

# Notice To Members

National Association of Securities Dealers, Inc.

June 1989

## Number 89 - 44

### 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 checked="" 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: Amendment to Uniform Practice Code Re: Mandatory Buy-Ins for Cash or Guaranteed Delivery, Effective June 1, 1989

#### EXECUTIVE SUMMARY

The Securities and Exchange Commission has approved an amendment to Section 59 of the NASD's Uniform Practice Code, which requires that, for transactions in NASDAQ securities where the buyer is a customer, other than another member, and a clearing corporation fails to effect delivery in accordance with a buy-in notice, the contract must be closed by purchasing for cash or for guaranteed delivery. This provision will be effective for buy-ins instituted after June 1, 1989. The text of the amendment to Section 59 follows this notice.

#### EXPLANATION

The Securities and Exchange Commission has approved an amendment to the NASD's Uniform Practice Code that was adopted by the NASD Board of Governors in response to a study by Irving M. Pollack on "Short Sale Regulation of NASDAQ Securities." The purpose of the new provision is to ensure that customers who are entitled to and who seek to do so are able to obtain delivery of their securities purchases, notwithstanding the fact that a clearing corporation buy-in has not produced delivery. This rule change provides

that, upon the failure of a clearing corporation to make delivery of securities after a buy-in has been attempted, members will be required to close the contract by purchasing, for cash or guaranteed delivery, any portion of the securities not delivered through the clearing corporation buy-in process. The provision applies only to purchases of NASDAQ securities by customers, other than another NASD member, who seek to obtain delivery of their securities. Members should note that, as with other buy-ins, the amendment requires that members be prepared to defend the price at which the buy-in is executed relative to the current market price at the time of the buy-in.

Failure to comply with the provisions of the Code may subject members to disciplinary action in appropriate cases.

To provide members with an opportunity to notify appropriate personnel of this change and to make procedural changes as necessary, the requirements of the rule will become effective for buy-ins initiated after June 1, 1989.

Questions concerning this notice may be directed to Donald Catapano, Director of NASD Uniform Practice/TARS at (212) 858-4350.

#### TEXT OF RULE CHANGE

(Note: New text is underlined; deleted text is in brackets.)

### Close-Out Procedure

#### Sec. 59. Buying-in

(a) and (b) are unchanged.

#### Seller's failure to deliver after receipt of notice

(c)(i)(a) On failure of the seller to effect delivery in accordance with the "buy-in" notice, or to obtain a stay as hereinafter provided, the buyer may close the contract by purchasing all or any part of the securities necessary to complete the contract. Such execution will also operate to close-out all contracts covered under re-transmitted notices of buy-in issued pursuant to the original notice of buy-in. A "buy-in" may be executed by a member from its long position and/or from customers' accounts maintained with such member. [In all cases, members must be prepared to defend the price at which the "buy-in" is executed relative to the cur-

rent market at the time of the "buy-in."]

(c)(i)(b) For transactions in NASDAQ Securities where the buyer is a customer (other than another member), upon the failure of a clearing corporation to effect delivery in accordance with a buy-in notice, the contract must be closed by purchasing for "cash" in the best available market, or at the option of the buyer for guaranteed delivery, for the account and liability of the party in default all or any part of the securities necessary to complete the contract.

As provided in subsections (i)(a) and (i)(b) hereof, members must be prepared to defend the price at which the "buy-in" is executed relative to the current market at the time of the "buy-in."

(c)(ii) is unchanged.

(d) through (n) are unchanged.

# Notice To Members

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| <input type="checkbox"/> Institutional         | <input type="checkbox"/> Mutual Fund                   | <input type="checkbox"/> Research              | <input type="checkbox"/> Training             |

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### Subject: Independence Day Trade Date-Settlement Date Schedule

Securities markets and the NASDAQ System will be closed on Tuesday, July 4, 1989, in observance of Independence Day. "Regular way" transactions made on the business days noted below will be subject to the following schedule:

Trade Date	Settlement Date	Reg. T Date*
June 26	July 3	July 6
27	5	7
28	6	10
29	7	11
30	10	12
July 3	11	13
4	Markets Closed	—
5	12	14

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

to clear and settle 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.

June 1989

## Number 89 - 46

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| <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           |

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### Subject: NASDAQ National Market System Additions, Changes, and Deletions As of May 15, 1989

As of May 15, 1989, the following 18 issues joined the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 2,798:

Symbol	Company	Entry Date	SOES Execution Level
BYTX	Bytex Corporation	4/13/89	1000
AFWY	Arkansas Freightways Corporation	4/18/89	1000
COND	Condor Services, Inc.	4/18/89	1000
FSVA	Fidelity Savings Association	4/18/89	200
MAAR	MarCor Development Company, Inc.	4/18/89	1000
OCLE	Office Club, Inc. (The)	4/18/89	1000
PREM	Premier Financial Services, Inc.	4/18/89	200
RHCC	Rocking Horse Child Care Centers of America, Inc. (The)	4/18/89	1000
SEVN	Sevenson Environmental Services, Inc.	4/19/89	1000
SPLS	Staples, Inc.	4/28/89	1000
BFEN	BF Enterprises, Inc.	5/2/89	1000
FWBI	First Western Bancorp, Inc.	5/2/89	200
MVBC	Mission-Valley Bancorp	5/2/89	200
RCHI	Rauch Industries, Inc.	5/2/89	500
TSNG	Tseng Labs, Inc.	5/2/89	1000
AKZOY	Akzo, N.V.	5/8/89	200
GOAL	Goal Systems International, Inc.	5/9/89	1000
CHEM	Chempower, Inc.	5/11/89	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.

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<b>Symbol</b>	<b>Company</b>	<b>Location</b>	<b>SOES Execution Level</b>
CMPX	Comptronix Corporation	Guntersville, AL	1000
UTOG	Unitog, Inc.	Kansas City, MO	1000
VTRN	Vitarine Pharmaceuticals, Inc.	Springfield Gardens, NY	1000

**NASDAQ/NMS Symbol and/or Name Changes**

The following changes to the list of NASDAQ/NMS securities occurred since April 13, 1988.

<b>New/Old Symbol</b>	<b>New/Old Security</b>	<b>Date of Change</b>
CATLB/STNIB	Cantel Industries, Inc. (CI B)/Stendig Industries, Inc. (CI B)	4/18/89
WEST/MFGI	West One Bancorp/Moore Financial Group, Inc.	4/21/89
CLRXL/CLRXL	Colorocs Corporation (CI D 5/4/89 Wts)/Colorocs Corporation (CI D Wts)	4/24/89
FFSB/FFSL	Fulton Federal Savings Bank/Fulton Federal Savings & Loan Association	4/25/89
INBF/INAT	INB Financial Corporation/Indiana National Corporation	4/26/89
SRSL/SRSL	Sunrise Bancorp, Inc./Sunrise Federal Savings & Loan Association	4/26/89
OLCC/PFSL	Olympus Capital Corp./Prudential Financial Services Corp.	4/28/89
FFOM/FFOM	FirstFed Michigan Corporation/First Financial Services Corp.	5/1/89
FHCT/FHCT	First Chattanooga Financial Corp./First Federal Savings & Loan Association of Chattanooga	5/1/89
LLSL/LLSL	Lakeland First Financial Group, Inc./Lakeland Savings Bank, SLA	5/1/89
MSSB/MSSL	Mid-State Federal Savings Bank/Mid-State Federal Savings & Loan Association	5/1/89
CISI/CISIF	CIS Technologies, Inc./CIS Technologies, Inc.	5/5/89
ARTW/ARTW	Art's-Way Manufacturing Co., Inc./Art's-Way Manufacturing Company Incorporated	5/8/89
MFGR/MFGR	Metrobank Financial Group, Inc./Morsemere Financial Group, Inc.	5/8/89
WGNR/TLCR	Wegener Corporation/Telecrafter Corporation	5/9/89
FNGB/FNGB	First Northern Savings Bank, S.A./First Northern Savings & Loan Association	5/12/89

**NASDAQ/NMS Deletions**

<b>Symbol</b>	<b>Security</b>	<b>Date</b>
IRWN	Irwin Magnetic Systems, Inc.	4/13/89
PAWB	Pacific Western Bancshares	4/13/89
PVDC	Princeville Corporation	4/14/89
CPIC	CPI Corporation	4/17/89
HWCD	HWC Distribution Corporation	4/17/89
MAXQC	Maxicare Health Plans, Inc.	4/25/89
BBEC	Blockbuster Entertainment Corporation	4/27/89
SRVI	Servico, Inc.	4/27/89
CLRXL	Colorocs Corporation (CI D 5/14/89 Wts)	4/28/89
CABK	Colonial American Bankshares Corporation	5/1/89
FHFC	Farm House Foods Corporation	5/1/89
AINC	American Income Life Insurance Company	5/2/89
BGBR	Big Bear, Inc.	5/2/89

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Symbol	Security	Date
KRSL	Kreiser Manufacturing Corporation	5/3/89
ITEL	IteI Corporation	5/4/89
ITELM	IteI Corporation (Cl B Pfd)	5/4/89
SWHI	Sound Warehouse, Inc.	5/5/89
ISCS	ISC Systems Corporation	5/8/89
CEXX	Circle Express, Inc.	5/9/89
HLME	D. H. Holmes Company, Limited	5/10/89
CHKE	Cherokee Group (The)	5/11/89
ALBM	Alpha 1 Biomedicals, Inc.	5/15/89
AFCO	American First Corporation	5/15/89
VETS	Animed, Inc.	5/15/89
ADCC	Applied Data Communications, Inc.	5/15/89
AVGA	Avant-Garde Computing, Inc.	5/15/89
BIAC	BI Incorporated	5/15/89
BMRA	Biomerica, Inc.	5/15/89
BISH	Bishop Incorporated	5/15/89
BUTL	Butler National Corporation	5/15/89
CRLNF	Carolin Mines Ltd.	5/15/89
CHAR	Chaparral Resources, Inc.	5/15/89
CMUC	Comp-U-Check, Inc.	5/15/89
CRCT	Crescott, Inc.	5/15/89
DGTC	Digitech, Inc.	5/15/89
ECTH	Electro-Catheter Corporation	5/15/89
GTSC	GTS Corporation	5/15/89
HABE	Haber, Inc.	5/15/89
HABEP	Haber, Inc. (Pfd)	5/15/89
KPRO	Kaypro Corporation	5/15/89
KIMB	Kimbark Oil & Gas Company	5/15/89
KREN	Kings Road Entertainment, Inc.	5/15/89
MUNI	Municipal Development Corporation	5/15/89
NEST	Nestor, Inc.	5/15/89
OLSN	Olson Industries, Inc.	5/15/89
QEKG	Q-Med, Inc.	5/15/89
RTII	RTI, Inc.	5/15/89
RAGN	Ragen Corporation	5/15/89
ROYG	Royal Business Group, Inc.	5/15/89
STGM	Status Game Corporation	5/15/89
TNDS	CTS Industries, Inc.	5/15/89
TLHT	Total Health Systems, Inc.	5/15/89
TTOR	Transtector Systems, Inc.	5/15/89
VANZ	Vanzetti Systems, Inc.	5/15/89
VKSI	Vikonics, Inc.	5/15/89

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 (301) 590-6429.

# Disciplinary Actions

National Association of Securities Dealers, Inc.

June 1989

## Disciplinary Actions Reported for June

The National Association of Securities Dealers, Inc. (NASD), is taking disciplinary actions against the following 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 began with the opening of business on Monday, June 5, 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.

**Alamo Securities, Inc.**, Los Angeles, CA  
(April 10, 1989)

**Allied Equity Group**, Bodega Bay, CA  
(April 10, 1989)

**Americana Investment and Securities**, Las Vegas, CA (April 10, 1989)

**A.T.A.P. Financial Services, Inc.**, Orlando, FL (April 10, 1989 to April 20, 1989)

**Avatara Securities, Inc.**, South Pasadena, CA (April 10, 1989)

**Calyn Financial, Inc.**, Colorado Springs, CO (April 10, 1989 to April 28, 1989)

**Capistrano Securities, Inc.**, San Diego, CA (April 28, 1989)

**Cedar Securities, Inc.**, Kansas City, MO (April 10, 1989)

**Foxhall Group Securities, Inc.**, Southfield, MI (April 10, 1989)

**Franchise Securities Corp.**, New York, NY (April 10, 1989)

**Freedland Securities, Inc.**, Beverly Hills, CA (April 10, 1989)

**Goodson Securities, Inc.**, New York, NY (April 10, 1989)

**Guaranty Investments and Securities, Inc.**, Pompano Beach, FL (April 10, 1989)

**Hilton Capital Markets, Inc.**, New York, NY (April 10, 1989 to April 19, 1989)

**Intervest Corporation**, Jackson, MS (April 10, 1989)

**Investment Concepts, Inc.**, Minneapolis, MN (April 10, 1989)

**Junkin & Associates, Inc.**, Lake Forest, IL (March 14, 1989 to April 28, 1989)

**L. Anderson and Company**, Denver, CO (April 10, 1989)

**Luciano Securities, Inc.**, Orchard Park, NY (April 10, 1989)

**Mid-South Securities, Inc.**, Chattanooga, TN (April 28, 1989)

**Regional Investment Financial Corp.**, Coconut Grove, FL (April 10, 1989)

**SFC Equities, Inc.**, Arlington Heights, IL (April 10, 1989)

**Silver Pine Capital, Inc.**, Addison, NY (April 10, 1989)

**St. Regis Securities Corp.**, Culver City, CA (April 10, 1989)

**State Street Securities, Inc.**, Lake Worth, FL (April 10, 1989)

**Tercel Securities, Inc.**, Amarillo, TX (April 10, 1989)

**Thomas Brothers Securities Corp.**, Laguna Hills, CA (April 10, 1989)

**Tri Funds Securities Corp.**, Denver, CO (April 10, 1989)

**United Securities of America, Inc.**, Houston, TX (April 10, 1989)

**Unitrust Securities Corp.**, Coral Gables, FL (April 10, 1989)

**Vikea, Inc.**, North Brunswick, NJ (April 10, 1989)

**Walt Securities, Inc.**, Laguna Hills, CA (April 10, 1989)

**William M. Stanley, Inc.**, Lake Worth, FL (April 10, 1989)

#### FIRM EXPELLED

**Seco Securities, Inc.** (Denver, Colorado)  
On April 7, 1989, Seco Securities, Inc., was expelled from membership with findings of violations of the Rules of Fair Practice. The action was based on provisions of Article V, Section 2 of the Rules of Fair Practice.

#### FIRM FINED

**Needham & Co., Inc.** (New York, New York) submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm was fined \$25,000. Without admitting or denying the allegations, Needham consented to the described sanctions and findings that it failed to report certain NASDAQ/NMS transactions; reported certain NASDAQ/NMS transactions with inaccurate price and/or volume; failed to report certain NASDAQ/NMS transactions within the required 90 seconds after execution; failed to designate certain NASDAQ/NMS transactions as bunched trades; and failed reasonably to establish, maintain, and enforce written procedures that would have enabled it to properly supervise the activities of associated persons to assure compliance with applicable securities laws, rules, and regulations.

As part of its Letter of Acceptance, Waiver & Consent, Needham will initiate a series of corrective steps to prevent the recurrence of trade reporting problems. The corrective measures are outlined in a number of undertakings contained in the Letter of Acceptance, Waiver & Consent. Among other things, the undertakings require Needham to: (1) adopt, implement, and enforce specific written procedures regarding the conduct of associated persons in its OTC trading department on the reporting of NASDAQ/NMS securities; (2) conduct reviews of its trade-reporting practices on a quarterly basis, which will include comparisons of order tickets with the NASD's records that capture trade reports transmitted by members; and (3) file with the NASD's Market Surveillance Committee quarterly reports indicating its compliance (or non-compliance) with trade-reporting requirements

under Schedule D of the NASD's By-Laws.

This sanction was imposed by the NASD's Market Surveillance Committee.

#### FIRMS AND INDIVIDUALS FINED AND SUSPENDED

**Homans, McGraw, Trull, Valeo & Co., Inc.** (Boston, Massachusetts), **Peter P. Homans** (Registered Principal, Newton, Massachusetts), **Joseph A. McGraw** (Registered Principal, Weston, Massachusetts), **Richard B. Trull** (Registered Principal, Boxford, Massachusetts), and **Thomas Valeo** (Registered Principal, Newbury Port, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent pursuant to which the firm, Homans, McGraw, Trull, and Valeo were fined \$10,000 and ordered to disgorge \$28,000, jointly and severally. Without admitting or denying the allegations, the Respondents consented to the described sanctions and findings that the firm participated as a selling group member in a public offering that traded at an immediate premium in the secondary market and, acting through Homans, McGraw, Trull, and Valeo, failed to make a bona fide public distribution of such offering in that units were sold to a restricted account, in contravention of the Free-Riding and Withholding Interpretation. This restricted account was a limited partnership in which Homans, McGraw, Trull, and Valeo individually were general partners and had a beneficial interest in the account.

**Cartwright Securities, Inc.** (New York, New York), and **James E. Cartwright** (Registered Principal, West Hempstead, New York) submitted an Offer of Settlement pursuant to which the firm and Cartwright were fined \$25,000, jointly and severally, James E. Cartwright was suspended from association with any member of the NASD in any capacity for twenty (20) business days, and the firm is required to employ, at least on a part-time basis, a financial and operations principal. Without admitting or denying the allegations, the firm and Cartwright consented to the described sanctions and findings that the firm, acting through James E. Cartwright, effected transactions in the purchase or sale of securities while failing to maintain minimum required net capital. The firm and Cartwright also inaccurately prepared its general ledger.

**National Diagnostic Securities, Inc.**, Thousand Oaks, California, and **Richard J. Shapiro** (Registered Principal, Moorpark,

## Disciplinary Actions

**California**) submitted an Offer of Settlement pursuant to which they are fined \$15,000, jointly and severally. Without admitting or denying the allegations, the firm and Shapiro consented to the described sanctions and findings that the firm, acting under the direction and control of Shapiro, sold limited partnership interests in nine partnerships and failed to promptly transmit funds received from investors to a separate escrow account. The firm and Shapiro also failed to refund consideration paid by purchasers in four partnerships when the minimum number of units required to be sold in these four partnerships were not sold by certain specified dates.

**L'Argent Equities, Ltd., Minneapolis, Minnesota and George William Frederick (Registered Principal, St. Louis Park, Minnesota)** submitted an Offer of Settlement pursuant to which L'Argent Equity, Ltd. is fined \$15,000 and George William Frederick is fined \$10,000. Without admitting or denying the allegations, the firm and Fredericks consented to the described sanctions and findings that, in contravention of the NASD Board of Governors' Interpretation with respect to Free-Riding and Withholding, the firm failed to make bona fide public offerings of certain securities that traded at immediate premiums in the aftermarket in that sales were made to certain senior bank officers not in accordance with their normal investment practices, to registered representatives of other member firms, and to another member firm. In one instance, the firm and Frederick failed to make a bona fide public offering in that shares were sold to a registered representative of another member and the aggregate of such shares was substantial and disproportionate in amount when compared with sales to members of the public. In addition, the firm and Frederick failed to enforce written supervisory procedures to assure that bona fide distributions of offerings were made in compliance with the Interpretation, and they failed to provide written notice to the employer-members of the registered representatives who purchased these hot issues before the execution of the transactions.

**Andrew Alen Securities, Inc. Montville, New Jersey and Andrew A. Renert (Registered Principal, Montville, New Jersey)** submitted an Offer of Settlement pursuant to which they were fined \$20,000, jointly and severally. Without admitting or denying the allegations, the firm and Renert

consented to the described sanctions and findings that they effected securities transactions with public customers at prices that were not fair in relation to the market value of such securities.

**Kenman Securities Corporation, Salt Lake City, Utah and Kenneth T. Holman (Registered Principal, Centerville, Utah)** were fined \$15,000, jointly and severally, Kenman Securities Corp. is suspended from underwriting or managing new partnership offerings for two (2) years, and Kenneth Holman is suspended from association with any member of the NASD in any principal capacity for two (2) years. The sanctions were based on findings that the firm and Holman offered and sold limited partnership interests to public investors while failing to disclose in the offering memorandum or to otherwise inform purchasers of material information pertaining to the investment. The firm and Holman also provided an untruthful response to an Association request for information concerning this failure to disclose.

**Porcari, Fearnow and Associates, Inc., Houston, Texas, Arthur J. Porcari (General Securities Principal, Houston, Texas) and Michael T. Fearnow (General Securities Principal, Houston, Texas), MS-459.** On April 28, 1989, the Market Surveillance Committee accepted an Offer of Settlement pursuant to which Porcari, Fearnow and Associates, Inc., Arthur J. Porcari, and Michael T. Fearnow were censured, fined \$10,000, jointly and severally, and Porcari and Fearnow were suspended from association with any NASD member in any capacity for three (3) months.

Without admitting or denying the allegations, the Respondents consented to the described sanctions and findings that they violated Article III, Section 1 of the Rules of Fair Practice. In early December 1985, they decided to purchase securities of Petra Resources, Inc., ("PETR") and entered into an arrangement with another member to acquire such securities on their behalf. Subsequently, they came into possession of information which, in the Committee's view, was of a material and nonpublic nature concerning the possible merger of PETR with another company. Nevertheless, they did not cancel the pre-existing arrangement with the member but continued to purchase shares from the member. The firm also consented to findings that it violated Article III, Sections 1 and 27 of the Rules of Fair Practice in

that it failed to adopt written procedures that would have required the firm to cancel existing arrangements with another member for the purchase of a security when the firm comes into possession of material, nonpublic, information concerning that security.

In a separate action, the District Business Conduct Committee for District 6 accepted an Offer of Settlement submitted by Porcari, Fearnow and Associates, Inc., Arthur J. Porcari, and Michael T. Fearnow, pursuant to which they were fined \$10,000, jointly and severally, and Arthur J. Porcari and Michael T. Fearnow were suspended from association with any NASD member in any capacity for three (3) months.

Without admitting or denying the allegations, the Respondents consented to the sanctions imposed and findings that the firm, acting through Arthur J. Porcari and Michael T. Fearnow, effected at least 25 corporate securities transactions as principal with retail customers at prices that were not fair and reasonable. In addition, the firm, acting through Arthur J. Porcari, failed to accurately record the time of entry on order tickets relating to 756 transactions executed by the firm, and failed to execute certain customer orders to sell shares. Also, the firm, acting through Arthur J. Porcari and Michael T. Fearnow, effected transactions in securities while failing to maintain minimum required net capital.

The suspensions of Arthur J. Porcari and Michael T. Fearnow imposed in both actions will run concurrently.

#### INDIVIDUALS FINED AND SUSPENDED

**Charles A. Cash (Registered Representative, Little Rock, Arkansas)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he is fined \$25,000 and suspended from association with any member of the NASD in any capacity for one (1) month. Without admitting or denying the allegations, Cash consented to the described sanctions and findings that he engaged in a practice known as "adjusted trading" whereby he entered into purchase and sale transactions in government securities with two institutional customers at prices that were not reasonably related to the then current market price of the securities. These institutional customers were offered prices in excess of the current market price for their government securities in order to permit the

avoidance or postponement of recognized losses in their accounts. Losses were recouped by Cash by selling other government securities to the customers at prices in excess of the current market prices. Cash also caused the falsification of the customers' books and records because the "realized" losses on sales were concealed and the offsetting securities purchased were at inflated prices. Cash also failed to reflect on his employer's books and records that the adjusted purchase price in the first leg of the adjusted trade was conditioned upon a subsequent sale at an inflated price.

In addition, Cash engaged in a course of activity to defraud the two customers by charging excessive markups in three separate transactions.

**Mario Arthur Romano (Registered Representative, Staten Island, New York)** submitted an Offer of Settlement pursuant to which he is fined \$7,000 and suspended from association with any member of the NASD in any capacity for ten (10) business days. Without admitting or denying the allegations, Romano consented to the described sanctions and findings that he executed seven unauthorized transactions in the accounts of seven customers.

**James David Azer (Registered Representative, Bellville, Ohio)** and **William Warren Hobbs (Registered Representative, Lexington, Ohio)** submitted an Offer of Settlement pursuant to which they are each fined \$5,000 and suspended from association with any member of the NASD in any capacity for fourteen (14) days. Without admitting or denying the allegations, Azer and Hobbs consented to the described sanctions and findings that they sold and/or participated in the sale of limited partnership units to investors and, in connection with such activity, failed to provide prior written notification to their employer of such sales as required by the Board of Governors' Interpretation with respect to Private Securities Transactions, then in effect.

**Barbara Lynn Gotsopoulos (Registered Principal, Hollywood, Florida)** submitted an Offer of Settlement pursuant to which she is fined \$1,000 and suspended from association with any member of the NASD in any capacity for two (2) years. Without admitting or denying the allegations, Gotsopoulos consented to the described sanctions and findings that, without her employer-members knowledge or consent, she redeemed a \$10,000 certificate of deposit that formed the

members' capital base, deposited the proceeds into the member's operating account, and thereafter drew a check in the amount of \$10,000 payable to her husband.

**John M. Griffith (Registered Representative, Baton Rouge, Louisiana)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he is fined \$5,000 and suspended from association with any member of the NASD in any capacity for one (1) business day. Without admitting or denying the allegations, Griffith consented to the described sanctions and findings that he presented 30 customer subscription agreements for a limited partnership offering to his employer-member that he knew were not signed by the customers and, in fact, contained signatures affixed by him.

**Charles T. Porter (Registered Representative, Birmingham, Alabama)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he is fined \$20,000 and suspended from association with any member of the NASD in any capacity for one (1) week. Without admitting or denying the allegations, Porter consented to the described sanctions and findings that, while directly or indirectly exercising control over the pension plan account of two customers, he recommended to these customers the purchase and sale of securities in 127 transactions without having reasonable grounds for believing that such recommendations were suitable in view of the frequency of the transactions and the customers' investment objectives. Porter also exercised discretion in an account pursuant to oral authority without obtaining prior written discretionary authorization from the customers and without written acceptance of the account as discretionary by his employer-member.

**Timothy R. Delehant (Registered Principal, Council Bluffs, Iowa)** submitted an Offer of Settlement pursuant to which he is fined \$2,500 and suspended from association with any member of the NASD in any capacity for five (5) business days. Without admitting or denying the allegations, Delehant consented to the described sanctions and findings that he permitted his firm to effect transactions in nonexempt securities for 11 months while failing to maintain minimum required net capital and to fail to send telegraphic notice to the NASD of such deficiencies as required. In addition, Delehant caused the firm to prepare inaccurate trial balances and net capital computations, and to maintain an inaccurate general ledger, and file inac-

curate Focus Part I and IIA Reports with the Association.

**Frank H. McCullough (Registered Representative, Scottsdale, Arizona)** was fined \$30,000 and suspended from association with any member of the NASD in any capacity for two (2) years. The sanctions were based on the findings that McCullough failed, prior to effecting options transactions in a customer's account, to properly and fully represent the risks associated with options trading to the customer. McCullough also exercised discretionary power in this customer's account without obtaining prior written authorization from the customer or written acceptance of the account as discretionary by his employer-member.

**Virgil Antwanne Slay (Registered Representative, Dallas, Texas)** was fined \$1,000 and suspended from association with any member of the NASD in any capacity for one (1) year. The sanctions were based on findings that Slay purchased 100,000 shares for the account of a customer without the customer's knowledge or consent. Slay 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.

**Lawrence W. Daly (Registered Representative, Lafayette, California)** was fined \$12,000 and suspended from association with any member of the NASD in any capacity for thirty (30) days. The sanctions were based on findings that Daly participated in 16 private securities transactions without providing prior written notification of such transactions to his employer-member.

**James Thomas Shelvy, Jr. (Registered Representative, Louisville, Kentucky)** was fined \$2,500 and suspended from association with any member of the NASD in any capacity for five (5) business days. 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 No. 4. The sanctions were based on findings that Shelvy made unauthorized purchases of securities in three customer accounts.

**Andrew R. Cox (Registered Representative, Fairfax, Virginia)** was fined \$2,500 and suspended from association with any member of the NASD in any capacity for six (6) months. The

sanctions were based on findings that Cox 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 a delay in processing two customer orders.

**Donald D. Spear (Registered Representative, Dallas, Texas)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he is fined \$2,500, ordered to disgorge \$14,000, and suspended from association with any member of the NASD in any capacity for five (5) days. Without admitting or denying the allegations, Spear consented to the described sanctions and findings that he engaged in private securities transactions without prior written notification of such transactions to his employer-member.

**The David-Maxwell Company, Inc., Fort Lauderdale, Florida, and Howard M. Caplan (Registered Principal, North Miami Beach, Florida)** submitted an Offer of Settlement pursuant to which the firm was ordered to disgorge \$11,000 and Howard M. Caplan was fined \$5,000 and suspended from association with any member of the NASD in any capacity for five (5) business days. Without admitting or denying the allegations, the firm and Caplan consented to the described sanctions and findings that they effected certain over-the-counter transactions in corporate securities as principal with retail customers at prices that were not fair. In a series of 129 transactions, retail sales were made to customers at prices ranging from \$1.80 to \$2.25 per share on contemporaneous purchases from another broker-dealer at prices ranging from \$1.50 to \$1.92 per share.

#### INDIVIDUALS FINED AND BARRED

**Brian J. Simmons (Registered Representative, Baton Rouge, Louisiana)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he is fined \$15,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Simmons consented to the described sanctions and findings that he obtained possession of a check made payable to a public customer in the amount of \$5,953.69, forged or caused to be forged the customer's signature on such check, and attempted to open a bank account in the customer's name in order to obtain the proceeds for his own use and benefit.

**Jeffrey M. Giroux (Registered Repre-**

**sentative, Tupelo, Mississippi)** was fined \$15,000 and barred from association with any member of the Association in any capacity. The sanctions were based on findings that Giroux received \$25,595 from seven public customers intended for the purchase of securities, failed to purchase these securities, and instead converted the funds to his own use and benefit. Giroux 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.

**Gary Lee Sexton (Registered Representative, North Royalton, Ohio)** was fined \$10,000, ordered to disgorge \$1,764.47 and barred from association with any member of the Association in any capacity. The sanctions were based on the findings that Sexton, without the knowledge or authorization of two insurance customers, obtained a loan on an insurance policy held by one customer in the amount of \$946.25, surrendered the paid-up additional insurance on a policy held by the second customer, endorsed the resulting checks, and deposited the proceeds into a bank account over which he had control. Sexton 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 the termination of his employment by a member firm.

**Jerry Francis Parker (Registered Representative, Lexington, Kentucky)** was fined \$10,000, ordered to disgorge \$1,004.02, and barred from association with any member of the Association in any capacity. The sanctions were based on the findings that Parker received a check in the amount of \$1,004.02 from a customer and failed to deposit the check into the customer's personal checking account as instructed. He instead deposited it into his own personal account and converted the proceeds to his own use. Parker also failed to respond to the Association's five 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.

**Cheryl Lorrene Johnson (Registered Representative, New Castle, Pennsylvania)** was fined \$15,000, ordered to disgorge \$14,156.37, and barred from association with any member of the Association in any capacity. The sanctions were based on the findings that Johnson received checks

## Disciplinary Actions

or cash totalling \$14,156.37 from eight customers with instructions to purchase certain government, options, or income funds, failed to apply the funds as instructed, and instead converted and misappropriated the funds to her own use. Johnson 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 the termination of her employment by a member firm.

**Pietro Gattini (Registered Principal, Poughkeepsie, New York)** and **James W. Kerr (Registered Principal, East Orange, New Jersey.)** Pietro Gattini was fined \$100,000, James W. Kerr was fined \$50,000, and Gattini and Kerr were barred from association with any member of the Association in any capacity. The sanctions were based on the findings that Kerr permitted his firm to fail to make and keep current its cash receipts ledger, failed to reconcile its fails to receive and fails to deliver ledgers, and failed to prepare net capital computations and trial balances. Kerr also failed to prepare and maintain a current description of procedures used to comply with the possession and control procedures of the SEC Customer Protection Rule and failed to promptly obtain and maintain possession and control of customers' fully paid and excess margin securities. Gattini and Kerr also failed to give telegraphic notice to the SEC and NASD of various books and records deficiencies. Further, Kerr and Gattini violated a voluntary restriction agreement with the Association whereby they agreed to maintain excess net capital of \$50,000, agreed to limit the firm's total long or short positions to twice its net capital and to limit inventory in any one security to \$30,000, but failed to do so for certain periods. In addition, they permitted the firm to engage in a securities business while failing to maintain minimum required net capital, failed to make the required deposit in the Reserve Account, failed to comply with the credit restrictions of Regulation T, failed to transfer customer accounts in accordance with customers' instructions, and wrote 71 checks on insufficient funds.

In connection with these activities, Pietro Gattini failed to properly supervise the activities of James Kerr to prevent the occurrence of the violations.

**Richard Anthony Ralston (Registered Representative, Nashville, Tennessee)** was fined

\$7,500 and barred from association with any member of the Association in any capacity. The sanctions were based on the findings that Ralston diverted monies in an aggregate amount of \$19,400 from various accounts of his employer-member and two accounts of customers to his personal bank account for his own use and benefit.

**Mark Evan Scherer (Registered Representative, Westfield, New Jersey)** was fined \$15,000 and barred from association with any member of the Association in any capacity. The sanctions were based on the findings that Scherer failed to respond to the Association's two requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

**Charles Sherwood (Registered Representative, Patchogue, New York)** was fined \$30,000 and barred from association with any member of the Association in any capacity. The sanctions were based on the findings that Sherwood converted to his own use customer funds totalling \$4,686.60 that were intended as payment of insurance premiums. Sherwood also failed to respond to the Association's requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice concerning the circumstances surrounding the termination of his employment.

**First Securities of America, Wilmington, Delaware,** and **Dennis L. Astorri (Registered Principal, East Windsor, New Jersey)** were fined \$15,000, jointly and severally, and Dennis L. Astorri was barred from association with any member of the Association in any capacity. The sanctions were based on the findings that, over a period of ten months, the firm and Astorri effected securities transactions while failing to maintain minimum required net capital and also failed to give prompt telegraphic notice to the Association of such deficiencies.

**John W. Head (Registered Representative, Oakridge, New Jersey)** was fined \$50,000 and barred from association with any member of the Association in any capacity. The sanctions were based on the findings that Head effected a series of unauthorized transactions, some of which were for the purpose of "parking" stock purchased by another individual. Head also submitted an affidavit to the association that falsely stated he had never dealt with, did not act as registered representative for, and never transacted business with any of the customers or other individuals. In addi-

tion, Head failed to appear and testify as required concerning apparent conflicts between statements made in affidavits submitted by him to the NASD and his testimony under oath before the staff of the Securities and Exchange Commission.

**Louis G. Vallies (Registered Representative, Elmer, New Jersey)** submitted an Offer of Settlement pursuant to which he is fined \$10,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Vallies consented to the described sanctions and findings that he transferred \$239 from the insurance policies of a public customer and converted the funds to his own use and benefit. Vallies also removed the \$3,646.68 dividend balance from this customer's account by endorsing his name on a policy dividend check and purchasing an annuity contract on the customer's life, thereby earning a commission in the amount of \$92.93.

**Lucille P. Williams (Registered Representative, Country Club Hills, Illinois)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which she is fined \$100,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Williams consented to the described sanctions and findings that she sold securities to at least two public customers in the form of investments in a company of which she was a majority stockholder and failed to provide prior written notice of these sales to her employer-member. Williams also misappropriated for her own use and benefit the funds of at least three customers in that she accepted customer checks issued or endorsed to herself for investment in securities and deposited such funds in her bank account or her company bank account, for her own use and benefit.

**Robert L. Echols (Registered Representative, Boise, Idaho)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he is fined \$35,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Echols consented to the described sanctions and findings that he sold stock in a company to an unknown number of investors and failed to provide prior written notification of these sales to his employer-members in contravention of the Board of Governors' Interpretation with respect to Private

Securities Transactions, then in effect. Echols also failed to disclose to either employer, on his Form U-4, his association with this company as vice president and, later, president.

**Philip E. Eads (Registered Representative, Franklin, Indiana)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he is fined \$20,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Eads consented to the described sanctions and findings that he accepted from six customers mutual fund and insurance premium checks and cash totalling approximately \$10,000 issued to himself or his company and deposited the funds in his own bank account for his own use and benefit.

**Everett W. Hammond (Registered Representative, Wheaton, Illinois)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he is fined \$15,000 and barred from association with any member of the NASD in any capacity. Without admitting or denying the allegations, Hammond consented to the described sanctions and findings that he accepted a customer's IRA rollover funds check totalling \$12,911.34 and deposited these funds in his own bank account for his own use and benefit.

**William T. Seney (Registered Representative, Fremont, California)** was fined \$50,000 and barred from association with any member of the Association in any capacity. The sanctions were based on findings that Seney drew three checks totalling \$7,526 made payable to himself on the joint account of two customers, forged one customer's signature to the checks, and converted the proceeds to his own use and benefit. Seney also refused to respond to the Association's request for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice concerning such conversion of funds.

**Brian S. Doyle (Registered Representative, Richmond, California)** was fined \$15,000 and barred from association with any member of the Association in any capacity. The sanctions were based on findings that Doyle failed to respond to the Association's three requests for information made pursuant to Article IV, Section 5 of the Rules of Fair Practice.

**Olivia Cornelia Fields (Registered Representative, San Francisco, California)** was fined \$15,000 and barred from association with any

member of the Association in any capacity. The sanctions were based on findings that Fields falsified two W-2 forms relating to her employment with another member and provided them to her employer-member. Fields 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 regarding such activity.

**John R. Spangler (Associated Person, Concord, California)** was fined \$50,000 and barred from association with any member of the Association in any capacity. The sanctions were based on findings that Spangler misappropriated eight checks from his employer, made the checks payable to himself in amounts totalling \$12,646.76, falsified signatures on the checks, and converted the proceeds to his own use and benefit.

**Fred M. Soares (Registered Representative, Los Banos, California)** was fined \$50,000 and barred from association with any member of the Association in any capacity. The sanctions were based on findings that Soares forged a customer's signature on seven checks totalling \$17,700 drawn against the customer's account and converted \$12,700 of this amount to his own use and benefit.

**Kathleen L. Ryan (Registered Representative, Paradise, California)** was fined \$50,000 and barred from association with any member of the Association in any capacity. The sanctions were based on findings that Ryan sold securities from the account of two customers without their knowledge or consent and, in connection with one of such sales, forged the customer's signature to a liquidation letter. In addition, Ryan forged the signature of one of the customers to a check receipt and delivered it to her employer. Furthermore, Ryan cashed in an insurance policy of a customer and used the proceeds to purchase shares in the customer's account without the customer's knowledge or consent. In connection with this activity, Ryan provided the insurance company with a Request for Withdrawal that contained the forged signature of the customer.

**Kenneth C. Floyd (Registered Representative, Gainesville, Texas)** was fined \$15,000 and barred from association with any member of the Association in any capacity. The sanctions were based on findings that Floyd 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 an

investigation of a customer complaint.

**Keith M. Anderson (Associated Person, San Francisco, California)** was fined \$50,000 and barred from association with any member of the Association in any capacity. The sanctions were based on findings that Anderson misappropriated approximately 50 checks from his employer-member, made a check payable to himself in the amount of \$522, forged the signatures on the check, and converted the proceeds to his own use and benefit.

**George T. Fong (Registered Representative, Matawan, New Jersey)** was fined \$30,000 and barred from association with any member of the Association in any capacity. The sanctions were based on findings that Fong received premium checks totalling \$16,289.98 on four occasions from policyholders of his insurance employer or its affiliates that he converted to his own use and benefit.

**Stanley M. Stuchinski (Registered Representative, Altoona, Pennsylvania)** was fined \$10,000 and barred from association with any member of the Association in any capacity. The sanctions were based on findings that Stuchinski received a check for \$7,173.34 from a public customer for the transfer of her IRA, failed to promptly remit such funds for that purpose, and instead retained the funds for almost four months in his own bank account. Stuchinski 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 this activity.

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

Robert S.C. Peterson, Inc., Excelsior, MN  
Sperry Young Financial Services, Escondido, CA

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

Michael S. Carney, Carlsbad, CA  
William E. Daniel, San Diego, CA  
Roger R. Ricard, Oxnard, CA  
Anthony J. Saladino, Santa Ana, CA  
Wayne M. Schultz, Mission Viejo, CA  
Mark W. Sharpe, Morrison, CO  
Steven R. Sneed, Denver, CO  
Jack R. Stewart, La Jolla, CA  
Donald J. Stoecklein, Escondido, CA

**NASD DISCIPLINES PRUDENTIAL-BACHE  
SECURITIES INC. AND TWO FORMER  
EMPLOYEES FOR OFF-MARKET "SWAP"  
TRANSACTIONS IN GOVERNMENT SECURITIES**

The NASD has taken disciplinary actions against Prudential-Bache Securities Inc. and two former employees, Richard Grado and Nicholas A. Petrarca, for violating the NASD's Rules of Fair Practice.

On May 15, 1989, the District Business Conduct Committee for NASD District 5 accepted a Letter of Acceptance, Waiver and Consent submitted by Prudential-Bache Securities Inc. Pursuant to the consent proceeding, the firm was censured and fined \$200,000. Without admitting or denying the allegations, Prudential-Bache Securities Inc. consented to the sanctions imposed and findings made that the firm entered into a series of "swap" transactions with a nonrelated broker-dealer between August 25, 1987, and February 29, 1988, whereby three government zero-coupon agency securities were purchased and sold at prices not reasonably related to the then current market price of these securities. Prudential-Bache would purchase a government zero-coupon agency security from the broker-dealer at a price that was higher than the prevailing market price, and recover its loss by selling another government zero-coupon agency security to the same broker-dealer at a price also higher than the prevailing market price. This practice, known as "adjusted trading," has been the subject of previous disciplinary actions taken against members by the NASD.

In two related disciplinary actions, the District Business Conduct Committee accepted Letters of Acceptance, Waiver and Consent submitted by former Prudential-Bache Securities Inc. employees Richard Grado and Nicholas A. Petrarca. Pursuant to these consent proceedings, Grado, a government zero-coupon agency securities trader, was suspended for thirty (30) calendar days in all capacities and fined \$5,000. Nicholas A. Petrarca, a government securities institutional salesman, was suspended for thirty (30) calendar days in all capacities and fined \$15,000. Grado and Petrarca were also required to qualify or requalify as General Securities Representatives, and to be subjected to special supervisory measures.

Without admitting or denying the allegations, Grado and Petrarca consented to the sanctions imposed and findings made that they participated in a series of off-market "swap" transactions by executing sixty-nine (69) transactions in government zero-coupon agency securities at prices that were artificially established and not reasonably related to the then current market prices. This fraudulent practice caused the falsification of Prudential-Bache's books and records, in that Grado and Petrarca failed to reflect that the firm's purchase prices were artificially established and were conditioned upon subsequent sales by the firm at further inflated prices. Grado and Petrarca also caused false and misleading confirmations to be mailed to the other broker-dealer.

The suspensions for Grado and Petrarca commenced with the opening of business May 24, 1989.

# For Your Information

National Association of Securities Dealers, Inc.

June 1989

## Test Date and Site Changes for June and July Examinations Announced

### July First Saturday Date Change

The first Saturday exam session date for July has been changed to July 8, 1989, for all test centers because of the Independence Day holiday that falls after the first weekend of the month.

Requests for appointments for the July 8, 1989, session must be received no later than June

27, 1989 (the eighth business day prior to the session).

### Series 7 Test Site — Atlanta

The June 17, 1989, and July 15, 1989, Series 7 exams in Atlanta will be held at: Sheraton Century Hotel, 2000 Century Boulevard, Atlanta, Georgia.

## Colorado Imposes \$10 Annual Fee on Registered Agents

Effective May 12, 1989, the Colorado legislature revised the state law to require an annual fee of \$10 for all agents to maintain registration in the state.

The Colorado Securities Commission has contracted with the NASD to handle the fee collection process. Invoices were sent to all firms registered in the state during the week of May 15, 1989. The procedures for this fee payment follow the annual renewal program procedures. Fees must be received by the NASD no later than **June 22, 1989**.

If you wish to terminate any agents in Colorado, a partial Form U-5 must also be received by the NASD no later than **June 22, 1989**. Final adjusted invoices and rosters of agents registered in Colorado will be forwarded to your firm shortly after that date.

If you have any questions regarding the invoice, or if you have not received your invoice, please contact NASD Information Services at (301) 590-6500.

## NASD Clarifies What Constitutes Branch Office for Regulation Purposes

In *Notice to Members 89-34*, the NASD indicated that an office of a member that is listed on a lobby directory would be a branch office. It was further stated that the NASD was considering whether a door sign on an interior hallway would cause a location to be a branch office.

The NASD has concluded that a door sign on an interior hallway that is for identification (e.g., required by state law or firm policy) rather than ad-

vertising purposes will not cause a location to be a branch office. Consistent with this position, the NASD has determined that a listing on a lobby directory will *not* cause a location to be a branch office. As indicated in *Notice to Members 89-34*, a location identified by an exterior sign visible to the general public will require designation as a branch office.