

# NASD Officers and Board of Governors 1981

The Board of Governors is the controlling body of the NASD and determines policy on a national scale. The Board consists of 21 representatives of the securities industry elected from the Association's Districts, eight Governors-at-Large and the President of the NASD. The Board meets six times a year.



**Ernest F. Rice, Jr.**  
Blunt Ellis & Loewi  
Incorporated  
Milwaukee, Wisconsin  
Chairman, 1982

**David Marcus**  
Drexel Burnham Lambert  
Incorporated  
New York, New York  
Vice Chairman, 1982

To serve until  
January 1983



**William B. Madden**  
Schneider, Bernet &  
Hickman, Inc.  
Dallas, Texas  
Vice Chairman, 1981

**L.C. Petersen**  
Kirkpatrick, Pettis, Smith,  
Polian Inc.  
Omaha, Nebraska  
Chairman, 1981

*(center)*  
**Gordon S. Macklin**  
President and Member  
of the Board

Messrs. Madden and  
Petersen to serve until  
January 1982



**Frances B. Dyleski**  
Robert C. Carr & Co., Inc.  
Manchester,  
New Hampshire

**Benjamin L. Lubin**  
Bache Halsey Stuart  
Shields Incorporated  
New York, New York

**Robert H. Atkinson, Jr.**  
Atkinson and Company  
Portland, Oregon

To serve until  
January 1983



**Walter N. Trulock, III**  
Dean Witter Reynolds, Inc.  
Pine Bluff, Arkansas

**Bruce A. Mann\***  
Pillsbury, Madison & Sutro  
San Francisco, California

*(front)*

**B. Mills Sinclair**  
Young, Smith & Peacock,  
Inc.  
Phoenix, Arizona

To serve until  
January 1984



**James J. McCormack\***  
Metropolitan Life  
Insurance Company  
New York, New York  
Vice Chairman-Finance,  
1981

**Edward S. Arnold**  
Paine, Webber, Jackson &  
Curtis Incorporated  
Palo Alto, California

**Andrew M. Blum**  
L.F. Rothschild, Unterberg,  
Towbin  
New York, New York

To serve until  
January 1982



**W. Lincoln Mossop, Jr.**  
Barrett & Company  
Providence, Rhode Island

**Williamson S. Stuckey, Jr.\***  
Former Congressman  
Washington, D.C.

**Mason T. New**  
Branch, Cabell & Company  
Richmond, Virginia

**James F. Wade**  
Julien Collins & Company  
Chicago, Illinois

To serve until  
January 1982



(front row)

**Conrad S. Young\***  
United of Omaha  
Omaha, Nebraska

**James W. Ratzlaff\***  
Capital Research and  
Management Company  
Los Angeles, California  
Vice Chairman-Finance,  
1982

(rear)

**Vernon B. Willis**  
Dain, Bosworth  
Incorporated  
Las Vegas, Nevada

**Donald E. Weston**  
Gradison & Company  
Incorporated  
Cincinnati, Ohio

To serve until  
January 1983



(front)

**J.M. Hill\***  
Rangaire Corporation  
Cleburne, Texas

**Shannon Michael Drew**  
Kidder, Peabody & Co.  
Incorporated  
San Francisco, California

**Ray J. Groves\***  
Ernst & Whinney  
Cleveland, Ohio

To serve until  
January 1984



(front)

**Glenn R. Oxner**  
Interstate Securities  
Corporation  
Greenville, South Carolina

**A. James Jacoby**  
Asiel & Co.  
New York, New York

(rear)

**Norman T. Wilde, Jr.**  
Janney Montgomery Scott  
Inc.  
Philadelphia, Pennsylvania

**H. Lawrence Parker**  
Morgan Stanley & Co.  
Incorporated  
New York, New York

To serve until  
January 1984



(front)

**Carl Hohnbaum**  
B.C. Christopher &  
Company  
Kansas City, Missouri

(right)

**David M. Underwood**  
Underwood, Neuhaus &  
Co., Incorporated  
Houston, Texas

**Carl P. Sherr**  
Carl P. Sherr & Company  
Worcester, Massachusetts

To serve until  
January 1985



**Julian E. Gillespie**  
Johnston, Leron & Co.,  
Incorporated  
Washington, D.C.

**Russell H. Baumgardner\***  
Apogee Enterprises, Inc.  
Minneapolis, Minnesota

To serve until  
January 1985

(center)

**L.H. Bayley**  
David A. Noyes &  
Company  
Indianapolis, Indiana



**Richard R. West\***  
Amos Tuck School of  
Business Administration  
Dartmouth College  
Hanover, New Hampshire

**Peter K. Loeb**  
Shearson/American  
Express, Inc.  
New York, New York

To serve until  
January 1985

(Not pictured)

**Donald W. Crowell**  
Crowell, Weedon & Co.  
Los Angeles, California

To serve until  
January 1985

\*Governor-at-Large

# National Committees 1981

The National Committees of the NASD are appointed by the Board of Governors and make recommendations to the Board in their various areas of responsibility. The Executive, Finance and Business Conduct Committees meet immediately prior to each Board meeting; all other Committees meet as necessary.

## Executive

- \* L. C. Petersen  
*Chairman*
- \* Andrew M. Blum
- \* William B. Madden
- \* David Marcus
- \* James J. McCormack
- \* Mason T. New
- \* Ernest F. Rice, Jr.
- \* Gordon S. Macklin

## Finance

- \* James J. McCormack  
*Chairman*
- \* Edward S. Arnold
- \* W. Lincoln Mossop, Jr.
- \* L. C. Petersen
- \* James W. Ratzlaff
- \* W. S. Stuckey, Jr.
- \* James F. Wade
- \* Gordon S. Macklin
- \* Jack A. Schindel (Ex officio)

## Business Conduct

- \* Ernest F. Rice, Jr.  
*Chairman*
- \* James W. Ratzlaff
- \* Shannon Michael Drew
- \* J. M. Hill
- \* A. James Jacoby
- \* Glenn R. Oxner
- \* H. Lawrence Parker
- \* B. Mills Sinclair
- \* Walter N. Trulock, III
- \* Norman T. Wilde, Jr.

## Nominating

- \* L. C. Petersen  
*Chairman*
- James F. Keegan
- J. Stephen Putnam
- David W. Mesker
- Eugene Arnold, Jr.

## Arbitration

- Alfred J. Rauschman  
*Chairman*
- \* Edward S. Arnold
- Eugene Arnold, Jr.
- Eugene W. Bell
- John D. Berl
- Donald R. Bonniwell, Jr.
- J. Gordon Cooney
- Lloyd J. Derrickson
- Constantine N. Katsonis
- \* Benjamin L. Lubin
- \* David Marcus
- \* B. Mills Sinclair
- A.A. Sommer, Jr.
- Arnold J. Weinberg

## Capital & Margin

- \* Benjamin L. Lubin  
*Chairman*
- \* Robert H. Atkinson, Jr.
- \* Frances B. Dyleski
- Vincent P. Fay
- Albert Kopin
- Joseph F. Neil
- \* Glenn R. Oxner
- Daniel P. Son
- Eli Weinberg

## Commodities

- \* William B. Madden  
*Chairman*
- Richard B. Anspacher
- Neil Aslin
- \* David Marcus
- Kenneth M. Sanders
- William W. Strawther, Jr.
- \* W. S. Stuckey, Jr.
- Theodore Thonnte
- \* James F. Wade

## Corporate Advisory

- \* J. M. Hill  
*Chairman*
- Russell H. Baumgardner
- David R. Cowart
- John P. Dubinsky
- Robert D. Hedberg
- Lawrence A. Leser
- William G. McGowan
- Shelby H. Page
- Donald A. Pels
- George G. Raymond, Jr.
- Oran B. Robertson
- Philip F. Searle
- Thomas C. Sullivan
- Lawrence R. Thielen

## Corporate Financing

- \* Peter A. Bernard  
*Chairman*
- \* Andrew M. Blum
- Alan B. Levenson
- John T. McGuire
- Joseph McLaughlin
- N. Clark Moran
- \* H. Lawrence Parker
- \* Ernest F. Rice, Jr.
- J. Perry Ruddick
- William Z. Suplee, III
- \* Donald E. Weston
- William F. White

## Direct Participation Programs

- \* Mason T. New  
*Chairman*
- Robert L. Franklin
- Edwin H. Hall
- Gerald A. Horwitz
- Anthony A. LaCroix
- \* William B. Madden
- Thomas J. McAllister
- J. Stephen Putnam
- Charles Ramsey
- Terry Sheldon
- Linda Wertheimer
- \* Donald E. Weston

## Fidelity Bonding

- Nelson S. Burbank  
*Chairman*
- \* Robert H. Atkinson, Jr.
- \* Frances B. Dyleski
- John C. Harden
- Francis X. LeMunyon
- William Z. Suplee, III
- \* James F. Wade

## Government-Guaranteed Securities

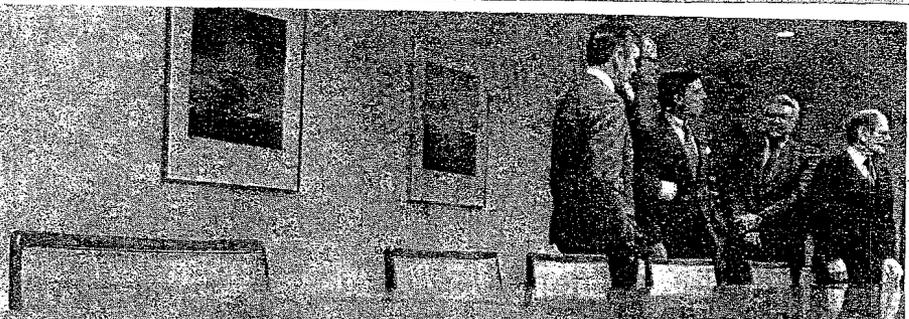
- Robert F. Dall  
*Chairman*
- E. Pepper Allen
- Alan C. Arnold
- Frederick Moss
- Edwin F. Payne
- John C. Printon
- Richard E. Tisdale
- Robert F. Schiffer

## Information

- \* W. Lincoln Mossop, Jr.  
*Chairman*
- \* Edward S. Arnold
- \* Andrew M. Blum
- Marvin Demanzuk
- \* J. M. Hill
- Richard M. Hufnagel
- \* A. James Jacoby
- \* W. S. Stuckey, Jr.
- \* Vernon B. Willis
- \* Conrad S. Young

## Insurance Trustees and Insurance

- \* James J. McCormack  
*Chairman*
- Nelson S. Burbank
- Julian E. Gillespie
- \* B. Mills Sinclair
- \* Conrad S. Young
- \* Gordon S. Macklin
- Jack A. Schindel



**International**

- \*David Marcus  
*Chairman*
- \*Andrew M. Blum
- Albert J. Coffey
- \*H. Lawrence Parker
- Walter Schnabel
- David Stein
- Barthold von Ribbentrop

**Investment Companies**

- \*James W. Ratzlaff  
*Chairman*
- John W. Bachmann
- George S. Bissell
- H. Day Brigham, Jr.
- John F. Cogan, Jr.
- J. Paul Erickson
- John W. Galbraith
- Julian A. Lerner
- \*James J. McCormack
- John E. McTavish
- George W. Meyer
- Richard F. Palmer

**Joint Industry/Government  
Committee on Small Business  
Financing**

- William R. Hambrecht  
*Chairman*
- J. Coleman Budd
- Anthony A. LaCroix
- \*Mason T. New
- J. Stephen Putnam
- \*Ernest F. Rice, Jr.
- \*W. S. Stuckey, Jr.
- \*Walter N. Trulock, III
- David W. Wiley, Jr.

**Long Range Planning**

- David W. Mesker  
*Chairman*
- Robert R. Googins
- James F. Keegan
- L. C. Petersen
- J. Stephen Putnam
- John A. Orb
- A. A. Sommer, Jr.
- John A. Wing
- \*Gordon S. Macklin

**Municipal Securities**

- Robert A. Schlichting  
*Chairman*
- Richard J. Ackerman
- \*Robert H. Atkinson, Jr.
- Bill B. Beavers
- Donald R. Bonniwell, Jr.
- Charles S. Garland, Jr.
- J. Kevin Kenny
- Stephen Kenny
- Eugene B. Shepherd
- \*Norman T. Wilde, Jr.
- Thomas K. Yardley

**NASDAQ**

- \*William B. Madden  
*Chairman*
- \*J. M. Hill
- James F. Jamieson
- Gilbert M. Lothrop
- Raymond Meselsohn
- Thomas M. Mink
- \*W. Lincoln Mossop, Jr.
- Frederic Rittereiser
- Patrick C. Ryan
- Thomas W. Sullivan
- Howard Tepper
- John D. Waller
- \*Donald E. Weston
- \*Norman T. Wilde, Jr.
- David W. Wiley, Jr.

**National Market System Design**

- J. Stephen Putnam  
*Chairman*
- Richard L. Bove
- Peter D. Byrne
- Raymond J. Kalinowski
- Bernard L. Madoff
- Raymond Meselsohn
- \*Mason T. New
- Robert W. Parker
- \*Ernest F. Rice, Jr.
- Harold A. Rich
- Lawrence J. Wette
- Kenneth J. Wessels

**National Market System  
Securities Qualifications**

- James F. Keegan  
*Chairman*
- Russell H. Baumgardner
- \*Shannon Michael Drew
- Robert D. Hedberg
- \*Benjamin L. Lubin
- \*William B. Madden
- David W. Mesker
- \*L. C. Petersen
- \*Ernest F. Rice, Jr.
- Thomas C. Sullivan

**National Market System Trading**

- Jerry Williams  
*Chairman*
- Murray L. Finebaum
- James C. French
- Hugh P. Lowenstein
- John J. McCarthy
- \*Mason T. New
- Frederic Rittereiser
- Jacques S. Theriot
- Kenneth J. Wessels
- Stephen S. Wien

**Options**

- \*David Marcus  
*Chairman*
- Mike Epstein
- John Felber
- \*Benjamin L. Lubin
- Carroll W. Owens, Jr.
- Theodore M. Perkowski
- Richard Purkiss
- Frederic Rittereiser
- Judith G. Shepard
- William W. Strawiner, Jr.

**Qualifications**

- James J. McCormack  
*Chairman*
- John D. Berl
- D. Laird Bliss
- Gerald B. Brenzel
- John V. Campana
- Samuel M. Chase, Jr.
- Glen Givens
- \*David Marcus
- Leonard Mayer
- George W. Meyer
- \*W. Lincoln Mossop, Jr.
- Terry Nelson
- Alan Pessin
- William Z. Suplee, III
- \*Vernon B. Willis

**Real Estate**

- Robert L. Franklin  
*Chairman*
- Samuel M. Chase, Jr.
- Arnold L. Hoffman
- Richard Howell
- Richard E. Landau
- John R. Larson
- \*William B. Madden
- \*W. Lincoln Mossop, Jr.
- \*Mason T. New
- Howard C. Pizer
- Walter A. Turner, Jr.

**Registration**

- N. Clark Moran  
*Chairman*
- John J. D'Arcy
- Edward E. Hill
- Phillip J. Hoblin
- \*David Marcus
- Marcia Pung
- W. Stewart Storie
- \*Vernon B. Willis
- David H. Wunder

**Retirement Plan Review**

- John A. Wing  
*Chairman*
- James J. McCormack
- John C. Printon
- \*James W. Ratzlaff
- Conrad S. Young

**Uniform Practice**

- Henry C. Alexander  
*Chairman*
- Robert C. Dissett
- \*Frances B. Dyleski
- \*Raymond C. Holland
- \*Benjamin L. Lubin
- B. Mills Sinclair
- \*James F. Wade
- Joe C. Welier

**Variable Contracts**

- \*James J. McCormack  
*Chairman*
- Bruce Avedon
- Robert Butler
- Harold Engelman
- Donald A. Kinney
- John Longmore
- \*James W. Ratzlaff
- Milton F. Svetanics, Jr.
- \*Conrad S. Young

**AD HOC COMMITTEES**

**Rule and By-Law Amendments**

- John A. Wing  
*Chairman*
- Gerald B. Brenzel
- Robert R. Googins
- \*David Marcus
- J. Stephen Putnam
- John R. Winsor

**Sec Rule 10b-6**

- Peter A. Bernard  
*Chairman*
- Alan B. Levenson
- \*William B. Madden
- \*Bruce A. Mann
- Joseph McLaughlin
- \*Ernest F. Rice, Jr.

\*Member NASD Board of Governors

# District Committees 1981

The District Committees are elected by NASD member firms in their respective areas. They supervise NASD programs in the Districts and serve as Business Conduct Committees, which review the reports of NASD examiners, investigate complaints against members, conduct disciplinary proceedings and impose penalties for violations of Federal and state laws and of the NASD's Rules of Fair Practice. The Chairmen of the District Committees are the Advisory Council to the Board of Governors.

## District 1

ALASKA  
IDAHO  
MONTANA  
OREGON  
WASHINGTON

Chairman  
**J. Sheldon Jones**  
June S. Jones Co.  
Portland, Oregon



Committee Members  
William G. Papesh,  
*Vice Chairman*  
Murphey Favre, Inc.  
Spokane, Washington

F. David Finch  
Merrill Lynch, Pierce,  
Fenner & Smith Incorporated  
Portland, Oregon

Samuel J. Goodwin  
Kidder Peabody & Co.  
Incorporated  
Portland, Oregon

Robert D. Kraus  
Smith Barney, Harris Upham & Co.  
Incorporated  
Portland, Oregon

James P. Mendenhall  
Bache Halsey Stuart Shields  
Incorporated  
Seattle, Washington

Rod A. Moore  
Adams, Hess, Moore & Co.  
Portland, Oregon

William J. Rex  
Foster & Marshall Inc.  
Seattle, Washington

Phillip L. Sandberg  
P.L. Sandberg & Co., Inc.  
Spokane, Washington

Bradford M. Patterson  
*Director*  
1 Union Square, Suite 1911  
Seattle, Washington 98101  
(206) 624-0790

93 MEMBERS  
424 BRANCHES

## District 2

CALIFORNIA  
HAWAII  
NEVADA

Co-Chairmen  
**Murray L. Finebaum**  
Cantor, Fitzgerald & Co., Inc.  
Beverly Hills, California



**Arnold L. Hoffman**  
Drexel Burnham Lambert  
Incorporated  
San Francisco, California



Committee Members  
Richard J. Becker  
Bateman Eichler, Hill Richards,  
Incorporated  
Los Angeles, California

Thomas A. Belshe  
E.F. Hutton & Company, Inc.  
San Francisco, California

Robert H. Bothner  
Wagenseller & Durst, Inc.  
Los Angeles, California

Leland S. Bright  
Sage Financial Corporation  
La Jolla, California

Robert Cray  
Shuman, Agnew & Co., Inc.  
San Francisco, California

John J. Doughty  
Daniel Reeves & Co. Incorporated  
Los Angeles, California

Theodore G.M. Jung  
Bache Halsey Stuart Shields  
Incorporated  
Honolulu, Hawaii

Richard A. Kellogg  
Paine, Webber, Jackson & Curtis  
Incorporated  
Los Angeles, California

James D. Klein  
Paine, Webber, Jackson & Curtis  
Incorporated  
San Francisco, California

Walter Klosterman  
Dean Witter Reynolds, Inc.  
Laguna Hills, California

Thomas E. Mullen  
San Diego Securities Incorporated  
San Diego, California

Kenneth E. Nitzberg  
Equitec Securities Company  
Lafayette, California

Richard C. Otter  
Davis, Skaggs & Co., Inc.  
San Francisco, California

Lawrence R. Rice  
Morgan, Olmstead, Kennedy &  
Gardner, Incorporated  
Los Angeles, California

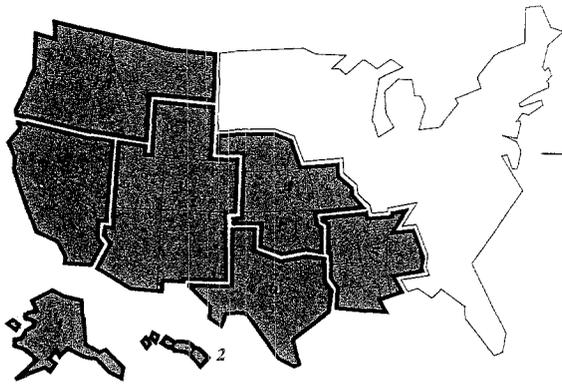
Ernest H. Ruehl  
Henry F. Swilt & Co.  
San Francisco, California

Daniel E. Stone  
Stone & Youngberg  
San Francisco, California

Theodore F. Schmidt  
*Director*  
425 California Street, Room 1400  
San Francisco, California 94104  
(415) 781-3434

William J. Radding, Jr.  
*Director*  
727 W. Seventh Street  
Los Angeles, California 90017  
(213) 627-2122

422 MEMBERS  
1386 BRANCHES



### District 3

ARIZONA  
COLORADO  
NEW MEXICO  
UTAH  
WYOMING

Chairman

**Edwin J. Pittock**  
E.J. Pittock & Co. Inc.  
Denver, Colorado



Committee Members

**Burton A. Struthers**  
*Vice Chairman*  
E.F. Hutton & Company, Inc.  
Tucson, Arizona

**Larry D. Hayden**  
Hanifen, Imhoff & Samford, Inc.  
Denver, Colorado

**Richard Hufnagel**  
Boettcher & Company  
Denver, Colorado

**John F. Mohar**  
Quinn and Company  
Albuquerque, New Mexico

**Darlene V. Oughtred**  
Manequity, Inc.  
Englewood, Colorado

**James Peck**  
Dain, Bosworth Incorporated  
Casper, Wyoming

**Robert W. Plenge**  
Plenge, Thomas & Nofer, Inc.  
Phoenix, Arizona

**George J. Potter**  
Potter Investment Co.  
Salt Lake City, Utah

**Samuel Wilson**  
Wilson-Davis & Co.  
Salt Lake City, Utah

**Frank J. Birgfeld**  
*Director*  
909 17th Street, Room 608  
Denver, Colorado 80202  
(303) 825-7234

### District 4

KANSAS  
MISSOURI  
NEBRASKA  
OKLAHOMA

Chairman

**Carl Hohnbaum**  
B.C. Christopher & Company  
Kansas City, Missouri



Committee Members

**Fred M. Cotsworth**  
*Vice Chairman*  
Smith, Moore & Co.  
St. Louis, Missouri

**Robert L. Bagby**  
A.G. Edwards & Sons, Inc.  
St. Louis, Missouri

**Bradley W. Beebe**  
Shearson/American Express, Inc.  
Kansas City, Missouri

**J. Paul Cunningham**  
E.F. Hutton & Company, Inc.  
Oklahoma City, Oklahoma

**Karl B. Groth**  
Chiles, Heider & Co., Inc.  
Omaha, Nebraska

**A. Wayne Harrison**  
Independent Investors Services, Inc.  
Overland Park, Kansas

**John H. Henning**  
George K. Baum & Company  
Kansas City, Missouri

**Woodrow R. McCoskey**  
Stifel, Nicolaus & Company,  
Incorporated  
St. Louis, Missouri

**F. Scott Perkins**  
Perkins and Company, Inc.  
Garden City, Kansas

**Lawrence R. Sobol**  
Edward D. Jones & Co.  
Maryland Heights, Missouri

**Floyd Steiner**  
First Securities Company of Kansas,  
Incorporated  
Wichita, Kansas

**Bill T. Wall**  
Stern Brothers & Co.  
Kansas City, Missouri

**Jack Rosenfield**  
*Director*  
911 Main Street, Suite 2230  
Commerce Tower Building  
Kansas City, Missouri 64105  
(816) 421-3930

### District 5

ALABAMA  
ARKANSAS  
LOUISIANA  
MISSISSIPPI  
WESTERN  
TENNESSEE

Chairman

**David B. Coates**  
T.J. Raney & Sons, Inc.  
Little Rock, Arkansas



Committee Members

**John B. Dickey**  
*Vice Chairman*  
John B. Dickey & Co.  
Paragould, Arkansas

**Das A. Borden**  
Das A. Borden & Associates  
Muscle Shoals, Alabama

**Benjamin F. Hamel, Jr.**  
Merrill Lynch, Pierce,  
Fenner & Smith Incorporated  
Mobile, Alabama

**Joseph D. Jolly, Jr.**  
Joe Jolly & Co., Inc.  
Birmingham, Alabama

**John B. Levert, Jr.**  
Howard, Weil, Labouisse, Friedrichs  
Incorporated  
New Orleans, Louisiana

**W. Thad McLaurin**  
Doty, McLaurin & Taylor, Inc.  
Jackson, Mississippi

**Joseph C. Weller**  
Morgan, Keegan & Company, Inc.  
Memphis, Tennessee

**A. Duncan Williams**  
A. Duncan Williams, Inc.  
Memphis, Tennessee

**John J. Zollinger, III**  
Scharff & Jones, Incorporated  
New Orleans, Louisiana

**Edward J. Newton**  
*Director*  
1004 Richards Building  
New Orleans, Louisiana 70112  
(504) 522-6527

### District 6

TEXAS

Chairman

**C. Thomas May, Jr.**  
May, Cullum, Ragland & Brittain, Inc.  
Dallas, Texas



Committee Members

**Diana L. Boswell**  
*Vice Chairwoman*  
John Nuveen & Co., Incorporated  
Austin, Texas

**Saul P. Baker**  
First Southwest Company  
Dallas, Texas

**Alan K. Goldfarb**  
Financial Strategies Investment  
Corporation  
Dallas, Texas

**Robert J. Moosy**  
Merrill Lynch, Pierce,  
Fenner & Smith Incorporated  
Lubbock, Texas

**J. Marvin Moreland, Jr.**  
Greer Moreland Fosdick Shepherd,  
Inc.  
Houston, Texas

**Richard C. Webb**  
Rotan Mosle, Inc.  
Houston, Texas

**Charles E. Zivney**  
Paine, Webber, Jackson & Curtis  
Incorporated  
Fort Worth, Texas

**Peter M. Walker**  
*Director*  
1610 Metropolitan Federal Savings  
Building  
1407 Main Street  
Dallas, Texas 75202  
(214) 742-4103

147 MEMBERS  
557 BRANCHES

135 MEMBERS  
479 BRANCHES

110 MEMBERS  
336 BRANCHES

172 MEMBERS  
512 BRANCHES

## District 7

FLORIDA  
GEORGIA  
SOUTH CAROLINA  
EASTERN TENNESSEE  
CANAL ZONE  
PUERTO RICO  
VIRGIN ISLANDS

Chairman  
**G.C. McCall, Jr.**  
J.C. Bradford & Co.  
Nashville, Tennessee



### Committee Members

**James H. Gaff**  
*Vice Chairman*  
Paine, Webber, Jackson & Curtis,  
Incorporated  
Ft. Lauderdale, Florida

**Nelson B. Arrington, Jr.**  
V.M. Manning & Co., Inc.  
Greenville, South Carolina

**David J. Fischer**  
Fischer, Johnson, Allen & Burke,  
Incorporated  
St. Petersburg, Florida

**Alan S. Pareira**  
First Equity Corporation of Florida  
Miami, Florida

**William F. Reed**  
Integrated Resources Equity  
Corporation  
Ft. Lauderdale, Florida

**Robert M. Varn**  
Kidder, Peabody & Co., Incorporated  
Atlanta, Georgia

**Robert L. Walters**  
Provident National Assurance  
Company  
Chattanooga, Tennessee

**John L. Watson, III**  
The Robinson-Humphrey  
Company, Inc.  
Atlanta, Georgia

**Bennett Whipple**  
*Director*  
1100 Atlanta Center  
250 Piedmont Avenue, N.E.  
Atlanta, Georgia 30308  
(404) 658-9191

220 MEMBERS  
925 BRANCHES

## District 8

ILLINOIS  
INDIANA  
IOWA  
MICHIGAN  
MINNESOTA  
NORTH DAKOTA  
SOUTH DAKOTA  
WISCONSIN

Chairman  
**John E. McAvish**  
John Nuveen & Co., Incorporated  
Chicago, Illinois



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424 MEMBERS  
1317 BRANCHES

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OHIO

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82 MEMBERS  
350 BRANCHES

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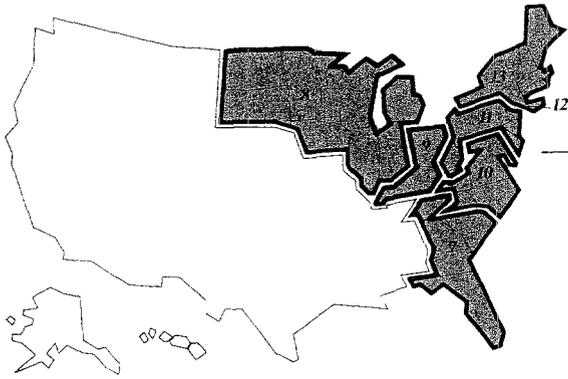
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(202) 331-7737

117 MEMBERS  
457 BRANCHES



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WEST VIRGINIA

\*With exception  
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to New York City

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(215) 665-1180

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\*Includes adjacent  
NY and NJ counties

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Weeden, Inc.  
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Marquette de Bary Co., Inc.  
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Society of the United States  
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Fahnestock & Co.  
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Scandinavian Securities Corporation  
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Bernard L. Madoff  
New York, New York

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Jersey City, New Jersey

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Dillon, Read & Co., Inc.  
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Paine, Webber, Jackson & Curtis  
Incorporated  
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New Court Securities Corporation  
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Merrill Lynch, Pierce,  
Fenner & Smith Incorporated  
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*Vice President, Director*  
Two World Trade Center,  
South Tower, 98th Floor  
New York, New York 10048  
(212) 938-1177

### District 13

CONNECTICUT  
MAINE  
MASSACHUSETTS  
NEW HAMPSHIRE

NEW YORK \*  
RHODE ISLAND  
VERMONT

\*With the exception  
of New York City  
and adjacent counties

Chairman  
**Carl P. Sherr**  
Carl P. Sherr & Company,  
Worcester, Massachusetts



Committee Members  
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Hartford, Connecticut

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Moseley, Hallgarten & Estabrook Inc.  
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Bache Halsey Stuart Shields  
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Tucker, Anthony & R.L. Day, Inc.  
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*Director*  
50 Milk Street  
Boston, Massachusetts 02109  
(617) 482-0466

208 MEMBERS  
550 BRANCHES

857 MEMBERS  
524 BRANCHES

278 MEMBERS  
597 BRANCHES

**Balance Sheets**  
(dollars in thousands)

**NASD, Inc.**  
**NASDAQ, Inc.**

September 30,

	1981			1980		
	NASD	NASDAQ	Consolidated	NASD	NASDAQ	Consolidated
<b>Assets</b>						
<b>Current assets</b>						
Cash	\$ 187	\$ 226	\$ 413	\$ 203	\$ 179	\$ 382
Marketable debt securities, principally U.S. Government, at cost (approximate market value for 1981: NASD \$16,319, NASDAQ \$5,962; for 1980: NASD \$13,133, NASDAQ \$11,770)	17,726	6,259	23,985	13,927	11,932	25,859
Interest and other current receivables	1,874	1,281	2,815	1,395	1,097	2,379
Total current assets	19,787	7,766	27,213	15,525	13,208	28,620
<b>Investments in</b>						
NASDAQ, Inc. at equity in net assets (Notes 1 and 2)	15,303			12,991		
National Securities Clearing Corporation, at cost (Note 2)	300		300	300		300
Depository Trust Company, at cost (Note 4)	187		187	191		191
Special investment account, at lower of cost or market (Note 7)	286		286	263		263
Data processing, subscriber equipment and software, at cost less accumulated depreciation and amortization of \$84 (NASD) and \$6,123 (NASDAQ) in 1981, and \$8,483 (NASDAQ) in 1980 (Notes 2 and 6)	576	14,579	15,155	456	1,439	1,895
Land, building and improvements, at cost less accumulated depreciation of \$802 (NASD) and \$142 (NASDAQ) in 1981, and \$698 (NASD) and \$87 (NASDAQ) in 1980 (Notes 2 and 5)	3,164	1,469	4,633	2,875	1,167	4,042
Furniture, equipment and leasehold improvements, at cost less accumulated depreciation and amortization of \$166 (NASD) and \$42 (NASDAQ) in 1981, and \$28 (NASD) and \$22 (NASDAQ) in 1980 (Note 2)	1,962	269	2,231	533	203	736
Other assets	339		339	299		299
	<u>\$41,904</u>	<u>\$24,083</u>	<u>\$50,344</u>	<u>\$33,433</u>	<u>\$16,017</u>	<u>\$36,346</u>
<b>Liabilities and Association Equity</b>						
<b>Current liabilities</b>						
Accounts payable and accrued expenses	\$ 3,502	\$ 3,994	\$ 7,156	\$ 1,623	\$ 1,026	\$ 2,536
Prepaid NASDAQ issuers fees	2,781		2,781	2,123		2,123
Loans payable, 5%-6%	320		320	320		320
Current portion of mortgage payable	131		131	124		124
Current portion of note payable (Note 5)					2,000	2,000
Current portion of obligations under capital lease (Note 6)		833	833			
Total current liabilities	6,734	4,827	11,221	4,190	3,026	7,103
<b>Long-term liabilities</b>						
Accrued deferred compensation	286		286	263		263
Mortgage payable (Note 5)	451		451	582		582
Obligations under capital lease (Note 6)		3,953	3,953			
Total liabilities	7,471	8,780	15,911	5,035	3,026	7,948
Association equity	34,433	15,303	34,433	28,398	12,991	28,398
Commitments and contingencies (Notes 5, 6 and 9)						
	<u>\$41,904</u>	<u>\$24,083</u>	<u>\$50,344</u>	<u>\$33,433</u>	<u>\$16,017</u>	<u>\$36,346</u>

# Statements of Operations and Association Equity

(dollars in thousands)

NASD, Inc.  
NASDAQ, Inc.

	Year Ended September 30,					
	1981			1980		
	NASD	NASDAQ	Consolidated	NASD	NASDAQ	Consolidated
<b>Income</b>						
Member assessments and branch office fees	\$10,651		\$10,651	\$ 9,204		\$ 9,204
NASDAQ user services fees		\$14,264	14,264		\$12,095	12,095
Registered representative fees						
Applications	2,748		2,748	2,107		2,107
Examinations	3,589		3,589	2,731		2,731
Corporate finance fees	3,502		3,502	2,139		2,139
Fines	750		750	454		454
Interest and other	2,313	1,880	3,896	1,645	1,422	2,954
NASDAQ issuers fees	5,896		5,896	4,133		4,133
Regulatory service NSCC (Note 3)	1,519		1,519	1,095		1,095
	<u>30,968</u>	<u>16,144</u>	<u>46,815</u>	<u>23,508</u>	<u>13,517</u>	<u>36,912</u>
<b>Expenses</b>						
Salaries and employee benefits	17,880	3,965	21,845	14,746	2,484	17,230
System operator's fees		2,967	2,967		3,612	3,612
Travel, meeting and investigation	1,973	488	2,461	1,747	449	2,196
Publication, supplies and postage (net of publication sales of \$105 in 1981 and \$91 in 1980)	1,698	321	2,019	1,231	265	1,496
Professional and other services	2,248	687	2,697	1,441	495	1,860
Occupancy (net of rent received of \$305 in 1981 and \$279 in 1980)	1,183	854	2,016	974	486	1,447
Telephone and office	970	337	1,307	765	188	953
Interest	36	270	306	42	280	322
Depreciation and amortization	308	1,390	1,698	109	608	717
Data processing and transmission (net of computer time sales of \$94 in 1981 and \$151 in 1980)	853	2,327	3,142	417	1,758	2,151
Other	96	226	322	56	848	904
	<u>27,245</u>	<u>13,832</u>	<u>40,780</u>	<u>21,528</u>	<u>11,473</u>	<u>32,888</u>
<b>Net income</b>						
NASD	3,723			1,980		
NASDAQ, Inc.	2,312	2,312		2,044	2,044	
Consolidated	6,035		6,035	4,024		4,024
<b>Association equity, beginning of year</b>	<u>28,398</u>	<u>12,991</u>	<u>28,398</u>	<u>24,374</u>	<u>10,947</u>	<u>24,374</u>
<b>Association equity, end of year</b>	<u>\$34,433</u>	<u>\$15,303</u>	<u>\$34,433</u>	<u>\$28,398</u>	<u>\$12,991</u>	<u>\$28,398</u>

# Statements of Changes in Financial Position

(dollars in thousands)

NASD, Inc.  
NASDAQ, Inc.

	Year Ended September 30,					
	1981			1980		
	NASD	NASDAQ	Consolidated	NASD	NASDAQ	Consolidated
<b>Financial resources were provided by:</b>						
Net income	\$ 3,723	\$ 2,312		\$ 1,980	\$ 2,044	
Net income of NASDAQ, Inc.	<u>2,312</u>			<u>2,044</u>		
	6,035	2,312	\$ 6,035	4,024	2,044	\$ 4,024
<b>Items not affecting working capital in the period:</b>						
Net income of NASDAQ, Inc.	(2,312)			(2,044)		
Depreciation and amortization	308	1,390	1,698	109	608	717
Loss on disposition of furniture, equipment and leasehold improvements				2		2
Loss (gain) on disposition of data processing, subscriber equipment and software		(13)	(13)		7	7
Working capital provided by operations	<u>4,031</u>	<u>3,689</u>	<u>7,720</u>	<u>2,091</u>	<u>2,659</u>	<u>4,750</u>
Decrease in investment in Depository Trust Company	4		4	8		8
Increase in obligation in capital leases		3,953	3,953			
Proceeds from disposition of data processing, subscriber equipment and software		42	42		4	4
	<u>4,035</u>	<u>7,684</u>	<u>11,719</u>	<u>2,099</u>	<u>2,663</u>	<u>4,762</u>
<b>Financial resources were used for:</b>						
Purchase of data processing, subscriber equipment and software	204	14,484	14,688	455	1,213	1,668
Purchase of land, building and improvements, furniture, equipment and leasehold improvements	1,942	443	2,385	506	1,279	1,785
Increase (decrease) in other assets	40		40	44	(13)	31
Decrease in long-term note payable					2,000	2,000
Decrease in long-term mortgage payable	131		131	124		124
	<u>2,317</u>	<u>14,927</u>	<u>17,244</u>	<u>1,129</u>	<u>4,479</u>	<u>5,608</u>
<b>Increase (decrease) in working capital</b>	<u>\$ 1,718</u>	<u>\$ (7,243)</u>	<u>\$ (5,525)</u>	<u>\$ 970</u>	<u>\$ (1,816)</u>	<u>\$ (846)</u>
<b>Analysis of Changes in Working Capital</b>						
<b>Increase (decrease) in current assets</b>						
Cash	\$ (16)	\$ 47	\$ 31	\$ (29)	\$ 35	\$ 6
Marketable debt securities	3,799	(5,673)	(1,874)	865	(1,020)	(155)
Interest and other current assets	479	184	436	461	(182)	329
	<u>4,262</u>	<u>(5,442)</u>	<u>(1,407)</u>	<u>1,297</u>	<u>(1,167)</u>	<u>180</u>
<b>Decrease (increase) in current liabilities</b>						
Accounts payable and accrued expenses	(1,879)	(2,968)	(4,620)	35	(649)	(664)
Prepaid NASDAQ issuers fees	(658)		(658)	(355)		(355)
Current portion of note payable		2,000	2,000			
Current portion of mortgage payable	(7)		(7)	(7)		(7)
Current portion of capital lease obligation		(833)	(833)			
	<u>(2,544)</u>	<u>(1,801)</u>	<u>(4,118)</u>	<u>(327)</u>	<u>(649)</u>	<u>(1,026)</u>
<b>Increase (decrease) in working capital</b>	<u>\$ 1,718</u>	<u>\$ (7,243)</u>	<u>\$ (5,525)</u>	<u>\$ 970</u>	<u>\$ (1,816)</u>	<u>\$ (846)</u>

**1. Organization**

The National Association of Securities Dealers, Inc. (NASD) is a not-for-profit membership association established to regulate the over-the-counter securities market. NASDAQ, Inc., which operates the NASDAQ quote information system, National Clearing Corporation (NCC) and NASD Market Services, Inc. (MSI) are wholly-owned subsidiaries of the NASD.

**2. Summary of Significant Accounting Policies**

**Basis of Financial Statement Presentation**

The consolidated financial statements include the accounts of the NASD, NASDAQ, Inc., MSI and NCC after elimination of all significant intercompany transactions.

In November, 1979, NASD Market Services was formed primarily for the purpose of establishing national market facilities to assist the NASD in carrying out its regulatory responsibilities and for the benefit of the NASD members in their pursuit of efficient execution of securities transactions. The assets, liabilities and operations of MSI have been consolidated with the NASD in the accompanying financial statements. No revenues were generated by MSI for the years ended September 30, 1981 and 1980.

NCC owns a one-third interest in the National Securities Clearing Corporation (NSCC). NCC's operations are not significant. The assets (consisting principally of the investment in NSCC), liabilities and operations of NCC have been consolidated with the NASD in the accompanying financial statements. The investment in NSCC is carried at cost since that corporation is controlled by the users of the clearing facilities and does not intend to pay dividends to its shareholders.

**Depreciation and Amortization**

NASD's building and improvements are being depreciated on a straight-line basis over lives of 38 and 10 years, respectively. Furniture and equipment is being depreciated on a straight-line basis over 10 years.

NASDAQ, Inc.'s and NASD's data processing, subscriber equipment and software are depreciated on a straight-line basis over 6 years. Other NASDAQ equipment and furniture and fixtures are being depreciated over useful lives of from 4 to 10 years. NASDAQ, Inc.'s building and improvements are being depreciated on a straight-line basis over lives of 30 and 10 years, respectively.

**Software Costs**

Purchased software, developed by others, is capitalized if it has a continuing value and is considered an integral part of purchased hardware. All other software research and development costs are charged to expense as incurred.

**Prepaid NASDAQ Issuers Fees**

Prepaid NASDAQ issuers fees are deferred and included in income of the applicable fiscal year.

**Income Taxes**

NASD and NASDAQ, Inc. are tax-exempt not-for-profit organizations. In March 1981, the Internal Revenue Service ruled MSI a taxable entity. MSI recognizes certain expenses, principally depreciation, in different periods for income tax purposes than for financial reporting purposes. Investment tax credits, to the extent available, are accounted for under the flow-through method.

**3. Related Party Transactions**

NASDAQ, Inc. utilizes the services of NASD employees. NASD bills NASDAQ, Inc. for these services and for other expenses incurred on its behalf. In addition, NASD provides NSCC regulatory services relating to NASD members who are also members of NSCC. Billings from NASD

for the years ended September 30, 1981 and 1980 for these activities were:

	1981	1980
NASDAQ, Inc.	\$4,570,000	\$3,414,000
NSCC, regulatory fees	1,519,000	1,095,000

Accounts payable to NASD consist of the following:

	September 30,	
	1981	1980
NASDAQ, Inc.	\$233,000	\$184,000
NSCC	314,000	313,000

**4. Investment in Depository Trust Company**

NASD owns 6% of the outstanding shares of Depository Trust Company (DTC). Entitlement to own shares of DTC is redetermined each year based on usage of its facilities.

**5. Note and Mortgage Payable**

NASD's land and building are pledged as security for a 5½% mortgage. The mortgage loan is payable through 1985 in equal monthly instalments of principal and interest of \$13,000.

NASD had guaranteed payment of a 10½% note issued by NASDAQ, Inc., the principal of which was payable in annual instalments of \$2,000,000. The final payment was made in February 1981.

**6. Capitalized Lease**

NASDAQ, Inc.'s data processing, subscriber equipment and software at September 30, 1981 includes the capitalization of a computer lease of \$5,133,000. The current year amortization and related accumulated amortization at September 30, 1981 is \$428,000. The initial term of the lease is 76 months. Minimum lease payments are \$928,000 per year for 1982 through 1986 and \$327,000 in 1987. The present value of future minimum lease payments is \$4,800,000 resulting in imputed interest of \$435,000.

**7. Retirement Benefits and Deferred Compensation**

NASD maintains a savings plan and a defined benefit pension plan for the benefit of all eligible employees. Current service costs are funded as they accrue. Unfunded prior service costs are being funded over a period of 30 years.

Savings plan expense for the years 1981 and 1980 was \$257,000 and \$212,000, respectively.

Pension expense for the years 1981 and 1980 aggregated \$1,010,000 and \$792,000, respectively. A comparison of accumulated pension plan benefits and net pension plan assets as of the most recent valuation dates is presented below:

	January 1,	
	1981	1980
Actuarial present value of accumulated plan benefits:		
Vested	\$2,318,000	\$2,042,000
Nonvested	910,000	743,000
	<u>\$3,228,000</u>	<u>\$2,785,000</u>
Net assets available for plan benefits	<u>\$4,570,000</u>	<u>\$3,557,000</u>

The average assumed rate of return used in determining the actuarial present value of

accumulated plan benefits was 6% for 1981 and 1980.

The Special Investment Account represents amounts set aside to fund the accrued deferred compensation which relates to four former or current employees who have been granted extended retirement and death benefits.

**8. Income Taxes**

MSI has net operating loss and investment tax credit carry-forwards available for future utilization as follows:

Year Expires	Net Operating Loss		Investment Tax Credit
	Book	Tax	Book and Tax
1995	\$ 900,000	\$ 900,000	\$ 45,000
1996	2,189,000	2,148,000	204,000
	<u>\$3,089,000</u>	<u>\$3,048,000</u>	<u>\$249,000</u>

**9. Commitments and Contingencies**

In connection with the operations of its district offices, NASD leases office space in various locations. Office and equipment rental expense amounted to \$1,369,000 and \$1,214,000 for the years ended September 30, 1981 and 1980, respectively. Minimum lease payments for the succeed-

ing fiscal years are as follows: \$996,000 in 1982, \$967,000 in 1983, \$933,000 in 1984, \$779,000 in 1985, \$689,000 in 1986 and \$4,171,000 from 1987 through 1995. No lease extends beyond 1995. The majority of these leases contain escalation clauses based on increases in property taxes and building operation costs.

NASDAQ, Inc. incurred office and equipment rental expense of \$520,000 and \$883,000 for the years ended September 30, 1981 and 1980, respectively. Minimum commitments for these expenses for the succeeding fiscal years are \$163,000 per year for 1982 through 1986 and \$54,000 in 1987.

During the current year and prior to opinion date, the Companies entered into contractual agreements for the purchase of computer hardware and software. At September 30, 1981, the amount outstanding on these agreements was approximately \$7,551,000.

There are legal proceedings pending against the NASD separately or with others. Management believes, based upon the opinion of counsel, that liabilities arising from these proceedings, if any, will not have a materially adverse effect on the NASD.

*Report of  
Independent  
Accountants*

To the Board of Governors of  
National Association of Securities  
Dealers, Inc. and NASDAQ, Inc.

In our opinion, the accompanying individual and consolidated balance sheets and the related statements of operations and Association equity and of changes in financial position present fairly the financial positions of the National Association of Securities Dealers, Inc. (NASD) and its subsidiary NASDAQ, Inc. at September 30, 1981 and 1980, and the individual and consolidated results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Washington, D.C.  
December 22, 1981

Price Waterhouse



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