-

vidual to share commissions for securities transactions. As a result of this agreement, the NASD found that McMakin paid commissions totaling \$35,257.52 to this individual who, as an employee of another member and later as an unregistered person, was prohibited from receiving such compensation.

**Warren McNeill (Registered Representative, North Wales, Pennsylvania)** 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, McNeill consented to the described sanctions and to the entry of findings that he received funds totaling \$2,144 from two customers in connection with applications for automobile-insurance policies. He failed to remit the funds as premium payments and, instead, deposited \$1,070 into his own bank account and retained the remaining funds. McNeill also failed to respond to NASD requests for information.

**Steven Dale McQueen (Registered Principal, Oklahoma City, Oklahoma)** was fined \$70,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that McQueen received checks totaling \$34,850 and shares of a common stock from public customers with instructions to sell the stock and invest the proceeds of the checks and stock in the purchase of another common stock and bonds. McQueen failed to follow the customers' instructions and, instead, converted the proceeds to his own use and benefit without the knowledge or consent of the customers. Furthermore, McQueen issued false confirmations to the same customers that purported to reflect the purchases they requested, although no such purchases were made. In addition, McQueen failed to respond to NASD requests for information.

**Harold F. Miller (Registered Representative, Blacklick, Ohio)** was fined \$10,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Miller failed to respond to NASD requests for information concerning his termination from a member firm.

**Frederick A. Mitchell (Registered Representative, Johnstown, Pennsylvania)** was fined \$30,000 and barred from association with any

member of the NASD in any capacity. The sanctions were based on findings that Mitchell received from a public customer funds totaling \$7,500 intended for investment purposes and converted the funds to his own use and benefit.

**Jeffrey B. Morrison (Registered Representative, Atlanta, Georgia)** 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 10 days. Without admitting or denying the allegations, Morrison consented to the described sanctions and to the entry of findings that he established a securities account with his member firm in his wife's maiden name. According to the findings, he effected securities transactions in this account that were at his direction and to his own benefit without advising his member firm that he was the beneficial owner of the account. In addition, the NASD found that Morrison effected 19 purchase transactions in this account and failed to remit payment to his member firm as required by Regulation T of the Federal Reserve Board.

**Arthur Joseph Moylan, Jr. (Registered Representative, Tucson, Arizona)** was fined \$30,000 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 an insurance customer, Moylan caused the customer's address of record to be changed to his home address, applied for a loan against the customer's insurance policy, and caused the loan proceeds to be sent to his home address. Furthermore, he caused the loan proceeds check to be endorsed by someone other than the customer and used the funds for his own benefit. Moylan also failed to respond to NASD requests for information.

**Leonard D. Neuhaus, Jr. (Registered Representative, Quakertown, Pennsylvania)** was fined \$10,000 and suspended from association with any member of the NASD in any capacity for three months. The sanctions were based on findings that Neuhaus executed written statements to public customers guaranteeing them against losses resulting from the purchase of common stock.

**Milton Allen Perlow (Registered Representative, Diablo, California)** and **Harvey Ira Samuels (Registered Representative, Moraga, California)** submitted an Offer of Settlement pursuant to which they were fined \$5,000, jointly and

severally with a member firm. Perlow was fined an additional \$10,000, and both Perlow and Samuels were suspended from association with any member of the NASD in any capacity for two months.

Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that, in connection with the offer and sale of limited partnership units in two offerings, Perlow and Samuels represented to investors that all funds would be returned to the investors if subscriptions were not received by a certain date. According to the findings, the funds were released from escrow prior to such date when only a portion of the funds had been received from investors, and part of the funds came from individuals who were not considered bona fide public investors. The findings also stated that Perlow and Samuels represented to investors that one of the offerings would terminate on a particular date but that sales continued after this date.

The NASD found that Perlow and Samuels participated in an offering on a best-efforts "part or none" basis and received investors' funds without depositing such funds into an escrow account. In addition, the NASD determined that Perlow, on several occasions, guaranteed customers against losses and caused a limited partnership to loan \$25,000 to a customer so that the customer could purchase units in another limited partnership. The findings also stated that Samuels caused a limited partnership to pay \$5,000 to an investor for services not related to that partnership. Furthermore, Perlow and Samuels failed to respond to NASD requests for information.

**Brent Alan Peterson (Registered Principal, Boca Raton, Florida)** was fined \$8,746.25 and barred from association with any member of the NASD as a general securities principal. The sanctions were based on findings that Peterson, acting on behalf of a member firm, effected with public customers as principal purchases and sales of corporate securities at prices that were unfair.

**Rakif Ronald Plotkin (Registered Representative, Palm Harbor, Florida)** was fined \$50,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Plotkin effected or caused to be effected the purchase of shares of a common stock in the account of a public customer without the knowledge or consent of the customer.

**Kenton B. Regier (Registered Representa-**

**tive, Denver, Colorado)** was fined \$15,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Regier entered three unauthorized transactions in the account of a public customer and forged the customer's signature on an account transfer form.

**Philip Silberberg (Registered Representative, Pikesville, Maryland)** and **Robert Astri (Registered Principal, Greenbelt, Maryland)**. Silberberg was fined \$240,000 and barred from association with any member of the NASD in any capacity. The sanctions against Silberberg were based on findings by the District Business Conduct Committee for District 9. Astri 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, Astri consented to the described sanctions and to the entry of findings.

The NASD found that the respondents engaged in excessive trading in the discretionary accounts of 38 public customers. In addition, the NASD determined that Silberberg and Astri recommended to customers the purchase of securities without having reasonable grounds for believing that such transactions were suitable considering the customers' financial situations and investment needs.

The findings stated that Astri failed to establish, maintain, and enforce written supervisory procedures that would have enabled him to supervise the activities of Silberberg reasonably. Astri also overstated the amount of equity in the accounts of public customers, according to the findings. Furthermore, Silberberg failed to respond to NASD requests for information.

**Glendall D. Verner (Registered Representative, Brentwood, Tennessee)** 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 five business days. Without admitting or denying the allegations, Verner consented to the described sanctions and to the entry of findings that he engaged in private securities transactions without providing prior written notice to his member firm.

**Terence Jose Ware (Registered Representative, Oklahoma City, Oklahoma)** was fined \$20,000 and barred from association with any

member of the NASD in any capacity. The sanctions were based on findings that, without the knowledge or consent of a public customer, Ware forged the customer's signature on an application for participation in a fixed annuity program. Ware also failed to respond to NASD requests for information.

**Khalid Syed Wasti (Registered Representative, Rockville Centre, New York)** was fined \$30,000 and barred from association with any member of the NASD in any capacity. The sanctions were based on findings that Wasti solicited a public customer to purchase securities and guaranteed the purchase against loss. Wasti also failed to respond to NASD requests for information.

**Gary P. Zemanek (Registered Representative, South Windsor, Connecticut)**, **John F. Witek (Registered Representative, Tolland, Connecticut)**, **Donald L. Brooks (Registered Representative, South Windsor, Connecticut)**, and **Wayne F. Ruocco (Registered Representative, South Windsor, Connecticut)** submitted an Offer of Settlement pursuant to which Zemanek, Witek, and Ruocco were each fined \$5,000 and barred from association with any member of the NASD in any capacity. Brooks was fined \$25,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that they engaged in private securities transactions outside the regular course or scope of their association with a member firm.

#### INDIVIDUALS FINED

**Mark Alan Rizzie (Registered Representative, Clearwater, Florida)** was fined \$20,000, ordered to pay \$21,237.25 in restitution to customers, directed to submit proof of restitution, and required to requalify by examination as a general securities representative. The sanctions were based on findings that Rizzie made misrepresentations to public customers and omitted material facts to induce the customers to purchase and retain shares of a common stock.

**Michael E. Schlater (Registered Representative, Lakewood, Colorado)** was fined \$10,000. The sanction was based on findings that Schlater induced public customers to purchase securities by making misrepresentations concerning specific price projections.

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

**Brennan Ross Securities, Incorporated**, Englewood, Colorado  
**Chelsea Securities, Inc.**, Newport Beach, California  
**Equitable Securities of New York, Inc.**, New York, New York  
**First Florida Securities Group, Inc.**, Pompano Beach, Florida  
**Kuhns Brothers & Laidlaw, Incorporated**, New York, New York  
**Main Street Securities, Inc.**, Salt Lake City, Utah  
**Packard Group, Incorporated**, New York, New York  
**Porcari Fearnow & Associates, Inc.**, Houston, Texas  
**Providence Securities Incorporated**, Providence, Rhode Island  
**R. L. Kotrozo, Incorporated**, Scottsdale, Arizona

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

David W. Appel, Jr., Saratoga Springs, New York  
 Walter T. Black, Denver, Colorado  
 James P. Driscoll, Hingham, Massachusetts  
 Dennis E. Evanson, Sr., Colorado Springs, Colorado  
 Ben H. Gibbs, Birmingham, Alabama  
 Neil F. Hornby, Denver, Colorado  
 Charles H. Howard, III, Londonderry, New Hampshire  
 Carol A. Kotrozo, Beverly Hills, California  
 Raymond L. Kotrozo, Beverly Hills, California  
 Garold N. McGaugh, Colorado Springs, Colorado  
 Brian C. McLaughlin, Spring Hill, Florida  
 Jackie D. Pevey, Jr., Irvine, California  
 Edward H. Pike, Jr., Englewood, Colorado  
 Henry Val, Brooklyn, New York  
 Edward O. White, II, Portland, Oregon

**FIRMS SUSPENDED**

The following firms were suspended from membership in the NASD for failure to comply

with formal written requests to submit financial information to the NASD. The actions were based on the provision 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.

**American Asset Management Corp.**, Salt Lake City, Utah (March 14, 1991)  
**Amtex Oil Financial, Inc.**, Dallas, Texas (March 14, 1991)  
**Bankhouse Securities Corp.**, Newton, Massachusetts (March 14, 1991)  
**Condominium Hotels International, Inc.**, Hilton Head Island, South Carolina (March 14, 1991 to April 1, 1991)  
**Devon Resources Financial**, Tulsa, Oklahoma (March 14, 1991 to March 27, 1991)  
**GRH Securities, Inc.**, Tempe, Arizona (March 14, 1991)  
**Lycan Capital Corporation**, Sherman Oaks, California (March 14, 1991)  
**Northern Saline Securities, Inc.**, Birmingham, Michigan (March 14, 1991)  
**Ocwen Trading, Inc.**, Purchase, New York (March 14, 1991)  
**Rogers Securities, Inc.**, Gladwyne, Pennsylvania (March 14, 1991)  
**Sherrill Securities Investments, Inc.**, Birmingham, Alabama (March 14, 1991)  
**Vanderbilt Securities, Inc.**, New York, New York (March 14, 1991)  
**Westok Securities, Inc.**, Irvine, California (March 14, 1991)

**SUSPENSION LIFTED**

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

**J. R. Thompson & Co.**, Cranford, New Jersey (March 22, 1991)

**NASD COLLECTS \$360,000 FROM KOBER FINANCIAL CORP. FOR MANIPULATION AND FRAUDULENT MARKUPS IN "PENNY STOCK" UNDERWRITTEN BY FIRM**

The NASD has taken disciplinary action pursuant to Offers of Settlement submitted by Kober Financial Corp. of Englewood, Colorado, and six

individuals presently or formerly associated with the firm.

The Offers of Settlement, made without admitting or denying the allegations of the complaint, responded to NASD allegations of misconduct during the distribution of the initial public offering (IPO) of Fox Ridge Capital Corp., a non-Nasdaq over-the-counter "blind pool" security underwritten by Kober in 1988, and also during the first six weeks of aftermarket trading, when Kober was said to have dominated and controlled the market for the security.

In addition to Kober, the respondents were Richard Gawlik, the firm's President; Peter N. Bowinski, who was in charge of the compliance department; Harvey F. Levin, formerly Kober's sales manager and now a trader for the firm; Jesse W. Ireland, a trader at Kober; Michael B. Albert, formerly associated with Kober; and John J. Flynn, formerly with Kober. During the relevant time period, Albert and Flynn were the owners of a Kober branch in Florida.

Pursuant to the Offers of Settlement, the respondents agreed to a variety of sanctions. Kober was censured and has paid a fine of \$360,000 to the NASD.

Kober also agreed to several remedial measures designed to prevent a repetition of the alleged misconduct. The principal measures include an agreement by Kober that prohibits the firm from underwriting, participating in the underwriting, or making a market in new blind-pool or "blank check" offerings for two years. In addition, Kober has agreed to hire an outside consultant to review the firm's policies concerning markups, mark-downs, and commissions charged on low-priced securities, domination and control of the market in low-priced securities, and related compliance and supervisory issues.

Albert and Flynn agreed to a censure, a fine of \$250,000 each, and a bar from association with any member of the NASD in any capacity.

Gawlik agreed to a censure and a 90-calendar-day suspension from associating with any member of the NASD in any capacity. For an additional six-month period, Gawlik would be limited in his activities in the areas of corporate finance and the supervision of trading and sales practices. Gawlik was required to requalify by examination as a General Securities Principal before again functioning in that capacity.

Bowinski agreed to a censure and a 90-calendar-day suspension from associating with any member as a General Securities Principal, and was also required to requalify. Levin agreed to a censure and a 30-calendar-day suspension from associating with any member in a trading capacity.

Without admitting or denying the allegations, all respondents consented to findings that they violated various provisions of the federal securities laws and the rules of the NASD. These include Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934 and Section 18 of the NASD's Rules of Fair Practice. These provisions prohibit the use of any manipulative, deceptive, or other fraudulent device in the purchase or sale of any security.

Kober underwrote Fox Ridge's IPO dated August 30, 1988, and placed 90 percent of the offering with its own clients. The complaint alleges that, prior to the completion of the offering, Albert, Flynn, and Gawlik agreed that Kober would repurchase all or substantially all of the shares from customers of its Englewood, Colorado, office at premium prices and redistribute them to customers of Kober's Florida offices at even higher prices. The Complaint alleged that Gawlik, Levin, and others had the shares repurchased at per-share prices ranging from \$.012 to \$.0148, and then resold at \$.04, a 300 percent premium over the public offering price of \$.01 per share.

The complaint also alleged that Kober, Gawlik, and certain registered representatives made false and misleading statements about the terms of the offering, including misrepresentations that any shares purchased by insiders of Fox Ridge would be held for investment purposes, and that the company had no business opportunities under investigation. According to the complaint, the President of the issuer purchased 5 percent of the shares during the IPO and sold those shares on the first day of aftermarket trading.

The complaint further charged that between October 19, 1988, and December 2, 1988, Kober, acting through Albert, Flynn, Gawlik, Bowinski, and Ireland, dominated and controlled the market for Fox Ridge and sold the securities to customers at fraudulently excessive prices.

It also was alleged that Albert and Flynn committed similar fraudulent and manipulative conduct concerning Qwix Technologies, Inc., another non-Nasdaq over-the-counter security, while they were

associated with another broker-dealer. Their alleged misconduct continued while both were employed at Kober. In connection with this misconduct, the complaint charged that Kober, Gawlik, and Bowinski failed to supervise properly Albert's and Flynn's activities at Kober concerning excessive markups in Qwix.

The NASD investigation was carried out by its Anti-Fraud Department in Washington, D.C., and its District 7 office, located in Atlanta, and is

part of a continuing nationwide effort by the NASD to eliminate sales-practice abuses in penny stocks. The disciplinary action was taken by the District Business Conduct Committee for District 7 and the Market Surveillance Committee. The Market Surveillance Committee is a national committee responsible for maintaining the integrity of the Nasdaq and the non-Nasdaq markets and for disciplining members who fail to comply with relevant NASD rules and securities laws.

# For Your Information

National Association of Securities Dealers, Inc.

May 1991

## **Seabury & Smith Markets Renamed NASD Insurance Plan for Members**

Seabury & Smith, which has managed the NASD's fidelity bond program since 1982, has been selected to assume marketing of the NASD Insurance Trust Group Plan for member firms. The plan, renamed the NASD Employer Assurance Program, offers a choice of group term life, accident, major medical and dental plans structured to provide flexibility and cost containment.

The program continues to be administered and underwritten by State Mutual Life Assurance Company of America.

For quotations or other information on new coverage, call Seabury & Smith at 1-800-424-9883, extension 354 between 9 a.m. and 5 p.m., Eastern Time. Current policyholders with questions should call 1-800-262-NASD.

## **1991 Nasdaq Fact Book & Company Directory Published**

The NASD has combined two of its major publications into the *1991 Nasdaq Fact Book & Company Directory*, which is now available. The 231-page book provides price and volume data for all the 4,706 Nasdaq National Market and regular Nasdaq securities traded during 1990 as well as overall data and information on market makers in Nasdaq securities. For each of the 4,132 Nasdaq companies, the book provides the full company name, its Nasdaq symbol, the company's standard

industrial classification code, the contact person for media and investor relations with title and phone number, and the company's address. Copies of the book cost \$15 each and may be obtained by sending the order form on the inside front cover of this issue of *Notices to Members*, together with a check or money order payable to the National Association of Securities Dealers, Inc., to NASD, Book Order Department, P.O. Box 9403, Gaithersburg, MD 20898-9403.

## **First Saturday Paper and Pencil Exams Dropped in El Paso**

The First Saturday paper and pencil qualification examinations in El Paso, Texas, have been discontinued. The decision resulted from several factors. In the past seven months, for example,

only two candidates scheduled tests in El Paso. In addition, the recent loss of the NASD's proctor and test site prompted a review of member use of this center.

## **PLATO Phone Numbers Change in Edina, Houston; Address Changes in Houston**

Effective immediately, the telephone number for the Edina, Minnesota, PLATO Development Center is (612) 835-9420. The address has not changed. Also effective immediately, the Houston,

Texas, PLATO Development Center is relocating to 10333 Richmond Avenue, Sixth Floor, Houston, TX 77042. The new telephone number is (713) 952-5005.



## SEC Adopts Amendments to Rule 15c2-11 That Take Effect June 1

On April 17, 1991, the SEC adopted amendments to Securities Exchange Act Rule 15c2-11 that become effective June 1, 1991. Rule 15c2-11 governs a broker-dealer's submission and publication of quotations for certain over-the-counter securities in a quotation medium (e.g., the OTC Bulletin Board service or the Pink Sheets™ publication). Generally, the rule specifies certain documents or information that a broker-dealer must have prior to publishing a quotation for a covered security.

As amended, Rule 15c2-11 establishes an af-

firmative obligation for a broker-dealer to review the requisite information and form a reasonable basis for believing that such information is accurate in all material respects and is obtained from a reliable source. Additionally, the rule would require a broker-dealer to obtain and review a copy of any SEC order or release announcing a trading suspension in a covered security during the preceding 12 months.

More detailed information about these and other changes to Rule 15c2-11 will be published in the June *Notices to Members*.