

Notice To Members

National Association of Securities Dealers, Inc.

March 1989

Number 89-27

Suggested Routing:*

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

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

Subject: Treasury Finalizes Two Amendments Re: Currency Transactions; Reissues Current Currency Transaction Report Form

EXECUTIVE SUMMARY

The Department of Treasury recently finalized two amendments to the Bank Secrecy Act (the Act) regulations. One amendment adds a definition of "structuring" to the anti-structuring provision, which prohibits an individual from designing a scheme to conduct transactions under the \$10,000 reporting threshold to evade the currency-reporting requirements.

The second amendment clarifies that, if an individual conducts currency transactions for another person, the individual must disclose the

name of that other person on the Currency Transaction Report and that the financial institution receiving the cash must seek to ascertain this information.

These amendments, which became effective February 22, 1989, do not impose new obligations on members, but instead serve to eliminate ambiguity and codify existing interpretations. Also, Treasury recently reissued the current Form 4789, Currency Transaction Report, for use through December 31, 1989.

BACKGROUND

SEC Rule 17a-8 requires broker-dealers that are subject to the requirements of the Act to file reports and make and preserve records in accordance with the regulations promulgated pursuant to the Act, Part 103, Title 31 of the Code of Federal Regulations. Under the regulations, members must report all cash transactions of \$10,000 or more. However, to avoid this reporting, some individuals break down their transactions involving \$10,000 or more in currency into smaller transactions so that none exceeds the \$10,000 threshold.

Such arrangements can constitute a criminal violation for evasion of the regulations' currency-reporting requirements.

EXPLANATION

The anti-structuring provision was incorporated into the Act in 1986 by Congress, and thereafter into the regulations, to combat the problem of drug traffickers and other money launderers who routinely engage in transactions under the \$10,000 reporting threshold to conceal their activities from law enforcement authorities. This provision was meant to clarify that all

currency transaction structuring schemes are unlawful, regardless of whether the \$10,000 threshold is met at a single financial institution on a single day. Since the provision was enacted, however, Treasury has received many inquiries as to exactly what the term "structuring" means and indications of concern by financial institutions that neither the statute itself nor the regulation defines "structure" or "structuring."

In June 1988, in response to these concerns, Treasury proposed adding a definition of "structure" and "structuring" to the regulations. This is now finalized. Section 103.11, Meaning of Terms, is amended to include the following definition:

[n] Structure (structuring). For purposes of section 103.53, a person structures a transaction if that person, acting alone, or in conjunction with, or on behalf of, other persons, conducts or attempts to conduct one or more transactions in currency, in any amount, at one or more financial institutions, on one or more days, in any manner, for the purpose of evading the reporting requirements under section 103.22 of this Part. "In any manner" includes, but is not limited to, the breaking down of a single sum of currency exceeding \$10,000 into smaller sums, including sums at or below \$10,000 or the conduct of a transaction, or series of currency transactions, including transactions at or below \$10,000. The transaction or transactions need not exceed the \$10,000 reporting threshold at any single financial institution on any single day in order to constitute structuring within the meaning of this definition.

In adopting this amendment, Treasury notes that the change does not impose additional recordkeeping or tracking responsibilities upon financial institutions. The amendment merely codifies the existing interpretation of structuring. Members are not required to set up separate tracking systems to detect currency transactions that aggregate to more than \$10,000 during more than one business day. However, members are reminded that if they become aware of situations in which individuals intentionally may be structuring transactions to evade the currency-reporting requirements, they should report this to the Internal Revenue Service. Members may wish to refer to *Notice to Members 89-12*, which discusses this

topic of structuring in greater detail.

The second amendment adopted by Treasury clears up some ambiguity in Section 103.27 by conforming the language in the regulation more closely to that of the statute. Section 31 U.S.C. 5313 of the Act itself states that "a participant acting for another person shall make the report as agent or bailee of the person and identify the person for whom the transaction is being made. In Section 103.27 of the regulations, however, the language requires a financial institution to verify the identification of any person or entity "for whose or which account" a reportable currency transaction is to be effected. Although Treasury's use of the phrase "for whose or which account" was not meant to identify a customer account relationship but rather to be synonymous with the phrase "on behalf of," some confusion has arisen.

To resolve this confusion, Treasury has changed the wording in Section 103.27 from "for whose or which account" to "on whose behalf." This change makes it clear that the financial institution must obtain the identity of and other required information about the person for whom a currency transaction is conducted. This change is not a new requirement. Financial institutions should have been obtaining this information all along and placing it in Part II of Form 4789, Currency Transaction Report.

The Treasury release announcing these changes, which contains additional information (including some examples of how the amendments apply in practical situations) can be found in the *Federal Register* for January 23, 1989.

In a related matter, on January 24, 1989, Treasury announced that it is reissuing without change the current Form 4789, the Currency Transaction Report, which should be used by members until December 31, 1989. Filers may use the old (1988) version of the form until the new version becomes available. Treasury also announced plans to introduce a revised Form 4789 by mid-year, but said there will be a six-month lead time for both financial institutions and Treasury to adjust procedures to handle the revised form.

Questions concerning this Notice can be directed to Susan Lang, Senior Research Analyst, NASD Surveillance Department, at (202) 728-6969.

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Subject: Approval and Immediate Effectiveness of Amendment to Definition of "Bona Fide Research" Under Article III, Section 24 of NASD Rules of Fair Practice

EXECUTIVE SUMMARY

The SEC has approved amendments to Article III, Section 24(b)(2) of the NASD Rules of Fair Practice and the Board of Governors' Interpretation thereunder that conform the definition of "bona fide research" to the standard previously announced by the Securities and Exchange Commission with respect to the meaning of "research" under Section 28(e) of the Securities Exchange Act of 1934, as amended. The text of the amendments follows this notice.

BACKGROUND

The Securities and Exchange Commission (SEC) recently approved amendments to Section 24(b)(2) of Article III of the NASD Rules of Fair Practice and the Board of Governor's Interpretation thereunder. (See Securities Exchange Act Release No. 26500, January 27, 1989.) The Amendments are intended to conform the definition of "bona fide research" to the standard announced by the SEC in 1986 with respect to the meaning of "research" under Section 28(e) of the Securities Exchange Act of 1934, as amended.

In October 1988, the NASD issued *Notice to*

Members 88-72, which solicited a member vote on the amendment to Section 24(b)(2), and membership approval was subsequently obtained.

Section 24(a) of Article III of the NASD Rules of Fair Practice provides that, in connection with the sale of securities that are part of a fixed-price offering, no NASD member may grant selling concessions, discounts, or other allowances to anyone other than another broker-dealer for services rendered in distribution; provided, however, that nothing in the section prohibits any NASD member from selling any such securities to any person or account to which it has provided or will provide "bona fide research" if the stated public offering price is paid by the purchaser.¹

The amendments change the definition of "bona fide research" contained in Section 24(b) of Article III of the NASD Rules of Fair Practice (Section 24(b) definition) and makes conforming changes to the Interpretation of the Board of Governors under Section 24, which interprets and explains the Section 24(b) definition (Interpretation). Prior to the amendments, the term "bona fide research" contained in Section 24(b)(2) was defined to exclude "products or services that are readily and customarily available and offered to the general public on a commercial basis. . .".

The prior definition was originally incor-

porated into the NASD rules as part of a larger package of new rules submitted by the NASD to the SEC regulating the granting by NASD members of selling concessions, discounts, and other allowances in connection with sales of fixed price offerings.² The definition incorporated the SEC's original interpretation of the term "research" under Section 28(e)(3), which it had published in Securities Exchange Act Release No. 12251 (March 24, 1976) and which excluded as permissible "research" products or services that are readily and customarily available and offered to the general public on a commercial basis.³ The Board of Governors' Interpretation following Section 24 stated that for guidance concerning the meaning of "bona fide research" under Section 24(b), NASD members should refer to the 1976 SEC interpretation of the definition of "research."

However, on April 30, 1986, the SEC withdrew its 1976 standard and announced a revised standard to be used in determining what products and services shall be deemed protected "research" under Section 28(e).⁴ The SEC, in its 1986 release, stated that the controlling principle to be used to determine whether something is research under the statute is ". . . whether it provides lawful and appropriate assistance to the money manager in the performance of his investment decision-making responsibilities." The Commission stated that, under the revised standard, the fact that a product or service is readily and customarily available and offered to the general public on a commercial basis does not dictate the conclusion that the product or service is not "research", as was the case under its earlier 1976 standard.

Accordingly, the amendment changes Section 24(b)(2) of Article III of the NASD Rules of Fair Practice and the Board of Governors' Interpretation thereunder to eliminate the exclusion from the definition for products and services that are

commercially available and to allow the standard established by the Commission in its most recent release to determine the parameters of "bona fide research."

The amendments also delete the reference to the SEC's 1976 release and substitute the SEC 1986 revised standard as well as any new interpretations that the SEC or its staff may issue in the future.

EFFECTIVENESS OF AMENDMENT

The amendment to the definition of "bona fide research" under Section 24(b) of Article III of the NASD Rules of Fair Practice and conforming amendments to the Board of Governors' Interpretation are effective immediately.

Questions concerning this notice may be directed to either Dennis C. Hensley, Vice President and Deputy General Counsel, at (202) 728-8245, or to John F. Mylod, Assistant General Counsel, at (202) 728-8288.

AMENDMENTS TO ARTICLE III, SECTION 24(b) OF NASD RULES OF FAIR PRACTICE AND BOARD OF GOVERNORS' INTERPRETATION

ARTICLE III, SECTION 24

(Note: Deleted language is bracketed; no new language is added.)

SELLING CONCESSIONS

In connection with the sale of securities which are part of a fixed price offering:

(a) A member may not grant or receive selling concessions, discounts, or other allowances except as consideration for services rendered in distribution and may not grant such concessions, discounts or other allowances to anyone other than a broker or dealer actually engaged in the investment banking or securities business; provided, however, that nothing in this Section shall prevent any member from (1) selling any such securities to any person, or account managed by any person, to whom it has provided or will provide bona fide research, if the stated public offering price for such securities is paid by the purchaser; or (2) selling any such securities owned by him to any person at any net price which may be fixed by him unless prevented therefrom by agreement.

(b) The term "bona fide research," when used in this Section, means advice, rendered either directly or through publications or writings, as to

¹ NASD Manual (CCH), ¶ 2174, pp. 2097-2098.

² The rule package, including the provisions proposed to be amended by this filing, came to be known as the "Papilsky" rules and were approved by the Commission December 12, 1980

³ Securities Exchange Act Release No. 12251 (March 24, 1976).

⁴ Securities Exchange Act Release No. 23170 (April 30, 1986).

the value of securities, the advisability of investing in, purchasing, or selling securities, and the availability of securities or purchasers or sellers of securities, or analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and performance of accounts; provided, however that [(1) investment management or investment discretionary services [and (2) products or services that are readily and customarily available and offered to the general public on a commercial basis] are not bona fide research.

INTERPRETATION OF THE BOARD OF GOVERNORS

(Note: New language is underlined; deleted language is bracketed.)

BONA FIDE RESEARCH EXCLUSION

While Section 24 provides that a member may grant or receive selling concessions, discounts and other allowances only as consideration for services rendered in distribution and may grant such concessions, discounts or other allowances only to brokers or dealers actually engaged in the investment banking or securities business, that Section also states that a member is not prohibited by Section 24 from selling securities at the stated public offering price to persons to whom it provides bona fide research. Accordingly, nothing in Section 24 prohibits a member from providing bona fide research to a customer who also purchases securities from fixed price offerings from the member whether or not there is an express or implied agreement between the member providing the research and the recipient that the member will be compensated for the research in cash, brokerage commissions, selling concessions or some other form of consideration.

The definition of bona fide research is substantially the same as the definition of the term research in Subsection 28(e)(3) of the Securities Exchange Act of 1934, as amended, and as interpreted by the Securities and Exchange Commission. Members should refer to the Commission's interpretation[s] in Securities Exchange Act Release No. 23170 (April 30, 1986) concerning the definition of research under Section 28(e) for guidance as well as to any interpretations of the Commission or its staff thereafter issued. [For example, in Securities Exchange Act Release No. 12251 (March 24, 1976) the Commission indicated

that items such as "newspapers, magazines and periodicals, directories, computer facilities and software, government publications, electronic calculators, quotation equipment, office equipment, airline tickets, office furniture and business supplies" are the type of products and services which are readily and customarily available and offered to the general public on a commercial basis. Accordingly, such services and products and other similar services and products are not bona fide research for purposes of Section 24.]

Moreover, while the provisions in the Section concerning bona fide research are intended to permit money managers to receive bona fide research from persons from whom securities are purchased, it is not intended to enable a money manager, who is also a member, to view its money management services as bona fide research. Accordingly, the performance of money management or investment discretionary services themselves are expressly excluded from the definition of bona fide research.

Another factor relating to bona fide research is that the research must be "provided by" the member who receives or retains the selling concession, discount or other allowance. Under Section 28(e) of the Securities Exchange Act of 1934, the Commission has stated that the "safe harbor" provided by Section 28(e) only extends to research that is "provided by" the broker to whom brokerage commissions are paid. In determining whether the exclusion for bona fide research under Section 24 is available in any given instance, members should refer to the interpretations of the Commission and its staff of the similar requirement applicable to Section 28(e). [In that regard, the Commission, in Securities Exchange Act Release No. 12251, stated that:

Section 28(e) might, under appropriate circumstances, be applicable to situations where a broker provides a money manager with research produced by third parties. . .]

Whether research is provided by the member will depend on all facts and circumstances surrounding the relationship of the member and the recipient of the research, relying upon interpretations by the Commission and staff with respect to similar questions under Section 28(e). See Securities Exchange Act Release 23170 (April 30, 1986).

INDIRECT DISCOUNTS

A member who, itself or through its affiliate, supplies another person with services or products

[which are readily and customarily available and offered to the general public on a commercial basis] which fail to qualify as bona fide research, or which, in the case of services or products other than bona fide research, are provided by the member or its affiliate to such person or others for cash or for some other agreed upon consideration, and also retains or receives selling concessions, discounts or other allowances from purchases by

that person or its affiliate of securities from a fixed price offering is improperly granting a selling concession, discount or other allowance to that person unless the member or its affiliate has been, or has arranged and reasonably expects to be, fully compensated for such services or products from sources other than the selling concession, discount or allowance retained or received on the sale.

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Subject: SOES Tier Levels to Change for 575 Issues on March 17, 1989

On June 30, 1988, the maximum SOES order size for all NASDAQ National Market System (NASDAQ/NMS) securities was established as follows:

■ A 1,000-share maximum order size was applied to those NASDAQ/NMS securities that had an average daily nonblock volume of 3,000 shares or more a day, a bid price that was less than or equal to \$100, and three or more market makers.

■ A 500-share maximum order size was applied to those NASDAQ/NMS securities that had an average daily nonblock volume of 1,000 shares or more a day, a bid price that was less than or equal to \$150, and two or more market makers.

■ A 200-share maximum order size was applied to those NASDAQ/NMS securities that had an average daily nonblock volume of less than 1,000 shares or more a day, a bid price that was less than or equal to \$250, and less than two market makers.

These order-size tiers were set by the NASD after extensive research and polling of all NASDAQ/NMS market makers. The purpose of establishing these tiers was to provide public investors with the most efficient means of handling their small orders while ensuring that market makers were not required to assume unrealistic risks under the new mandatory SOES participation rules.

At the time of their establishment, the NASD Trading Committee and Board of Governors decided that the tier levels applicable to each security would be reviewed periodically to determine if the trading characteristics of the issue had changed so as to warrant a SOES tier-level move. Such a review was conducted as of December 30, 1988, using the aforementioned formula and fourth-quarter trading data. The results of this review were analyzed by the Mandatory SOES Subcommittee and the NASD Trading Committee, which recommended that changes in SOES tier levels should be implemented per the formula calculation with the exception that an issue would not be permitted to move more than one level.

To further explain, if an issue previously was categorized in the 200-share tier, it would not be permitted to move to the 1,000-share tier even if the formula calculated that such a move was warranted. The issue could move only one level to the 500-share tier as a result of any single review. Likewise, a security previously assigned to the 1,000-share tier could move only to 500 shares, regardless of the formula calculation. Only 29 issues were affected by this change. In adopting this policy, the Committee was attempting to minimize market-maker exposure on issues for which the tier level increased and to maintain adequate public investor access on issues for which the tier level decreased.

The Committee also recognized that the formula used to assign the tier levels cannot always accurately reflect the trading characteristics for each issue. As such, market makers are reminded that the Mandatory SOES Subcommittee will review on a case-by-case basis suggested tier-level changes if a significant number of market makers

in that issue believe such a change is warranted. For more information regarding this process, please contact NASDAQ Operations - Companies at (202) 728-8039.

Following is a listing of the NASDAQ/NMS issues that will require a SOES tier-level change on March 17, 1989.

NASDAQ/NMS SOES CHANGES

All Issues in Alphabetical Order by Name

Symbol	Company Name	Old Tier Level	New Tier Level	Symbol	Company Name	Old Tier Level	New Tier Level
SRCE	1ST SOURCE CORP	200	500	ATBC	ATLANTIC BANCORP	200	500
ABQC	A B Q CORP	200	500	APER	ATLANTIC PERM SV FSB	500	1000
ABSI	A B S INDUSTRIES	200	500	ATWD	ATWOOD OCEANICS INC	200	500
ACMT	A C M A T CORP	500	200	ATTC	AUTO TROL TECH	1000	500
ALTI	A L T A I INC	200	500	ASII	AUTOMATED SYSTEMS	500	1000
ACPT	ACCEPTANCE INS HLDGS	500	1000	BHAGA	AB H A GROUP INC A	500	1000
AXXN	ACTION AUTO RENTAL	500	1000	BNHB	B N H BANCSHARES INC	500	1000
AAST	ACTION AUTO STORES	1000	500	BTFC	B T FINANCIAL CORP	200	500
ACTP	ADVANCE COMP TECH	500	1000	BBGS	BABBAGES INC	500	1000
AROS	ADVANCE ROSS CORP	1000	500	BPMI	BADGER PAPER MILLS	200	500
ASMIF	ADVANCED SEMICONDUCT	500	1000	BPOP	BANCO POPULAR DE P R	500	1000
ADCOW	ADVANTAGE COS INC WTS.	500	200	BMCC	BANDO MCGLOCKLIN CAP	500	1000
AEGNY	AEGON N.V.	500	1000	BDEL	BANK OF DELAWARE CORP	500	1000
AIMT	AIM TELEPHONES INC	500	1000	GRAN	BANK OF GRANITE	500	200
AIRC	AIRCOA HOSPITALTY SV	1000	500	ASAL	BANKATLANTIC FED	1000	500
ALFA	ALFA CORP	500	1000	BIOW	BANKS OF IOWA INC	1000	500
ALCI	ALLCITY INSURANCE CO	200	500	BLAU	BARRY BLAU PARTNERS	500	200
ALFL	ALLIANCE FINANCIAL	200	500	BASEA	BASE TEN SYSTEMS A	500	1000
ALRN	ALTRON INC	200	500	BAYL	BAYLY CP	1000	500
AFGI	AMBASSADOR FINANCIAL	500	1000	BLLW	BELL W AND CO INC	1000	500
AMFI	AMCORE FINANCIAL INC	1000	500	BMEEF	BELMORAL MINES LTD	500	1000
ACGI	AMER CAPACITY GP	1000	500	BGAS	BERKSHIRE GAS CO	200	500
AMJX	AMER FED SV BK DUVAL	200	500	BFSI	BFS BANKORP INC	1000	500
AMMG	AMER MAGNETICS CORP	500	1000	BIRT	BIRTCHEP CORP THE	200	500
ANSY	AMER NURSERY PRODUCT	500	1000	BMRG	BMR FINANCIAL GP INC	1000	500
AMPH	AMER PHYSICIANS SVC	500	1000	BOON	BOONTON ELECTRONICS	1000	500
ARIG	AMER RELIANCE GP INC	500	1000	BOSA	BOSTON ACOUSTICS INC	1000	500
RICE	AMER RICE INC	500	1000	BOST	BOSTON DIGITAL CORP	1000	500
AMFLP	AMER S L FL PFD A	200	500	BLVD	BOULEVARD BANCORP	1000	500
AMGD	AMER VANGUARD CP	500	200	BRAE	BRAE CP	500	1000
ATAXZ	AMERICA FRST TX 2 LP	500	1000	BRJS	BRAJDAS CORP	200	500
AFTXZ	AMERICA FRST TX LP	500	1000	BSBC	BRANFORD SAVINGS BK	500	200
AFPZ	AMERICA FST P P E	500	1000	BRID	BRIDGFORD FOODS CORP	500	200
AMOS	AMOSKEAG CO	500	200	BRLN	BROOKLYN SAV BK THE	500	1000
AATI	ANALYSIS TECHNOLOGY	1000	500	BTCI	BROWN TRANSPORT CO	1000	500
ANSL	ANCHOR SAVS LN ASSOC	1000	500	BMTC	BRYN MAWR BK CORP	500	200
ATOG	ANDOVER TOGS INC	500	1000	BANQ	BURRITT INTRFIN BNCP	500	1000
SOLR	APPLIED SOLAR	200	500	BUTL	BUTLER NATL CORP	1000	500
ARSD	ARABIAN SHIELD DEV	500	1000	CBTB	C B AND T BKSHS	500	1000
AZIC	ARIZONA INSTRUMENT	500	1000	CCBF	C C B FIN CORP	500	1000
AROW	ARROW BANK CP	200	500	CCNC	C C N B CORP	500	1000
AEZNS	ASIAMERICA SBI	200	500	CKSB	C K FED SAV BK	500	200
ASBC	ASSOC BANC CP	1000	500	CNMD	C O N M E D CORP	500	1000
ASTE	ASTEC INDS INC	500	1000	CPSL	C S C INDS INC	500	1000
ATRO	ASTRONICS CP	200	500	CWTR	CAL WATER SVC CO	500	1000
ATKM	ATEK METALS CENTER	500	1000	CFHC	CALIFORNIA FIN HLDG	500	1000
AFED	ATLANFED BNCP INC	200	500	CCBT	CAPE COD BK TR CO	200	500

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Symbol	Company Name	Old Tier Level	New Tier Level	Symbol	Company Name	Old Tier Level	New Tier Level
CAFS	CARDINAL FED SAV BK	200	500	CRCC	CRAFTMATIC CONTOUR	500	1000
CPLSZ	CARE PLUS WTS 90 A	200	500	CRAN	CROWN ANDERSEN INC	500	1000
CCTVY	CARLTON COMMUN ADR	500	1000	DOCO	D O C OPTICS CORP	200	500
CASC	CASCADE CORP	500	1000	DARTA	DART GROUP CORP CL A	1000	500
KOSM	CASCADE INTL INC	500	1000	DKEY	DATAKEY INC	500	1000
CMLE	CASUAL MALE CORP THE	500	1000	DMAR	DATAMARINE INTL INC	500	200
CAYB	CAYUGA SAVINGS BANK	500	200	DSCC	DATASOUTH COMPUTER	200	500
CHOL	CENTRAL HOLDING CO	1000	500	DTSI	DATRON SYSTEMS INC	500	1000
CJER	CENTRAL JERSEY BNCP	500	1000	DEER	DEERFIELD FED SAV LN	500	200
CJSB	CENTRAL JERSEY SAV	1000	500	DELE	DEL ELECTRONICS CORP	500	200
CPSA	CENTRAL PENN FIN CORP	500	1000	DETC	DETECTION SYSTEMS	500	1000
CNBKA	CENTURY BANCORP A NV	500	1000	DTOMC	DETOMASO INDS INC	1000	500
CERB	CERBCO INC	1000	500	DTRX	DETREX CORP	200	500
CSTIF	CHALLENGER INTL LTD	200	500	DEVC	DEVCON INTL CORP	500	200
CHCR	CHANCELLOR CORP	500	200	DEVN	DEVON GROUP INC	1000	500
CAKE	CHARLOTTE CHARLES	200	500	DCPI	DICK CLARK PROD INC	1000	500
CRTR	CHARTER CRELLIN INC	200	500	DION	DIONICS INC	200	500
CHTT	CHATTEM INC	200	500	DFED	DOMINION FED SAV LN	500	1000
CTCQ	CHECK TECH CORP	500	1000	DGIC	DONEGAL GROUP INC	200	500
CHMXZ	CHEMEX PHARM 1 WTS	200	500	DOUG	DOUGLAS AND LOMASON	1000	500
CFIXW	CHEMIFIX TECH WTS 89	1000	500	DRTK	DURATEK CORP	500	1000
CMFB	CHEMICAL FABRICS CORP	1000	500	DUCO	DURHAM CORP	500	1000
CLEA	CHEMICAL LEAMAN INC	200	500	EIPM	E I P MICROWAVE INC	1000	500
CHER	CHERRY CORP	500	1000	EMSIF	E M S SYSTEMS LTD	500	200
CHPK	CHESAPEAKE UTIL CORP	500	200	EWAT	E TOWN CORP	200	500
DOCKS	CHICAGO DOCK SBI	500	1000	EWSCA	E W SCRIPPS CO A	500	1000
CPCI	CIPRICO INC	500	1000	EZEM	E Z EM INC	1000	500
CIBC	CITIZENS BANCORP	500	1000	EBCI	EAGLE BANCP INC	500	200
CIBA	CITIZENS BANK	200	500	EASTS	EASTOVER CP SBI	200	500
CINAV	CITIZENS INC A WI	500	1000	EATO	EATON FINANCIAL CORP	500	1000
CISA	CITIZENS SAV BK NY	500	1000	EAVN	EATON VANCE CORP	1000	500
CRIS	CLEVESTRUST RLTY SBI	1000	500	ELBTF	ELBIT COMPUTERS LTD	500	1000
CLDR	CLIFFS DRILLING CO	500	1000	ELCN	ELCO INDS INC	500	1000
CLDRP	CLIFFS DRILLING PFD	200	500	ELSE	ELECTRO SENSORS INC	500	200
CLSC	CLINICAL SCIENCES	1000	500	EDAT	ELECTRONIC DATA TECH	500	1000
CGAS	CLINTON GAS SYS	200	500	EFSB	ELMWOOD FED SAV BANK	500	1000
CODL	CODE ALARM INC	500	1000	EMPI	EMPI INC	500	1000
CABK	COLONIAL AMER BKSHS	200	500	ECRC	EMPLOY CASUALTY CO	500	1000
CLRXL	COLOROCS CORP D WTS	200	500	ENNI	ENERGYNORTH INC	500	1000
CLRXW	COLOROCS CORP WTS C	1000	500	ENEX	ENEX RESOURCE CORP	1000	500
CMDT	COMDATA HOLDINGS CORP	1000	500	EMCO	ENGINEERING MEASURE	500	1000
CMCAP	COMERICA INC PFD B	500	200	ENZNW	ENZON INC WTS A 89	500	200
COBA	COMMERCE BNCP INC NJ	200	500	EPSI	EPSILON DATA MGMT	500	1000
CNCL	COMMERCIAL NATL LA	200	500	EQUI	EQUION CORP THE	500	1000
CCAB	COMMUN + CABLE INC	500	1000	ERLY	ERLY INDUSTRIES	500	1000
CTIA	COMMUN TRANSMITN	200	500	EVAN	EVANS INC	1000	500
CBNH	COMMUNITY BANKSHARES	500	1000	FHPC	F H P INTL CORP	500	1000
CNET	COMNET CORP	1000	500	FNBR	F N B ROCHESTER CORP	200	500
CMUC	COMP U CHECK INC	200	500	FCBK	FAIRFIELD COUNTY BNC	200	500
CLRI	COMPUTER LANGUAGE	1000	500	FARA	FARADYNE ELECT CORP	200	500
CSTK	COMSTOCK GROUP INC	500	1000	FHFC	FARM HOUSE FOODS CORP	1000	500
CMRE	COMSTOCK RESOURCE	1000	500	FARM	FARMER BROTHERS CO	200	500
LENS	CONCORD CAMERA CORP	500	1000	FARR	FARRAGUT MTG CO INC	1000	500
CEFT	CONCORD COMPUTING CORP	500	1000	BAYA	FEDERAL SAV BK OF PR	1000	500
CSTP	CONGRESS STREET PROP	200	500	FSCR	FEDERAL SCREW WORKS	200	500
CBNE	CONSTITUTION BNCP NE	200	500	FEDF	FEDERATED FIN SAV LN	500	1000
CFINP	CONSUMERS FIN CORP PFD	200	500	FFMA	FIDELITY FED SAV BK	200	500
CFIN	CONSUMERS FINANCIAL	200	500	FAMF	FIRST AMFED CORP	200	500
CONH	CONTL HOMES HOLDING	500	1000	FCAP	FIRST CAPITAL CORP	1000	500
CSTN	CORNERSTONE FIN CORP	500	1000	FCTR	FIRST CHARTER CORP	200	500
CSMO	COSMO COMMUN CORP	500	1000	FFCS	FIRST COLORADO FIN	200	500
CDGI	COURIER DISPATCH GP	200	500	FCRES	FIRST CONTL R E SBI	500	1000

Notice to Members 89-29

Symbol	Company Name	Old Tier Level	New Tier Level	Symbol	Company Name	Old Tier Level	New Tier Level
FEXCW	FIRST EXEC WTS 90	500	1000	HFGA	HOME FED SAV BK GA	500	200
FFAL	FIRST FED ALABAMA	200	500	HFNO	HOME FED SAV BK OH	500	200
FCHT	FIRST FED CHATTANOOG	500	1000	HFSF	HOME FED SAV LN SF	1000	500
FFHP	FIRST FED HARRISBURG	500	200	HROK	HOME FED SAV ROCKIES	200	500
FFES	FIRST FED S L HRTFD	1000	500	HOMF	HOME FED SV SEYMOUR	1000	500
FFSD	FIRST FED SAV BK AL	500	1000	HFSLP	HOME OWNERS PFD A	500	1000
LFSA	FIRST FED SAV LENAWE	500	1000	HSLD	HOME SAVINGS LOAN	500	1000
FFCH	FIRST FINANCIAL HLDG	500	1000	HUSB	HOME UNITY SAV LOAN	500	1000
FSEB	FIRST HOME FED SV LN	200	500	HMSD	HOMESTEAD SAV ASSOC	500	200
FSPG	FIRST HOME SAV BK	200	500	HOSP	HOSPOSABLE PROD INC	500	1000
FLFC	FIRST LIBERTY FIN	500	1000	HOBC	HOWARD BANCORP	200	500
MTCL	FIRST NATL BANK CORP	200	500	HUHOW	HUGHES HOMES INC WTS	200	500
FOBBA	FIRST OAK BROOK CL A	1000	500	HTEK	HYTEK MICROSYSTEMS	500	1000
FSKY	FIRST SECURITY CORP KY	1000	500	ICOC	I C O INC	200	500
FWNY	FIRST WOMENS BANK	200	500	IISLFI	I S INTELL INFO	500	1000
FAME	FLAMEMASTER CP THE	200	500	ILCT	I L C TECH INC	500	1000
FLAEF	FLORIDA EMP INS CO	200	500	IPLSA	I P L SYSTEMS INC A	500	1000
FRKT	FLORIDA ROCK TANK	1000	500	INCRF	INCA RESOURCES	500	1000
FSNR	FORSCHNER GROUP THE	500	200	IACI	IND ACOUSTICS CO	200	500
FWNC	FORT WAYNE NATL CORP	1000	500	INDHK	INDEP INS GP INC NV	500	1000
FRMBF	FORUM RE GP BERMUDA	1000	500	INDB	INDEPENDENT BANK CORP	200	500
DNNY	FRANCES DENNEY COS	500	1000	IBCP	INDEPENDENT BK CORP MI	500	1000
FKFD	FRANKFORD CORP THE	500	200	INSI	INFO SCIENCES INC	1000	500
FSAK	FRANKLIN SV GUAR STK	500	200	INRD	INRAD INC	200	500
FRTR	FRONTIER INS GROUP	500	1000	IGLWF	INSITUFORM GP LTD WT	500	200
FULT	FULTON FINANCIAL CORP	500	1000	IFED	INTER FED SAV BANK	500	200
GBCB	G B C BANCORP	200	500	ITXIW	INTERACTIVE TECH WTS	200	500
XRAY	G E N D E X CORP	500	200	IMET	INTERMETRICS	500	1000
GMED	G M I GP INC THE	500	1000	ICEYF	INTL CAP EQUIP LTD	200	500
GNUC	G N I GROUP INC THE	1000	500	ICSI	INTL CONTAINER SYS	1000	500
GBAN	GATEWAY BANCORP INC	500	200	ISLH	INTL HOLDING CAP CORP	500	200
GCER	GEN CERAMICS INC	500	1000	IMMCW	INTL MOBILE MACH WTS	500	1000
GMCC	GEN MAGNAPLATE CORP	200	500	IUTL	IOWA SOUTHERN INC	1000	500
GDYN	GEODYNAMICS CORP	1000	500	ITELM	ITEL CP CL B PFD C	500	200
GEOX	GEONEX CORP	500	1000	JGIN	J G INDUSTRIES INC	500	1000
GWSH	GEORGE WASHINGTON CORP	500	200	JMBRS	J M B REALTY TR SBI	200	500
GMFD	GERMANIA BANK FSB	500	1000	JEFG	JEFFERIES GROUP INC	1000	500
GBYLF	GIANT BAY RES LTD	1000	500	JFFN	JEFFERSON BANK	500	200
GIGA	GIGA TRONICS INC	1000	500	JGRP	JESUP GP INC THE	1000	500
GISH	GISH BIOMEDICAL INC	500	1000	JHSN	JOHNSON ELECTRONICS	500	1000
GOOD	GOODY PRODUCTS INC	1000	500	JMED	JONES MEDICAL INDS	1000	500
GSBI	GRANITE STATE BKSHS	1000	500	JOSL	JOSLYN CORP	1000	500
GFGC	GREAT FALLS GAS CO	500	200	KTCO	KENAN TRANSPORT CO	200	500
GSEB	GREAT SO FED SAV BK	500	1000	KVLM	KEVLIN MICROWAVE	1000	500
GSSC	GRENADA SUNBURST SYS	500	1000	KNAP	KNAPE AND VOGT MFG	500	1000
GRIF	GRIFFIN TECHNOLOGY	200	500	KUST	KUSTOM ELECTRONICS	1000	500
GROV	GROVEBANK FOR SAV	1000	500	KWIKF	KWIK PROD INTL CORP	500	200
GATS	GULF APPLIED TECH	200	500	LDBC	L D B CORP	1000	500
GULL	GULL LABS INC	500	1000	LDIC	L D I CORP	500	1000
HHOT	H H OIL TOOL CO INC	500	200	LPLI	L P L INVESTMNT GP A	500	1000
HWCD	H W C DISTRIB CORP	500	1000	LVMHY	L V M H MOET ADR	500	200
HAKO	HAKO MINUTEMAN INC	200	500	LDMFA	LIDLAW TRANS LTD A	500	200
HRLN	HARLYN PRODUCTS INC	200	500	LSNB	LAKE SHORE BANCORP	200	500
HRMN	HARMON INDS INC	1000	500	LLSL	LAKELAND SAV BK SLA	500	1000
HRLD	HAROLDS STORES INC	1000	500	LMAC	LANDMARK AMERICAN CORP	1000	500
HVDK	HARVARD KNITWEAR INC	500	1000	LDMK	LANDMARK BK FOR SAV	500	200
HASR	HAUSERMAN INC	200	500	LCOR	LANGLY CORP DELAWARE	500	200
HAVT	HAVERTY FURNITURE CO	1000	500	LSER	LASER CORP	200	500
HIMGP	HEALTH IMAGES PFD A	200	500	LAUR	LAUREL ENTERTAINMENT	500	1000
HELX	HELIX TECHNOLOGY INC	1000	500	LXP	LEXINGTON PRECISION	500	1000
HERS	HERITAGE FINL SVC IL	1000	500	LNBC	LIBERTY NATL BNCP	1000	500
HIWDF	HIGHWOOD RESOURCES	500	1000	LFIN	LINCOLN FINANCIAL CORP	500	1000

Notice to Members 89-29

Symbol	Company Name	Old Tier Level	New Tier Level	Symbol	Company Name	Old Tier Level	New Tier Level
LLOG	LINCOLN LOGS LTD	500	200	NSSI	NUCLEAR SUPPORT SVCS	500	1000
LIQB	LIQUI BOX CORP	500	1000	NUCO	NUCORP INC DELAWARE	1000	500
LOCL	LOCAL FED SVGS LOAN	500	1000	NUMR	NUMEREX CORP	500	1000
LUND	LUND ENTERPRISES INC	200	500	OGLE	OGLEBAY NORTON CO	500	1000
MBSX	M B S TEXTBOOK EXCH	500	1000	OHBC	OHIO BNCP YOUNGSTOWN	200	500
MKCO	M KAMENSTEIN INC	500	200	OILC	OIL DRI CORP OF AMER	1000	500
MPSG	M P S I SYSTEMS INC	1000	500	ODSI	OLD DOMINION SYSTEMS	500	1000
MANA	MANATRON INC	1000	500	OPTO	OPTO MECHANIK INC	500	1000
MRTA	MARIETTA CORP	1000	500	OFSB	ORIENTAL FED SAV BK	1000	500
MCOR	MARINE CORP ILL	1000	500	OSBN	OSBORN COMMUN CORP	1000	500
MTLI	MARINE TRANS LINES	200	500	OCOAC	OUTLET COMMUN INC A	1000	500
MRTN	MARTEN TRANSPORT LTD	1000	500	PDAS	P D A ENGINEERING	500	1000
MAYF	MAYFAIR INDS INC	1000	500	PHPH	P H P HEALTHCARE CORP	500	200
MFFC	MAYFLOWER FIN CORP	200	500	PABC	PACIFIC BANC P	200	500
MOIL	MAYNARD OIL CO	200	500	PALM	PALFED INC	500	1000
MCCL	MCCLAIN INDUSTRIES	200	500	PNRE	PAN ATLANTIC RE INC	500	200
MGLL	MCGILL MANUFACTURING	500	200	PVSA	PARKVALE SAV ASSN	500	1000
MGRC	MCGRATH RENT CORP	1000	500	PKWY	PARKWAY CO	200	500
MTIX	MECHANICAL TECH INC	1000	500	PRLX	PARLEX CORP	500	1000
MGCO	MEDICARE GLASER CORP	500	1000	PATK	PATRICK INDS INC	500	1000
MDTA	MEGADATA CORP	500	1000	PAXTA	PAXTON FRANK CO A	200	500
MCBKB	MERCHANTS CAP CP B	200	500	PENT	PENN ENTRPR INC	1000	500
MRDNP	MERIDIAN BNCP PFD	500	200	PTAC	PENN TREATY AMER CORP	1000	500
KITS	MERIDIAN DIAGNOSTICS	500	1000	PNTAP	PENTAIR INC PFD 87	200	500
MTRO	METRO TEL CORP	500	1000	PBNB	PEOPLES SAV BK OF NB	1000	500
MSLA	METROPOLITAN FIN S L	500	1000	PTRL	PETROL INDS INC	200	500
MWAV	MICROWAVE LABS INC	500	1000	PHMT	PHONEMATE INC	500	1000
MIAM	MID AM INC	200	500	PGEN	PLANT GENETICS INC	200	500
MMSB	MID MAINE SAV BK FSB	200	500	PNBT	PLANTERS CORP	1000	500
MIDS	MID SOUTH INS CO	500	1000	SIGN	PLASTI LINE INC	500	1000
MSRR	MIDSOUTH CORP	500	1000	PLZA	PLAZA COMMERCE BNCP	500	1000
MILT	MILTOPE GROUP INC	200	500	PLXS	PLEXUS CORP	1000	500
MLAB	MONITOR TECH INC	500	1000	POLK	POLK AUDIO INC	1000	500
MORP	MOORE PRODUCTS CO	500	200	PRME	PRIME CAPITAL CORP	200	500
MFGR	MORSEMERE FINANCIAL	1000	500	PMBK	PRIMEBANK FED SAV BK	200	500
MOTOZ	MOTO PHOTO WTS 89	200	500	PROP	PRODUCTION OPER	500	1000
MUEL	MUELLER PAUL CO	500	200	PRFT	PROFFITT S INC	1000	500
LABL	MULTI COLOR CORP	1000	500	PSYS	PROGRAMMING AND SYS	500	1000
MUNI	MUNICIPAL DEV CORP	500	200	PFNC	PROGRESS FINANCIAL	200	500
MFBZ	MUTUAL FED SAVS BK	1000	500	PVNA	PROVENA FOODS INC	200	500
MYCO	MYCOGEN CORP	1000	500	PFSL	PRUDENTIAL FIN SVCS	200	500
NWGI	N W GROUP INC S1	200	500	QFCI	QUALITY FOOD CENTERS	1000	500
NCBM	NATL CITY BNCP	200	500	QTEC	QUESTECH INC	200	500
NCBC	NATL COMMERCE BNCP	1000	500	RRMN	RAILROADMENS FED IND	200	500
NHMO	NATL H M O CORP	200	500	RMPO	RAMAPO FINANCIAL CORP	200	500
MBLA	NATL MERCANTILE BNCP	200	500	RATNY	RATNERS GP ADR	1000	500
NPBC	NATL PENN BSCHS INC	200	500	RDGC	READING CO	500	1000
NSSX	NATL SANITARY	200	500	REAL	RELIABILITY INC	500	1000
NSBA	NATL SAV BK ALBNY	500	1000	RSFC	REPUBLIC SAV FIN CORP	500	1000
NWLIA	NATL WESTERN LIFE A	1000	500	RESR	RESEARCH INC	200	500
NBTY	NATURES BOUNTY INC	1000	500	RESP	RESPIRONICS INC	1000	500
NAVG	NAVIGATORS GP INC	1000	500	RCOA	RETAILING CORP AMER	200	500
NEWE	NEWPORT ELECTRONICS	500	1000	REXW	REXWORKS INC	500	1000
NVCO	NODAWAY VALLEY CO	500	200	RHPOY	RHONE POULENC SA ADR	1000	500
NOLD	NOLAND CO	200	500	RSGI	RIVERSIDE GP INC	500	200
NMDY	NORMANDY OIL GAS	500	1000	RDWI	ROADWAY MOTOR PLAZA	500	1000
NAMC	NORTH AMER NATL CORP	200	500	RESC	ROANOKE ELEC STEEL	500	1000
NCNG	NORTH CARO NAT GAS	1000	500	RCBI	ROBERT C BROWN CO	500	1000
NAFI	NORTHERN AIR FREIGHT	500	1000	RNIC	ROBINSON NUGENT INC	500	1000
NOWT	NORTHWEST TELECOM	200	500	RCDC	ROSS COSMETICS DIST	500	1000
NWTL	NORTHWEST TELEPROD	500	200	ROTO	ROTO ROOTER INC	1000	500
NSTS	NORTHWESTN ST PORT	1000	500	ROYG	ROYAL BUSINESS GP	500	200

Notice to Members 89-29

Symbol	Company Name	Old Tier Level	New Tier Level	Symbol	Company Name	Old Tier Level	New Tier Level
ROYLW	ROYALPAR INDS WTS A	1000	500	TFLX	TERMIFLEX CORP	200	500
RULE	RULE INDS INC	500	1000	TMSTA	THOMASTON MILLS A	200	500
RBCO	RYAN BECK CO INC	500	1000	TIER	TIERCO GROUP INC	500	200
SKFB	S K FAMOUS BRANDS	500	200	TODDA	TODD A O CORP CL A	1000	500
SNLFA	S N L FINANCIAL CORP A	1000	500	TOBK	TOLLAND BANK	200	500
SGHB	SAG HARBOR SAV BK	1000	500	TLAM	TONY LAMA CO INC	500	200
SNDS	SANDS REGENT THE	500	1000	TRGL	TOREADOR ROYALTY CORP	500	1000
SHEF	SANDWICH CHEF INC	200	500	TGDGF	TOTAL ENERGOLD CORP	500	1000
SWCB	SANDWICH CO OP BANK	1000	500	TLII	TRANS LEASING INTL	200	500
SAXO	SAXON OIL CO	1000	500	TRSL	TRANSNATIONAL IND	200	500
SWARA	SCHWARTZ BROS INC A	1000	500	TRTI	TRANSTECH IND INC	500	1000
SCIE	SCICOM DATA SERVICES	200	500	TCBC	TRUST CO BNCP THE	200	500
SIDY	SCIENCE DYNAMICS CORP	1000	500	TDRLF	TUDOR CORP LTD	1000	500
SSFT	SCIENTIFIC SOFTWARE	500	1000	ULTB	ULTRA BNCP	1000	500
STIZ	SCIENTIFIC TECH INC	1000	500	UGNEW	UNIGENE LABS WTS A	200	500
SCOT	SCOTT AND STRINGFELL	200	500	UBNK	UNION BK	200	500
SEAB	SEABOARD SAVINGS LN	200	500	UBKR	UNITED BANKERS TX	500	1000
SGOPP	SEAGULL ENERGY PFD A	200	500	UBSI	UNITED BKSHS INC	200	500
SFGI	SECURITY FINL GP INC	500	200	UFCS	UNITED FIRE CASUALTY	1000	500
SLRV	SELLERSVILLE SAV LN	200	500	BNKS	UNITED N M FIN CORP	1000	500
SNCO	SENSOR CONTROL CORP	500	1000	USBK	UNITED SAV BK VA	500	200
SERF	SERVICE FRACTURING	1000	500	UVTB	UNITED VERMONT BNCP	200	500
SSAL	SHELTON SAV BANK	500	200	UTRX	UNITRONIX CORP	500	1000
SHOP	SHOPSMITH INC	200	500	VCCN	VALLEY CAPITAL CORP	500	1000
SHOW	SHOWSCAN FILM CORP	500	1000	VNBP	VALLEY NATIONAL BNCP	500	1000
SETBS	SIERRA RL EST 83 SBI	200	500	VALU	VALUE LINE INC	1000	500
SIVB	SILICON VALLEY BNC SH	200	500	VANZ	VANZETTI SYSTEMS INC	500	1000
TWRX	SOFTWARE TOOLWKS INC	500	1000	VRLN	VARLEN CORP	500	1000
SOMR	SOMERSET GP INC THE	500	200	VTEX	VERTEX COMMUN CORP	1000	500
SMGS	SOUTHEASTERN MI GAS	500	1000	VICT	VICTORIA BKSHS	500	1000
SESL	SOUTHEASTERN SAV LN	500	1000	VIDE	VIDEO DISPLAY CORP	1000	500
SWTR	SOUTHERN CA WATER CO	1000	500	VKSI	VIKONICS INC	1000	500
SSBB	SOUTHINGTON SAV BK	500	200	VLGEA	VILLAGE SUPER MKT A	1000	500
SPEK	SPEC S MUSIC INC	500	1000	VFSB	VIRGINIA FIRST SV BK	200	500
STRS	SPROUSE REITZ STR NV	200	500	VOLT	VOLT INFO SCIENCES	500	1000
STPT	STARPOINTE SAVS BK	500	1000	WCRSY	W C R S PLC ADR	500	200
SOME	STATE O MAINE INC	200	500	WNSI	W N S INC	1000	500
STOT	STOTLER GP INC	1000	500	WTWS	WALL WALL SOUND VID	500	1000
SMMT	SUMMIT SAV ASSOC	500	200	WALS	WALSHIRE ASSURANCE	1000	500
SCSL	SUNCOAST SAV LOAN	1000	500	WFSB	WASHINGTON FED SAV	500	1000
SURV	SURVIVAL TECH INC	1000	500	WATFZ	WATERFORD GL ADR UT'S	500	200
SUSQ	SUSQUEHANNA BCSHS	500	1000	WTRS	WATERS INSTRUMENTS	200	500
SCAPY	SVENSKA CEL ADR SPON	500	200	WEBS	WEBSTER CLOTHES INC	500	1000
SIBR	SYBRA INC	500	200	WGHT	WEIGH TRONIX INC	1000	500
TSRI	T S R INC	500	1000	WNDR	WENDT BRISTOL CO	500	200
TVXGC	T V X BROADCAST GP	500	1000	WSBK	WESTERN BANK OREGON	500	200
TVLA	TACO VILLA INC	200	500	WMIC	WESTERN MICROWAVE	1000	500
TCII	TCI INTERNATIONAL	500	1000	WBAT	WESTPORT BNCP INC	500	200
TCCO	TECHNICAL COMMUN CORP	500	1000	WTPR	WETTERAU PROPERTIES	200	500
TDCX	TECHNOLOGY DEV CORP	200	500	WTOY	WISCONSIN TOY CO INC	1000	500
TCOMB	TELE COMMUN INC B	200	500	WRTC	WRITER CORP THE	1000	500
TOPT	TELE OPTICS INC	500	1000	WYNB	WYOMING NATL BNCP	200	500
TLMD	TELEMUNDO GROUP INC	500	1000	ZSEV	Z SEVEN FUND INC THE	200	500
TELQ	TELEQUEST INC	1000	500	ZIGO	ZYGO CORP	200	500
TMTX	TEMTEX INDS INC	200	500				

Notice To Members

National Association of Securities Dealers, Inc.

March 1989

Number 89-30

Suggested Routing:*

- Senior Management
- Corporate Finance
- Government Securities
- Institutional

- Internal Audit
- Legal & Compliance
- Municipal
- Mutual Fund

- Operations
- Options
- Registration
- Research

- Syndicate
- Systems
- Trading
- Training

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

Subject: Good Friday Trade Date-Settlement Date Schedule

Securities markets and the NASDAQ System will be closed on Good Friday, March 24, 1989. "Regular way" transactions made on the business days immediately preceding that day will be subject to the schedule listed below.

Trade Date-Settlement Date Schedule For "Regular Way" Transactions

Trade Date	Settlement Date	Regulation T Date*
March 16	23	28
17	27	29
20	28	30
21	29	31
22	30	April 3
23	31	4
24	Markets Closed	—
27	April 3	5

These settlement dates should be used by brokers, dealers, and municipal securities dealers for purposes of clearing and settling transactions pursuant to the NASD Uniform Practice Code and Municipal Securities Rulemaking Board Rule G-12 on Uniform Practice.

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

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

Notice To Members

National Association of Securities Dealers, Inc.

March 1989

Number 88 - 31

Suggested Routing:*

- | | | | |
|--|--|--|---|
| <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 Additions, Changes, and Deletions as of February 10, 1989

As of February 10, 1989, the following 26 issues joined the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 2,880:

Symbol	Company	Entry Date	SOES Execution Level
NUCOZ	Nucorp, Inc. (Matched Wts)	1/13/89	200
ESTO	Eastco Industrial Safety Corp.	1/17/89	1000
FERT	Nu-West Industries, Inc.	1/17/89	1000
FERTP	Nu-West Industries, Inc. (Pfd)	1/17/89	200
OICO	O.I. Corporation	1/17/89	500
PCSN	Precision Standard, Inc.	1/17/89	1000
SHBZ	ShowBiz Pizza Time, Inc.	1/17/89	500
STHFP	Stanley Interiors Corporation (Pfd)	1/18/89	1000
FSII	FSI International, Inc.	1/19/89	1000
VANF	VanFed Bancorp	1/26/89	500
EECN	Ecogen, Inc.	1/30/89	500
NETG	Network General Corporation	2/3/89	500
BTUI	BTU International, Inc	2/7/89	1000
CCLPZ	Callon Consolidated Partners, L.P.	2/7/89	500
CSYS	Central Banking System, Inc.	2/7/89	1000
CCRS	Corporate Capital Resources, Inc.	2/7/89	1000
HTXA	Hitox Corporation of America	2/7/89	1000
NRTI	Nooney Realty Trust, Inc.	2/7/89	200
PRCO	Pricor Incorporated	2/7/89	500
PRBK	Provident Bancorp, Inc.	2/7/89	200
REDX	Red Eagle Resources Corporation	2/7/89	500
SMET	SiMETCO, Inc.	2/7/89	500

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STRC	Stratford American Corporation	2/7/89	200
TEJS	Tejas Gas Corporation	2/7/89	1000
WOTK	World-Wide Technology, Inc.	2/7/89	500
UFBK	United Federal Bancorp, Inc.	2/8/89	1000

NASDAQ/NMS Pending Additions

The following issues have filed for inclusion in NASDAQ/NMS upon effectiveness of their registration statements with the SEC or other appropriate regulatory authority. Their inclusion may commence prior to the next regularly scheduled phase-in date.

Symbol	Company	Location	SOES Execution Level
FAHSP	Farm and Home Financial Corporation (Pfd)	Nevada, MO	500
TMAS	TriMas Corporation	Ann Arbor, MI	1000

NASDAQ/NMS Symbol and/or Name Changes

The following changes to the list of NASDAQ/NMS securities have occurred since January 12, 1989.

New/Old Symbol	New/Old Security	Date of Change
LEXP/BLAS	Lexington Precision Corporation/Blasius Industries, Inc.	1/17/89
INTP/ICTM	Integrated Circuits Incorporated/Integrated Circuits Inc.	1/25/89
ITGR/PNBA	Integra Financial Corporation/Pennbancorp	1/26/89
NICL/NICLF	Nickel Resources Development Corporation/ Ni-Cal Development Ltd.	1/26/89
ANSL/ANSL	Action Savings Bank, SLA/ Anchor Savings and Loan Association	1/31/89
BSBX/BSBX	Bell Savings Holdings, Inc./Bell Savings Bank	2/1/89
MFSB/MFSB	Pinnacle Bancorp, Inc./MidFed Savings Bank	2/1/89
REXI/REXI	Resource America, Inc./Resource Exploration, Inc.	2/1/89
FRPP/FRKT	FRP Properties, Inc./Florida Rock and Tank Lines, Inc.	2/3/89

NASDAQ/NMS Deletions

Symbol	Security	Date
USHI	U.S. Health, Inc.	1/16/89
MAJV	Major Video Corp.	1/18/89
STHF	Stanley Interiors Corporation	1/18/89
CTUC	Continuum Company, Inc. (The)	1/19/89
HNCO	Henley Manufacturing Corp.	1/20/89
CMCL	ChemClear, Inc.	1/26/89
REYNA	Reynolds and Reynolds Company (The)(CI A)	1/26/89
UNBC	Union National Corporation	1/26/89
COMWE	Commonwealth Savings & Loan Association of Florida	1/27/89
NHCI	National Healthcare, Inc.	1/27/89
OMIC	OMI Corp.	1/27/89
OMICP	OMI Corp. (Pfd)	1/27/89
STHFP	Stanley Interiors Corporation (Pfd)	1/30/89
CPRCQ	Computer Components Corporation	1/31/89
CPRWQ	Computer Components Corporation (Wts)	1/31/89
ENUC	Electro-Nucleonics, Inc.	1/31/89
NOVXZ	Nova Pharmaceutical Corporation (CI B)(Wts)	1/31/89

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NOVOQ	Novo Corporation	1/31/89
LUBEE	Autospa Corporation	2/2/89
LCOR	Langly Corporation	2/3/89
ALWC	A. L. Williams Corporation (The)	2/6/89
DION	Dionics, Inc.	2/6/89
SNEL	Snelling & Snelling, Inc.	2/6/89
UPCM	Union Planters Corporation	2/7/89
MCTAC	Metro Mobile CTS, Inc. (CI A)	2/8/89
MCTBC	Metro Mobile CTS, Inc. (CI B)	2/8/89
WILF	Wilson Foods Corporation	2/8/89
FFCS	First Colorado Financial Corporation	2/10/89

Questions regarding this notice should be directed to Kit Milholland, Senior Analyst, NASDAQ Operations, at (202) 728-8281. Questions pertaining to trade reporting rules should be directed to Leon Bastien, Assistant Director, NASD Market Surveillance, at (202) 728-8192.

Notice To Members

National Association of Securities Dealers, Inc.

March 1989

Number 89-32**Suggested Routing:***

- | | | | |
|--|---|--|---|
| <input type="checkbox"/> Senior Management | <input 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 checked="" type="checkbox"/> Municipal | <input type="checkbox"/> Registration | <input 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: Temporary Receiver Appointed for Investors Center, Inc.

On February 28, 1989, the United States District Court for the Eastern District of New York appointed a Temporary Receiver for:

Investors Center, Inc.
110 Ricefield Lane
Hauppauge, NY 11788

Members may use the "immediate close-out" procedures provided for in Section 59(i) of the NASD's Uniform Practice Code to close out open OTC contracts with this firm. Also Municipal Securities Rulemaking Board Rule G-12(h)(iv)

provides that members may use identical procedures to close out transactions in municipal securities.

Questions should be directed to the Temporary Receiver:

Irving R. Picard, Esq.
Olshan Grundman & Frome
505 Park Avenue, 16th Floor
New York, NY 10022
(212) 753-7200

Disciplinary Actions

National Association of Securities Dealers, Inc.

March 1989

DISCIPLINARY ACTIONS REPORTED FOR MARCH

The National Association of Securities Dealers, Inc. (NASD), is taking disciplinary actions against firms and individuals for violations of the NASD Rules of Fair Practice and/or the rules of the Municipal Securities Rulemaking Board. Unless otherwise indicated, suspensions begin with the opening of business on Monday, March 6, 1989.

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 action was based on the provisions of Article IV, Section 5 of the NASD Rules of Fair Practice and Article VII, Section 2 of the NASD By-Laws. The date the suspension commenced is listed after each entry. If the firm has complied with the request for information, the listing also includes the date that the suspension concluded.

First Cable Securities Corporation, Columbus, OH (December 8, 1988, to December 13, 1988).

Fort Worth Financial, Golden, CO (October 4, 1988, to January 18, 1989).

J.L. Henry and Company, Inc., Coral Gables, FL (December 19, 1988).

Liberty Street Securities Corp., New York, NY (January 11, 1989).

PDS Securities International, Inc., Chicago, IL (January 11, 1989).

FIRMS EXPELLED

Capital Resources, Inc. (Little Rock, AR) and **Frank S. Boulton** (Registered Principal, Maumelle, AR). Capital Resources, Inc., was fined \$10,000 and expelled from membership in the Association and Frank S. Boulton was fined \$5,000, suspended from association with any NASD member in any capacity for six months, and is required to requalify by examination as a principal before again acting in that capacity. The sanctions were based on findings that the firm, acting through Boulton, changed its method of doing

business in a manner that changed its exemptive status from that governed by SEC Rule 15c3-3 to a fully computing firm subject to all provisions of the Rule without having first obtained the prior written approval of the Association. The firm and Boulton provided safekeeping services and failed to reduce to possession or control certain fully-paid customer securities for various month-end periods. In addition, a Special Reserve Bank Account for the Exclusive Benefit of Customers was not established, and the respondent also failed to make reserve computations. They also failed for certain periods to make deposits to the Reserve Bank Account that such computations would have required. The firm also sold one limited partnership unit to a registered representative of another member firm and failed to notify the employing member, in writing, prior to such sale. Additionally, the firm failed to indicate time of entry and/or time of execution on certain order tickets and failed to evidence on four order tickets written approval from a designated principal. In imposing the sanctions against the Member, the Association took into consideration the significant disciplinary history of the firm.

KFB Securities, Inc. (Barrington, IL), **Kenneth F. Boula** (Registered Principal, Barrington, IL), and **Earl Dean Gordon** (Registered Principal, Lombard, IL) submitted an Offer of Settlement pursuant to which KFB Securities, Inc., was expelled from membership in the Association and Kenneth F. Boula and Earl Dean Gordon were barred from association with any NASD member in any capacity. Without admitting or denying the allegations, the firm, Boula, and Gordon consented to the described sanctions and findings that they failed to file either a current Form BD for the

firm or amendments to the applications for registration of Boula and Gordon to accurately reflect their disciplinary histories. Furthermore, after becoming subject to statutory disqualifications arising from permanent injunctions issued, and suspensions imposed against them, the firm, Boula, and Gordon recommenced conducting a securities business in the state of Illinois without filing a membership continuance application as required and without registration by the firm as a broker-dealer or by Boula and Gordon as salespersons. In addition, after recommencing a business, the firm allowed Boula and Gordon to be associated with it when they were subject to a statutory disqualification.

Stoneridge Securities, Inc., and Ronald Duane Wheeler (Registered Principal, Las Vegas, NV) submitted an Offer of Settlement pursuant to which Stoneridge Securities, Inc., was expelled from membership in the Association and Ronald Duane Wheeler was fined \$25,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, the firm and Wheeler consented to the described sanctions and findings that they engaged in a general securities business while failing to maintain minimum required net capital in that the firm failed to make the proper deductions on certain of its positions in inventory that had little or no market value away from the firm.

FIRM FINED AND SUSPENDED

R.B. Marich, Inc. (Denver, CO) was fined \$10,000 and suspended from membership in the Association for one day. The sanctions were imposed following a review by the Securities and Exchange Commission of an action taken by the Association's Board of Governors. The sanctions were based on findings that the firm conducted a securities business on three occasions while failing to maintain required net capital and on two occasions failed to make required deposits to the Special Reserve Bank Account for the Exclusive Benefit of Customers. The firm also failed to sell out or otherwise cancel 36 transactions not paid for within the time period required by Regulation T of the Federal Reserve Board. In addition, the firm permitted two individuals to serve as officers and to engage in the management of its business without having been registered as principals.

FIRMS AND INDIVIDUALS FINED

Copeland Securities (New York, NY) and Kenneth Germain (Registered Principal, Morristown, NJ) submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm and Germain were fined \$10,000, jointly and severally. Without admitting or denying the allegations, the firm and Germain consented to the described sanctions and findings that they permitted eight individuals to function as representatives of the firm and one individual to function as a general securities principal while these individuals were not registered as such. In addition, the firm and Germain purchased shares from two control persons of an issuer while failing to meet certain requirements of SEC Rule 144.

Cossé International Securities, Inc. (Seattle, WA) and Charles B. Cossé (Registered Principal, Seattle, WA) were fined \$15,000, jointly and severally. The sanctions were imposed following a review by the Securities and Exchange Commission of an action taken by the Association's Board of Governors. The sanctions were based on findings that the firm and Cossé purchased and sold precious metals for its customers through a precious metals dealer and attempted to evade liability to such customers by failing to make proper disclosure in connection with the failure of such metals dealer. The firm and Cossé sent, to at least 13 customers, storage tickets evidencing ownership of precious metals, together with assignments that purported to transfer responsibility for the storage of their investments from Cossé International to the investors. In connection with these communications, the firm and Cossé failed to disclose to the investors that the precious metals dealer was not effecting transactions and was not responding to telephone calls.

Cunyus Securities, Inc. (Dunwoody, GA) and Danny Joe Cunyus (Registered Principal, Dallas, TX) submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm and Cunyus were fined \$10,000, jointly and severally, and Danny Joe Cunyus was suspended from association with any NASD member in any capacity for 10 days. Without admitting or denying the allegations, the firm and Cunyus consented to the described sanctions and findings that, in connection with the offer and sale of limited partnership interests in a best-efforts offering, they failed to refund investors monies when the

minimum number of units required were not sold by the termination date. The firm and Cunyus also failed to transmit and/or transmit in a timely manner, subscription checks to an escrow account. In this connection, the firm's supervisory procedures failed to address the handling and forwarding of customer checks by registered representatives. Furthermore, the firm and Cunyus effected transactions in securities at times when it failed to maintain minimum required net capital, and the firm also failed to have a fidelity bond.

SFG Brokerage Company (Erlanger, KY), Albert Wallace Howard, Jr. (Registered Principal, Crestview Hills, KY), and Surinder Singh (Registered Principal, Edgewood, KY). SFG Brokerage Company and Albert Wallace Howard, Jr., were fined \$25,000 jointly and severally; Howard was suspended from association with any NASD member for two years and one day; and Surinder Singh was fined \$1,000, suspended from association with any NASD member as a financial and operations principal for two years and one day, and required to requalify by examination as a general securities representative within 90 days after the effective date of the decision. He may not reassociate with any member until he has so requalified. The sanctions were based on findings that the firm, acting at times through Howard and Singh and at times through Howard, engaged in a securities business while failing to maintain minimum required net capital. The respondents also filed certain Focus Part I Reports that failed to accurately reflect net capital, and the firm and Howard failed to file Focus Part I Reports for certain periods in a timely manner. In addition, the firm and Howard permitted funds to be improperly withdrawn from the Special Reserve Account for the Exclusive Benefit of Customers in that, in the amount of \$19,000, funds were advanced by the firm from this account to Howard. The firm and Howard also failed to promptly process customer-related funds through the Special Reserve Account, used an improperly established account to process customer-related funds, and utilized the Special Reserve Account as a clearance account for commissions received and paid. In addition, Howard took advances on commissions through withdrawals from the Account.

Traiger Energy Investment (Encino, CA) and Michael Allan Traiger (Registered Principal, Encino, CA) submitted an Offer of Settle-

ment pursuant to which the firm and Traiger were fined \$10,000, jointly and severally. Without admitting or denying the allegations, the firm and Traiger consented to the described sanctions and findings that they participated in a contingent offering of limited partnership interests and, although the firm failed to have and maintain net capital of not less than \$25,000 during the period it sold these interests, investor funds were not promptly forwarded to an escrow account as required. Instead, funds were held by depositing them into a bank account controlled by Michael Traiger. Additionally, the Private Placement Memorandum contained untrue statements of material facts in that the Memorandum provided that all proceeds from subscriptions would be held in an interest-bearing escrow account.

Travelers Equities Sales, Inc. (Hartford, CT), William C. Steinberg (Registered Principal, Hartford, CT), Anthony F. Valone (Registered Representative, Orchard Park, NJ), Philip J. Tantillo (Registered Representative, Buffalo, NY), Sandra R.W. Holloway (Registered Representative, Depew, NY), and Dennis J. Brophy (Registered Representative, Lakeland, FL). Anthony F. Valone is fined \$100,000 and barred from association with any member of the Association in any capacity, Philip J. Tantillo is barred from association with any member of the Association in any capacity, Sandra R.W. Holloway is suspended from association with any member of the Association for two years, and Dennis J. Brophy is suspended from association with any member of the Association in any capacity for two years. The sanctions were based on findings that Valone was involved in the structuring and the distribution of at least eight limited partnership offerings that he sold to public customers away from his employing member without prior notification to the firm in contravention of the Board of Governors' Interpretation with respect to Private Securities Transactions, then in effect. In addition, Valone, Tantillo, Holloway, and Brophy failed to respond to the Association's requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice in connection with their terminations of employment by a member firm for apparent private securities transactions.

In connection with this activity, Travelers Equities Sales, Inc., and William C. Steinberg

submitted an Offer of Settlement pursuant to which the firm and Steinberg were fined \$50,000, jointly and severally. Without admitting or denying the allegations, the firm and Steinberg consented to the described sanctions and findings that they failed to properly supervise Anthony F. Valone and other registered representatives and to enforce the firm's written supervisory procedures to assure compliance with applicable securities laws.

The following is a corrected synopsis of a case which appeared in the January edition of this publication. The January edition contained a misstatement relating to certain findings of violation. The following is an accurate representation of the findings of the NASD:

Dillon Securities, Inc. (Spokane, WA) and Lyle R. Haas (Registered Principal, Spokane, WA). Dillon Securities, Inc., was fined \$20,000 and Lyle R. Haas was fined \$10,000 and required to requalify by examination as a financial and operations principal within 90 days of the date of the decision or to cease functioning as a financial and operations principal within 90 days of the date of the decision or to cease functioning as a financial and operations principal thereafter until he requalified. Dillon and Haas have appealed the NASD decision to the Securities and Exchange Commission. While the matter is being considered by the SEC, the sanctions against Dillon and Haas are not effective. The sanctions were based on findings that the firm and Haas failed to prepare accurate net capital computations for certain periods. The respondents also failed to promptly transmit investor checks received in connection with the two best-efforts underwritings to a separate escrow account. The NASD dismissed allegations that the firm, acting through Haas in his capacity as its financial and operations principal, engaged in a securities business while failing to maintain required net capital of not less than \$100,000.

INDIVIDUALS BARRED AND SUSPENDED

Anthony James Angotta (Registered Representative, Dallas, TX) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he is fined \$12,500 and suspended from association with any NASD member in any capacity for six months. Without admitting or denying the

allegations, Angotta consented to the described sanctions and findings that he engaged in a practice known as "day trading" whereby he entered transactions in his personal account, selling shares and thereafter buying the shares back the same day, leaving an unsecured debit balance in his account. When he was unable to pay for the transactions, Angotta changed account information to reflect a fictitious name and address so that confirmations and account statements would make it appear as though the fictitious individual had made the trades.

Jay Freeman Barrus (Registered Representative, Bothell, WA) was fined \$15,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that, in connection with the sale of one limited partnership unit to a customer, Barrus guaranteed the customer against loss by agreeing to repurchase one half unit from the customer at its original cost within a five-year period from the date of purchase. Barrus also engaged in two private securities transactions outside the scope of his employment without providing prior written notification to his employer.

Jack Howard Beckett (Registered Representative, St. Marys, OH) was fined \$140,458.59 and barred from association with any NASD member in any capacity. The sanctions were based on the findings that Beckett withheld and misappropriated to his own use customer funds totalling approximately \$171,757.45 without the knowledge or consent of the customers. Beckett also failed to respond to the Association's three requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice concerning the circumstances surrounding his termination of employment by a member firm.

Larry K. Bolden, Roger A. Faulk, N. Douglas Perreault, and James H. Thomas (Registered Representatives, Dothan, AL) submitted an Offer of Settlement pursuant to which Larry K. Bolden, Roger A. Faulk, and N. Douglas Perreault are each fined \$3,500 and suspended from association with any member of the NASD in any capacity for 45 days, and James H. Thomas is fined \$1,000 and suspended from association with any member of the NASD for 30 days. In addition, Bolden, Faulk, Perreault, and Thomas are required to requalify as direct participation program representatives within 90 days of the decision. Without

admitting or denying the allegations, the respondents consented to the described sanctions and findings that, in connection with the offer and sale of limited partnership interests, the respondents made representations that the partnership's activities would be limited to advancing funds to an affiliate of the general partners which, in turn, would provide financing through business ventures engaged in accounts receivable financing and that investors had to rely on the abilities of the general partners with respect to financing arrangements and business transactions. Contrary to the offering memorandum, the financing was not done by the general partners but by a third party who forged the contracts and who had been criminally prosecuted for passing bad checks on numerous occasions. The respondents also failed to make, keep current, and preserve an accurate record of the receipt of investor funds and failed to transmit investor funds to an escrow account. Investor funds were also transferred to the partnership although only one unit was sold. In addition, Bolden, Faulk, Perreault, and Thomas sold such limited partnership interests and, in connection with this activity, acted in the capacity of an unregistered broker-dealer. They also offered and sold such interests outside the scope of their employment without prior notification to their employer in contravention of the Board of Governors' Interpretation with respect to Private Securities Transactions, then in effect.

Nicholas G. D'Alessandro (Registered Representative, Belleville, NJ) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he is fined \$10,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, D'Alessandro consented to the described sanctions and findings that he received a check from a customer in the amount of \$5,000 intended for investment, which he deposited to his personal account for his own use and benefit. When the customer requested the status of his investment, D'Alessandro altered another client's statement with the intent of deceiving the customer into thinking it was his.

Jerome D. Dioguardi (Registered Principal, Marlton, NJ) submitted an Offer of Settlement pursuant to which he is fined \$5,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Dioguardi consented to the described

sanctions and findings in that he effected in his own securities account and in the securities accounts of two customers purchases of securities while intending not to pay for them, cancelled and transferred to his employer-member's error account those transactions that resulted in a loss, and retained in such accounts only those transactions that resulted in a profit.

Cyril Paul Fitzgerald (Registered Representative, Roseville, MN) was fined \$30,000, ordered to disgorge \$36,000, and barred from association with any NASD member in any capacity. The sanctions were based on findings that Fitzgerald received a check from a customer in the amount of \$36,000 intended for investment and failed to purchase securities for the customer as instructed, instead retaining the funds for his own use and benefit. Fitzgerald also failed to respond to the Association's two requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice concerning the circumstances surrounding his termination of employment by a member firm.

Panagiotis George Fotinopoulos (Registered Representative, Edison, NJ) was fined \$30,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Fotinopoulos deposited a check in the amount of \$7,123.18 at the clearing firm of his employer-member, purportedly in payment for personal securities transactions, which was returned unpaid to the clearing firm due to insufficient funds. Fotinopoulos also failed to respond to the Association's two requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice concerning the investigation of a customer complaint.

Stanley Don Gardenswartz (Registered Representative, Denver, CO) was fined \$10,000 and barred from association with any member of the Association in any capacity. The sanctions were imposed by the Association's Board of Governors following the review of a decision rendered by the District Business Conduct Committee for District 3. The sanctions were based on findings that Gardenswartz obtained possession of a check, drawn in the amount of \$8,777.91, which was payable to two customers who had a joint account with his employer-member. Gardenswartz forged the endorsements on the check and used the proceeds to obtain a cashier's check that was pay-

able to himself. He deposited the check to his personal account and retained the funds for approximately one year.

This action has been appealed to the Securities and Exchange Commission, and the bar in any capacity is effective pending consideration of the appeal.

Jedd P. Jones (Registered Representative, Sandy, UT) submitted an Offer of Settlement pursuant to which he is fined \$5,000 and suspended from association with any NASD member in any capacity for 30 days. Without admitting or denying the allegations, Jones consented to the described sanctions and findings that he effected an unauthorized transaction in a customer's account. In addition, Jones made misrepresentations to another firm in connection with a securities purchase in that he indicated that his employing firm would purchase stock from the other member at a certain price. Jones failed to write an order ticket for this promised trade, resulting in a loss to the other firm of \$26,250. Jones also failed to pay for approximately \$40,000 worth of securities in his personal account in that checks tendered for payment for the purchases were returned for insufficient funds.

Howard Ralph Kahn (Registered Principal, Campbell, CA) submitted an Offer of Settlement pursuant to which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 30 days. Without admitting or denying the allegations, Kahn consented to the described sanctions and findings that he sold securities in the form of nine real estate limited partnerships and was a limited partner in each of these partnerships as well as the general partner. By virtue of the sale of these securities, he participated in private securities transactions without providing prior written notice to his employer in contravention of the Board of Governors Interpretation with respect to Private Securities Transactions, then in effect.

Bowman C. Lingle (Registered Principal, Wauconda, IL) submitted an Offer of Settlement pursuant to which he is fined \$1,500 and barred from association with any NASD member for three years. Without admitting or denying the allegations, Lingle consented to the described sanctions and findings that while he was concurrently associated with a member and serving as an officer and/or director of a private corporation that was a

client of the member and that owed the member \$35,000, he caused five checks totalling \$20,000 to be drawn on the account of the private corporation to him or for his benefit and negotiated the checks to provide himself with a portion of the \$35,000 that he believed was compensation due to him from the member. Lingle also placed the initials and/or name of a second authorized signatory on certain of the checks without the knowledge or consent of other officers of the corporation.

Charles R. McAfee (Registered Representative, Decatur, AL) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$15,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, McAfee consented to the described sanctions and findings that he converted to his own use \$170,328.81 from 12 public customer accounts. McAfee also failed to respond to the Association's two requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice concerning the circumstances surrounding his termination of employment by a member firm.

William J. McLaren (Registered Principal, Mentor, OH) was fined \$60,000 and was suspended from association with any NASD member in any capacity for 10 business days and in the capacity of principal for one year. The sanctions were based on findings that McLaren engaged in private securities transactions outside the normal course or scope of his employment in that he sold various limited partnership interests to at least 42 investors without prior written notification to his employer in contravention of the Board of Governors' Interpretation with respect to Private Securities Transactions, then in effect. McLaren also made recommendations to a customer for the purchase and sale of securities without having reasonable grounds for believing that the recommendations were suitable. In addition, McLaren exercised discretion in this customer's account without obtaining prior written authorization from the customer and without obtaining his employer's written acceptance of the account as discretionary.

Donald H. Miller (Registered Representative, Kendall, MI) submitted a Letter of Acceptance, Waiver and Consent pursuant to which he is fined \$25,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Miller consented to

the described sanctions and findings that he made improper use of the funds and securities of a customer in that, without the knowledge or consent of the customer, he transferred \$40,000 of this customer's funds and securities to the accounts of two other public customers. In addition, without the authorization of a customer, Miller transferred \$2,000 from this customer's account to the account of another customer. Thereafter, Miller materially misrepresented the value of the account to the customer.

Laurence Grant Mullineux III (Registered Representative, Duluth, MN) was fined \$15,000 and barred from association with any NASD member in any capacity. The sanctions were based on the findings that Mullineux failed to respond to the Association's two requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice concerning the suitability of investment recommendations made to a customer.

Kevin Phillip O'Brien (Registered Representative, Milford, NH) was fined \$15,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that O'Brien withheld and misappropriated to his own use customer funds totalling \$14,375 intended for investment. O'Brien also failed to respond to the Association's three requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice concerning the misappropriation of customer funds.

Thomas L. Oglebay (Registered Representative, Cresaptown, MD) submitted an Offer of Settlement pursuant to which he is fined \$5,000 and suspended from association with any NASD member in any capacity for one year. Without admitting or denying the allegations, Oglebay consented to the described sanctions and findings that he engaged in private securities transactions after being advised that his employer-member disapproved his participation in the transactions.

Christopher Eustace Peta (Registered Principal, Rocky River, OH) submitted an Offer of Settlement pursuant to which he is fined \$2,000 and suspended from association with any NASD member in any capacity for two weeks. Without admitting or denying the allegations, Peta consented to the described sanctions and findings that he sold and/or participated in the sale of stock to at least 14 investors of shares and, in connection with such activity, failed to provide prior written

notification to his employer in contravention of the Board of Governors' Interpretation with respect to Private Securities Transactions, then in effect. Peta also failed to respond in a timely manner to the Association's five requests for information.

Larry John Phillips (Registered Representative, Del City, OK) submitted an Offer of Settlement pursuant to which he is fined \$8,000 and suspended from association with any NASD member in any capacity for two months. Without admitting or denying the allegations, Phillips consented to the described sanctions and findings that he engaged in private securities transactions outside the scope of his employment without prior written notification to his employer as was required, and guaranteed one customer against loss in connection with a transaction. In addition, in an attempt to induce securities transactions, Phillips knowingly issued false confirmations to two customers that stated that they had each sold 25,000 shares of a stock. Phillips also failed to respond in a timely manner to the Association's three requests for information concerning the circumstances surrounding his termination of employment by a member firm.

Martin David Roberge (Registered Representative, Lebanon, OR) was fined \$1,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Roberge filed an inaccurate Form U-4 application for registration with the Association in that it failed to disclose his arrest for burglary and theft. Roberge also failed to thereafter amend his Form U-4 to disclose his conviction in connection with these charges.

Stephen Palmer Scholes (Registered Principal, Columbus, OH) was fined \$5,000 and barred from association with any NASD member in any capacity. The sanctions were based on findings that Scholes, acting on behalf of himself or on behalf of friends or a relative, purchased from and/or sold to public customers municipal securities at unfair prices. Such unfair pricing was accomplished by a pattern of interpositioning transactions in these municipal securities in his personal account or accounts of these friends or relatives. Scholes, using his position as a municipal bond trader, engaged in such activity to personally profit and/or provide profits to others from the trading of municipal securities through

his employer-member's trading account, to the detriment of public customers.

Jose A. Sierra (Registered Representative, New Orleans, LA) was fined \$30,000 and barred from association with any member of the Association in any capacity. The sanctions were based on findings that Sierra received \$12,580 from public customers and remitted only \$2,580 of such amount to his insurance employer, retaining and misappropriating the remaining \$10,000 for his own use. Sierra also deposited four checks totalling \$9,491.51 into his personal bank account, having forged customer signatures on these checks in an unsuccessful attempt to convert these monies to his own use. Furthermore, Sierra failed to respond to the Association's three requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice concerning the circumstances surrounding his termination of employment by a member firm.

Karen Louise Szynskie (Associated Person, Dallas, TX) submitted a Letter of Acceptance, Waiver and Consent pursuant to which she is fined \$1,000 and barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Szynskie consented to the described sanctions and findings that she took monies from her employer-member's petty cash fund and converted the funds to her own use and benefit.

Scott David Whitman (Registered Representative, Reynoldsburg, OH) was fined \$25,000, ordered to disgorge \$104,735.92, and barred from association with any NASD member in any capacity. The sanctions were based on findings that Whitman forged the signatures of insurance customers to policy loan applications, thereafter forged the signatures on checks representing the proceeds of such policy loans, and negotiated the checks, misappropriating \$37,490.82 to his own use. In addition, Whitman forged the signature of a customer on a cash surrender application and other forms, forged the customer's signature on the \$13,519.43 check representing the proceeds, and also forged the customer signatures to four other checks totalling \$53,725.67, misappropriating these funds to his own use. Additionally, Whitman submitted at least 12 applications for life insurance to his employer on which he forged the signatures of the proposed insured persons, thereafter submitting the applica-

tions without their knowledge or consent.

Curtis I. Wilson (Registered Representative, Redmond, WA) was fined \$15,000 and suspended from association with any NASD member in any capacity for one year. The sanctions were imposed following a review by the Securities and Exchange Commission of an action taken by the Association's Board of Governors. The sanctions were based on findings that Wilson effected unauthorized and unsuitable transactions in a customer's account. The customer, who had a conservative portfolio consisting principally of income-producing securities, was solicited by Wilson to transfer her account to his new employer-member, which specialized in underwriting offerings for, and making markets in the securities of, new, little-known high-tech mining companies. In addition, Wilson gave a customer a personal check for \$9,500 as an improper guarantee against loss.

Gilbert A. Zwetsch (Registered Representative, Spokane, WA) and **Terry S. Evans (Registered Principal, Liberty Lake, WA)** were each fined \$15,000, Gilbert A. Zwetsch is ordered to disgorge \$7,480, Terry S. Evans is ordered to disgorge \$2,790, and Zwetsch and Evans are suspended from association with any NASD member in any capacity for 60 days. The sanctions were imposed by the Association's Board of Governors following the appeal of a Decision rendered by the District Business Conduct Committee for District 1. The sanctions were based on findings that Zwetsch and Evans each purchased 200,000 shares of stock and, in connection with such purchases, failed to provide prior written notification to their employer in contravention of the Board of Governors' Interpretation with respect to Private Securities Transactions, then in effect. In addition, Zwetsch and Evans, in connection with soliciting retail customers to purchase the stock, failed to inform the customers that they had acquired large blocks of the stock at a price considerably lower than the price offered the customers, that any purchase by the customer might be covered in part by the sale of securities owned by the respondents, and that the respondents stood to gain financially from the customers' purchases of the stock.

This action has been appealed to the Securities and Exchange Commission, and the sanctions are not effective pending consideration of the appeal.

FIRM EXPELLED AND INDIVIDUAL BARRED

Southland Securities, Inc. (Little Rock, AR) and David L. Morgan (Registered Principal, Little Rock, AR) Southland Securities, Inc., was expelled from membership in the Association and David L. Morgan was barred from association with any NASD member as a principal, suspended from association with any NASD member in any capacity for one year, and is required to requalify by examination before acting again in any registered capacity. The sanctions were based on findings that the firm and Morgan offered and sold limited partnership units in best efforts contingency offerings and withdrew funds from the partnership bank accounts prior to the contingencies being satisfied. The firm and Morgan also made false statements of material fact and/or omissions of material fact in connection with the offer and sale of units in two limited partnership contingency offerings. Among other things, the respondents falsely represented that an escrow account would be established and failed to disclose that investor funds would be disbursed before the contingency was satisfied. In connection with such offering, the respondent falsely represented that investor monies would be returned unless all 490 units were sold and gross proceeds of \$500,000 were received by the termination date, and failed to disclose the risks to the partnership of raising less than that amount. The respondents raised only \$257,000, and the general partner purchased the remaining units in order to satisfy the contingency, which sale was not bona fide. They also did not disclose to other investors the possibility of such a purchase and the fact that the general partner received a discount and an extended payment period. Further, funds were never actually received from the general partner and a "fictitious" transaction was consummated when the general partner simultaneously wrote a check to the partnership and received a check from the partnership, which checks were drawn on insufficient funds. Such checks were exchanged to create the fraudulent impression that all 490 units had been sold. The firm and Morgan also failed to make, keep current, and preserve a record of receipt of investor checks, and failed to record time of entry and time of execution on certain order tickets. In addition, two assignments of securities that should have been recorded as capital contributions because beneficial ownership was not transferred to

the Member were inaccurately recorded as paid-in-capital. They also failed to record and keep current outstanding accounts payable incurred for certain periods. Further, the firm and Morgan filed inaccurate Focus Part I and II Reports for certain periods, and submitted a Focus I that treated a temporary transfer as a permanent capital contribution. Additionally, the respondents conducted a securities business while failing to maintain minimum required net capital, failed to give telegraphic notice to the SEC and NASD of the net capital deficiency, and failed to file the requisite Focus Reports. Supervisory procedures were also not established, maintained, and enforced that would enable the firm to properly supervise the activities of an off-site representative.

INDIVIDUALS FINED

Phillip Anthony Hern (Registered Representative, Park Hills, KY) was fined \$15,000. The sanctions were based on findings that Hern received \$10,000, in two payments of \$5,000 each, from an insurance customer for services rendered by Hern in obtaining for this customer \$52,341.22 in life insurance death benefits.

FIRM FINED, INDIVIDUALS BARRED, SUSPENDED

Listrom (Lowell H.) & Company, Inc., and Lowell H. Listrom (Registered Principal, Kansas City, MO) were fined \$25,000, jointly and severally; Lowell H. Listrom was barred from association with any NASD member as a General Securities Principal; and **Stephen L. Mock (Registered Principal, Overland Park, KS)** was fined \$5,000, suspended from association with any NASD member in any capacity for 10 days, and required to requalify by examination as a Financial and Operations Principal.

The sanctions were imposed by the NASD's Board of Governors following the appeal of a decision rendered by the District Business Conduct Committee for District 4. The sanctions were based on findings that Listrom (Lowell H.) & Company, Inc., acting through the individual respondents, failed to prepare and maintain properly certain books and records, and to reflect accurately excess net capital as of June 30, 1987. Furthermore, the firm, Listrom, and Mock inaccurately computed excess net capital as of

November 30, 1987, and conducted a securities business at various times when the firm failed to maintain minimum required net capital. Deficiencies resulting from insufficient unrestricted cash, impermissible withdrawals, and inaccurate computations were also incurred on nine different occasions in the firm's Reserve Bank Account, which is in contravention of the Securities and Exchange Commission's Customer Protection Rule. In addition, the firm, acting through Mock, inaccurately calculated its weekly reserve computations on five occasions and failed to compute accurately the firm's month-end Reserve Bank Account as of November 30, 1987.

The commencement date of the suspension imposed on Stephen L. Mock has yet to be determined. Pursuant to the Securities Exchange Act of 1934, Listrom (Lowell H.) & Company, Inc., Lowell H. Listrom, and Stephen L. Mock may seek review of the NASD's actions by the Securities and Exchange Commission.

In assessing sanctions for the violations found, the NASD considered a number of factors, including the significant prior disciplinary history of the firm and Lowell H. Listrom.

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

Steven K. Abner, Knoxville, TN
Fred H. Adcock, III, New Braunfels, TX
George F. Carstens, Orlando, FL
Jeffrey M. Chefetz, Wellesley Hills, MA
Orlando P. Colamatteo, Sr., Pompano Beach, FL
Edgar L. Gerhardt, Houston, TX
Thomas A. Ginther, Kissimmee, FL
Ely J. Mandell, Los Angeles, CA
Paul R. Meichsner, Redlands, CA
Richard R. Patterson, Jr., Charleston, SC
Mark A. Snyder, Lakewood, CO

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

Brazos Capital Company, Houston, TX
Cromwell, Knight & Company, Inc.,
Greenwich, CT
G. Erwin Securities Company, Maitland, FL
International Securities Group, Ltd.,
Denver, CO

For Your Information

National Association of Securities Dealers, Inc.

March 1989

Series 7 Test Changes For March; Permanent Site Change in Anchorage

Memphis Test Site for March

The March 18, 1989, Series 7 exam in Memphis will be held at:
Sheraton Hotel
300 N. 2nd Street
Memphis, TN

Atlanta Test Site for March

The March 18, 1989, Series 7 exam in Atlanta will be held at:
Georgia International Convention
& Trade Center
1902 Sullivan Road
College Park, GA

The Georgia International Convention & Trade Center is located one mile north of the Hartsfield Airport on Sullivan Road, which is off Riverdale Road and is next to the Holiday Inn Crowne Plaza.

Permanent Site Change

Candidates are reminded that the location for all First Saturday and Third Saturday exams in Anchorage is:

Alaska Pacific University
Great Hall
Room 215
Anchorage, AK

Series 63 Exam Implemented in Nebraska Effective March 15, 1989

The state of Nebraska will begin requiring the Series 63 USASLE exam as a prerequisite for agent registration for agent registration in the state.

The requirement will apply for all agents who

have never been registered in the state of Nebraska or have not been registered within the past two years.

Questions should be directed to NASD Information Services at (301) 590-6500.

Update to State Participation in CRD Form BD and BDW Processing

Notice to Members 89-6 provided information effective February 1, 1989, regarding state participation in CRD Phase II, the Form BD and Form BDW processing phase of the CRD system. Form BD is the primary broker-dealer application used by the NASD and the states.

Once registered, firms are under a continuing obligation to keep current the information reported on Form BD. Since that time, several states have changed aspects of their participation.

In summary, the changes are:

Arkansas: Change from participating to non-participating.

Delaware: Fee changed from \$150 to \$10.

Kentucky: Fee no longer collected through CRD.

Texas: Fee now collected through CRD.

Wisconsin: Fee changed from \$300 to \$400.

Questions regarding this notice should be directed to NASD Information Services at (301) 590-6500.

This notice includes a revised chart indicating the states that will participate in Phase II as of February 1, 1989. All states listed as participants will accept the Form BD amendments and Forms BDW filed with CRD in place of an original filing made directly with their offices.

The chart also reflects current state broker-dealer initial registration filing fees and indicates whether the state will collect these fees through CRD.

CRD Phase II Participants As of February 1, 1989

CRD collection of state initial registration fees will be accomplished by submission of Pages 1 and 2 of Form BD along with the designated fees. Please contact the appropriate state(s) to determine any additional filing requirements. (Y=yes; N=no). (Note: All changes are in bold.)

State	Participating Form BD Amendment and Form BDW	CRD Collection of Initial Reg. Fee	Initial B/D Reg. Fee	State	Participating Form BD Amendment and Form BDW	CRD Collection of Initial Reg. Fee	Initial B/D Reg. Fee
AL	Y	Y	200	MT	Y	Y	200
AK	Y	N	—	NE	N	N	—
AZ	N	N	—	NV	Y	N	—
AR	N	N	—	NH	N	N	—
CA	Y	N	—	NJ	N	N	—
CO	Y	Y	75	NM	Y	Y	300
CT	Y	Y	250	NY	Y	N	—
DE	Y	Y	10	NC	Y	Y	200
DC	Y	Y	250	ND	Y	Y	100
FL	N	N	—	OH	Y	Y	150
GA	Y	Y	250	OK	Y	Y	300
HI	Y	Y	100	OR	Y	Y	100
ID	Y	Y	75	PA	Y	Y	125
IL	Y	Y	200	PR	N	N	—
IN	Y	Y	250	RI	Y	Y	200
IA	Y	Y	200	SC	Y	Y	100
KS	Y	Y	100	SD	Y	Y	150
KY	Y	N	—	TN	Y	Y	200
LA	Y	Y	250	TX	Y	Y	180
ME	Y	Y	100	UT	Y	Y	75
MD	Y	Y	125	VT	Y	Y	200
MA	Y	Y	300	VA	Y	N	—
MI	N	N	—	WA	Y	Y	150
MN	Y	Y	200	WV	Y	Y	150
MS	Y	Y	125	WI	Y	Y	400
MO	Y	Y	200	WY	Y	Y	100