

# NASD Notice to Members 01-36—Request For Comment

**ACTION REQUESTED  
BY JULY 6, 2001**

## Interfering With Customer Account Transfers - Proposed Interpretive Material

NASD Regulation, Inc.  
Requests Comment On  
Proposed Interpretive  
Material IM-2110-7  
Regarding Actions That  
Interfere With The  
Transfer Of Customer  
Accounts; **Comment  
Period Expires July 6,  
2001**

### SUGGESTED ROUTING

*The Suggested Routing function is meant to aid the reader of this document. Each NASD member firm should consider the appropriate distribution in the context of its own organizational structure.*

- Executive Representatives
- Legal & Compliance
- Registered Representatives
- Senior Management
- Training

### KEY TOPICS

- Account Transfers
- Employment Disputes
- Injunctions

### Executive Summary

NASD Regulation, Inc. (NASD Regulation) is requesting comment from members, associated persons, investors, and other interested parties on a proposal to adopt Interpretive Material related to Rule 2110, which would provide that it is inconsistent with just and equitable principles of trade for a member or person associated with a member to take any action that interferes with the ability of a customer to transfer his or her account. The proposed Interpretive Material would not prohibit a firm from seeking to enforce employment agreements with their former representatives. Nor would it affect the operation of National Association of Securities Dealers, Inc. (NASD®) rules governing account transfers, and therefore would not, for example, restrict the ability of a member to reject or delay an account transfer pursuant to Rule 11870 when the transfer request is inadequate to identify the account to be transferred.

NASD Regulation is aware that some members are seeking court orders that have the effect of preventing customers from transferring their accounts to follow a registered representative to his or her new employer. NASD Regulation believes that, as a matter of policy, customers should have the freedom to choose the registered representatives and firms that service their brokerage accounts. Further, NASD Regulation is concerned that customers whose account transfer requests have been delayed in this manner could be deprived of brokerage services and access to their accounts while their registered representative and his or her former firm attempt to resolve an employment dispute.

Included with this *Notice* are Attachment A (the text of the proposed Interpretive Material) and Attachment B (a checklist that may supplement or be used in place of written comments).

### Request For Comment

NASD Regulation solicits comment on the proposed Interpretive Material. In addition, NASD Regulation invites comment on the following specific topics: (1) situations, aside from those described in this *Notice*, in which members and registered representatives should be prohibited from taking actions that stop a customer from transferring his or her account to another firm; (2) exceptions that should apply to the proposed Interpretive Material; and (3) changes to the language or scope of the proposed Interpretive Material. For your convenience, we have provided a checklist (see Attachment B) that offers a convenient method to participate in the comment process concerning this proposed Interpretive Material.

Comments must be received by **July 6, 2001**. Members and interested persons can submit their comments using the following methods:

- mailing in the checklist (Attachment B)
- mailing in written comments
- e-mailing written comments to [pubcom@nasd.com](mailto:pubcom@nasd.com)
- submitting comments online at the NASDR Web Site ([www.nasdr.com](http://www.nasdr.com))

If you decide to submit comments using both the checklist and one of the other methods listed above, please indicate that in your submissions.

## NASD Notice to Members 01-36—Request For Comment

The checklist and/or written comments should be mailed to:

*Barbara Z. Sweeney  
Office of the Corporate Secretary  
NASD Regulation, Inc.  
1735 K Street, NW  
Washington, DC 20006-1500*

The only comments that will be considered are those submitted in writing, either via e-mail or regular mail, or those submitted online through the NASDR Web Site.

### Questions/Further Information

Questions regarding this *Notice* may be directed to Sarah J. Williams, Assistant General Counsel, Office of General Counsel, NASD Regulation, Inc., at (202) 728-8083.

### Discussion

As a condition of employment, certain members require their registered representatives to sign employment contracts in which each registered representative agrees that when he or she leaves the firm, he or she will not take, copy, or share with others any firm records. In addition, the registered representative may agree that, for a certain period of time following his or her departure from the firm, he or she will not solicit the firm's customers for business. Nonetheless, when a registered representative leaves his or her firm for a position at a different firm, clients serviced by the registered representative may decide to continue their relationship with the registered representative by transferring their accounts to the registered representative's new firm. The registered representative's former firm, concerned that its former employee may have breached his or her employment contract by

sharing client information with the new employer, or soliciting clients to transfer their accounts to the registered representative's new firm, sometimes seeks a temporary restraining order in court to prevent the transfer of accounts to the registered representative's new firm.<sup>1</sup>

In some cases, courts have granted the former firm's request for relief, and have ordered the registered representative's new employer to reject customer account transfers received from the registered representative's former firm. Some courts also have ordered the registered representative's new firm to send letters to customers that may have been solicited in breach of an employment agreement stating that the firm is prohibited by a court order from having contact with that customer.

NASD Regulation believes that, as a matter of policy, customers should have the freedom to choose the registered representatives and firms that service their brokerage accounts. NASD Regulation also is concerned that customers whose account transfer requests have been delayed in this manner could be deprived of brokerage services and access to their accounts while their registered representative and his or her former firm attempt to resolve an employment dispute.

In *NASD Notice to Members 79-7* (February 13, 1979), the NASD alerted its members that the Securities and Exchange Commission (SEC) had issued a notice to broker/dealers stating that unnecessary delays in transferring customer accounts, including delays accompanied by attempts to persuade customers not to transfer their accounts, are inconsistent with just and

equitable principles of trade. NASD Regulation believes that obtaining temporary restraining orders to prevent customers from following a registered representative to a different firm may be similar to the unfair practice of delaying transfers that the SEC warned of in its notice.

To address this concern, NASD Regulation is seeking comment on a proposal to adopt Interpretive Material 2110-7 which would state that it is inconsistent with just and equitable principles of trade for a member to take any action, directly or indirectly, that interferes with a customer's right to transfer his or her account. The proposed Interpretive Material would not affect the operation of Rule 11870 (governing customer account transfers). Members would continue to have the ability to delay or take exception to account transfers in situations where, for example, the account contains nontransferable assets or the transfer request provides information that is inadequate to identify the account to be transferred.<sup>2</sup> NASD Regulation seeks comment concerning whether any exceptions should be referenced in the proposed Interpretive Material. NASD Regulation also invites comment on whether, in addition to efforts to impede account transfers by obtaining temporary restraining orders, there are other situations or practices that unfairly delay or prevent customers from transferring accounts that should be reflected in the proposed Interpretive Material.

In evaluating the proposal, members and other interested persons should bear in mind that the proposed Interpretive Material would not restrict the ability of member firms to use employment agreements to prevent former

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representatives from soliciting firm customers. Similarly, the proposal would not prevent a firm from enforcing employment agreements with former representatives. For example, a member could seek an injunction against a former registered representative and/or his or her new firm to prohibit solicitation of the member's customers if the registered representative had signed an employment contract agreeing not to solicit those customers. The proposed Interpretive Material is limited to restricting a member from interfering with a customer's right to transfer his or her account, once the customer has decided to move the account.

### Endnotes

- 1 NASD Code of Arbitration Procedure Rule 10335 permits the parties to arbitration disputes to seek temporary injunctive relief. Proposed amendments to Rule 10335 are currently pending before the SEC. The proposed Interpretive Material would not conflict with or affect the operation of Rule 10335 (*i.e.*, the procedure by which temporary injunctive relief may be obtained in intra-industry arbitration disputes), but rather would address the substantive problem of customer harm resulting from firms obtaining temporary injunctive relief that prevents customers from transferring their accounts.
- 2 At its April 2001 meeting, the Board of Directors of NASD Regulation authorized the staff to submit to the SEC a proposed amendment to Rule 11870 that is intended to facilitate the transfer of customer accounts that contain third party proprietary products. The proposed amendment would allow a firm receiving a customer account from another firm to assess whether the account contains assets that the receiving firm is unable to support, and to inform the customer of his or her available options concerning those assets.

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## **NASD Notice to Members 01-36—Request For Comment**

### **ATTACHMENT A**

#### **IM-2110-7. Interfering With the Transfer of Customer Accounts**

It shall be inconsistent with just and equitable principles of trade for a member or person associated with a member to take any action that, directly or indirectly, interferes with a customer's ability to transfer his or her account, including seeking a judicial order or decree that would bar or restrict the submission, delivery or acceptance of a written request from a customer to transfer his or her account. Nothing in this interpretation shall affect the operation of Rule 11870.

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## ATTACHMENT B

### Request For Comment Checklist

We have provided below a checklist that members and other interested parties may use in addition to or in lieu of written comments. This checklist is intended to offer a convenient way to participate in the comment process, but does not cover all aspects of the proposal described in the *Notice*. We therefore encourage members and other interested parties to review the entire *Notice* and provide written comments, as necessary.

### Instructions

Comments must be received by **July 6, 2001**. Members and interested parties can submit their comments using the following methods:

- mailing in this checklist
- e-mailing written comments to *pubcom@nasd.com*
- mailing in written comments
- submitting comments online at the NASDR Web Site (*www.nasdr.com*)

The checklist and/or written comments should be mailed to:

*Barbara Z. Sweeney*  
*Office of the Corporate Secretary*  
*NASD Regulation, Inc.*  
*1735 K Street, NW*  
*Washington, DC 20006-1500*

### Interfering With Customer Account Transfers—Proposed Interpretive Material

1. Should members be prohibited from taking actions that stop a customer from transferring his or her account to another firm after the customer has decided to move the account?

Yes  No  See my attached written comments

2. Are there regulatory approaches, either in addition to or in lieu of the proposed Interpretive Material, that would accomplish the purposes of the proposal?

Yes  No  See my attached written comments

3. Are there situations where a member should be allowed to take actions to stop a customer from moving his or her account?

Yes  No  See my attached written comments

4. Are there situations beyond those described in the proposed Interpretive Material (i.e., seeking temporary restraining orders as part of an employment dispute) where a member should be prohibited from taking actions to stop, impede, or delay a customer from moving his or her account?

Yes  No  See my attached written comments

5. Are changes needed to the language of the proposed Interpretive Material (see Attachment A to *Notice*) to make it easier to understand?

Yes  No  See my attached written comments

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6. Are changes needed to the language of the proposed Interpretive Material (see Attachment A to *Notice*) to broaden its applicability?
- Yes    No    See my attached written comments
7. Are changes needed to the language of the proposed Interpretive Material (see Attachment A to *Notice*) to narrow its applicability?
- Yes    No    See my attached written comments

## Contact Information

Name: \_\_\_\_\_

Firm: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Phone: \_\_\_\_\_

E-Mail: \_\_\_\_\_

### Are you:

An NASD Member

An Investor

A Registered Representative

Other: \_\_\_\_\_

## INFORMATIONAL

### Margin Disclosure Statement

NASD Regulation Extends Deadline For Delivery Of Margin Disclosure Statement To Existing Non-Institutional Customers To **January 31, 2002**

#### SUGGESTED ROUTING

The Suggested Routing function is meant to aid the reader of this document. Each NASD member firm should consider the appropriate distribution in the context of its own organizational structure.

- Executive Representatives
- Legal & Compliance
- Operations
- Senior Management

#### KEY TOPICS

- Customer Disclosures
- Margin

As described in *NASD Notice to Members (NtM) 01-31 (May 2001)*, on April 26, 2001, the Securities and Exchange Commission (SEC) approved National Association of Securities Dealers, Inc. (NASD®) Rule 2341, which requires all NASD members to deliver to non-institutional customers a specified disclosure statement that discusses the operation of margin accounts and the risks associated with trading on margin (the "rule change").<sup>1</sup> The rule change requires that members deliver the margin disclosure statement in a separate document to non-institutional customers prior to or at the opening of a margin account. The rule change also requires that the margin disclosure statement or an abbreviated version of the disclosure statement, as specified in the rule, be provided to margin customers on an annual basis, either in a separate document or as part of other account documentation.

As provided in *NtM 01-31*, the rule change becomes effective on **June 4, 2001**. Accordingly, all non-institutional customers opening margin accounts on or after June 4, 2001 must be provided the initial margin disclosure statement prior to or at account opening.

However, as a result of member firm input, the deadline for initial delivery of the disclosure statement to **existing** margin customers (prior to June 4, 2001) has been extended to **January 31, 2002**.<sup>2</sup> Specifically, for those non-institutional customers who were margin customers of the firm prior to June 4, 2001, members are required to provide the disclosure statement or an *abbreviated version* of the disclosure statement, as specified in the rule, at the time of the next annual account statement to the customer, but no later than January 31, 2002.

The implementation schedule for existing customers thus has been extended to enable member firms that typically send out annual account statements in December or January of each calendar year to comply with the new requirements at that time.

In addition, please note that *NtM 01-31* indicated that the full initial disclosure statement must be used to comply with the margin disclosure requirements for existing customers as of June 4, 2001. However, if a firm wishes to do so, it may now elect to provide the abbreviated version of the disclosure statement to existing customers to meet this requirement.

#### Questions/Further Information

Questions concerning this *Notice* may be directed to Stephanie M. Dumont, Associate General Counsel, Office of General Counsel, NASD Regulation, Inc. (NASD Regulation), at (202) 728-8176, or Susan DeMando, Director, Financial Operations, Member Regulation, NASD Regulation, at (202) 728-8411.

#### Endnotes

- <sup>1</sup> See Securities Exchange Act Release No. 44223 (April 26, 2001), 66 FR 22274 (May 3, 2001) (File No. SR-NASD-00-55).
- <sup>2</sup> As originally approved, members were required to provide the disclosure statement to existing margin customers at the time of the next annual statement to the customer, but no later than November 30, 2001 (180 days from the effective date of the rule change).

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# NASD Notice to Members 01-38—Request For Comment

**ACTION REQUESTED  
BY JULY 25, 2001**

## Taping Rule

NASD Regulation Requests Comment On Proposed Amendments To The Taping Rule; Comment Period Expires July 25, 2001

### SUGGESTED ROUTING

*The Suggested Routing function is meant to aid the reader of this document. Each NASD member firm should consider the appropriate distribution in the context of its own organizational structure.*

- Legal & Compliance
- Senior Management

### KEY TOPICS

- IM-8310-2
- Public Disclosure Program
- Rule 3010
- Supervision
- Taping Rule

### Executive Summary

NASD Regulation, Inc. (NASD Regulation) requests comment on proposed amendments to Rule 3010(b)(2), commonly referred to as the Taping Rule.

In 1998, NASD Regulation adopted the Taping Rule in response to the findings of the “Joint Regulatory Sales Practice Sweep Report” (the “Report”), which found sales practice abuses at selected firms. Based upon the staff’s experience applying the Taping Rule over the past two and one-half years, and input from the National Adjudicatory Council (NAC) and National Association of Securities Dealers, Inc. (NASD®) Committees, NASD Regulation believes that it is appropriate to amend the Taping Rule in certain respects. Generally, the proposed amendments are intended to refine the application of the Taping Rule and provide some additional flexibility to firms that trigger application of the Rule.

Specifically, NASD Regulation seeks comment on five proposed amendments to the Taping Rule that would: 1) add a provision to permit firms that become subject to the Rule 30 days to make a one-time downward adjustment to their roster of registered persons in order to fall below the prescribed Taping Rule threshold levels and thus avoid application of the Rule; 2) revise the criteria by which firms become subject to the Taping Rule by excluding short-term employees of disciplined firms from a firm’s calculation of the threshold levels triggering application of the Rule; 3) expand the time period for implementation of the special supervisory procedures, including the installation of taping systems, required by the Rule from 30 days to 60 days; 4) narrow the NASD’s authority to grant exemptions from

the Rule pursuant to the Rule 9600 Series; and 5) extend the duration of special supervisory procedures, including taping requirements, from two years to three years.

In addition, NASD Regulation requests comment on whether the identity of firms subject to the Taping Rule should be publicly available.

Included with this *Notice* are Attachment A (the text of the proposed amendments) and Attachment B (a checklist that may supplement or be used in place of written comments).

### Request For Comment

NASD Regulation solicits comment on the proposed amendments to the Taping Rule as described in this *Notice*. For your convenience, we have provided a checklist (see Attachment B) that offers a convenient method to participate in the comment process concerning the proposed amendments.

Comments must be received by **July 25, 2001**. Members and interested persons can submit their comments using the following methods:

- mailing in the checklist (Attachment B)
- mailing in written comments
- e-mailing written comments to [pubcom@nasd.com](mailto:pubcom@nasd.com)
- submitting comments online at the NASDR Web Site ([www.nasdr.com](http://www.nasdr.com))

If you decide to submit comments using both the checklist and one of the other methods listed above, please indicate that in your submissions.

## NASD Notice to Members 01-38—Request For Comment

The checklist and/or written comments should be mailed to:

*Barbara Z. Sweeney  
Office of the Corporate Secretary  
NASD Regulation, Inc.  
1735 K Street, NW  
Washington, DC 20006-1500*

The only comments that will be considered are those submitted in writing, either via e-mail or regular mail, or those submitted online through the NASD Regulation Web Site.

### Questions/Further Information

Questions regarding this *Notice* may be directed to Greg Dean, Assistant General Counsel, Office of General Counsel, NASD Regulation, Inc., at (202) 728-8159.

### Background

In 1995, the NASD participated in a “Joint Regulatory Sales Practice Sweep” (the “Sweep”), an initiative to review the sales practice activities of selected registered representatives and the hiring, retention, and supervisory practices of the brokerage firms employing them. The findings of the Sweep were detailed in the Report.<sup>1</sup> In response to these findings, NASD Regulation and the New York Stock Exchange (NYSE) issued a joint memorandum recommending heightened supervisory procedures for registered representatives with histories of customer complaints, disciplinary actions, or arbitrations.<sup>2</sup> Based upon the Report’s findings of sales practice abuses, NASD Regulation also adopted Rule 3010(b)(2), the Taping Rule.<sup>3</sup>

The Taping Rule was designed to ensure that firms that hire a

significant number of registered persons from “disciplined firms”—firms that have been expelled from membership or participation by any self-regulatory organization or have had their registrations revoked by the SEC for sales practice violations—have proper supervision and oversight of their sales force to prevent fraudulent and improper sales practices. Currently, firms that exceed the threshold levels of the Taping Rule (Rule 3010(b)(2)(viii)) must establish, maintain, and enforce special written procedures for supervising the telemarketing activities of all their registered persons. As part of these procedures, firms are required to install taping systems that record all conversations with customers, to review the tape recordings for questionable sales practices, and to file quarterly reports with NASD Regulation describing any sales practice violations discovered during the review of the recordings. All such procedures and systems must be maintained for a period of two years. The Taping Rule permits firms to petition NASD Regulation for exemptive relief pursuant to the Rule 9600 Series.

### Discussion

Based upon the staff’s experience applying the Taping Rule over the past two and one-half years,<sup>4</sup> and input from the NAC and NASD Committees, NASD Regulation believes that the Rule should be amended to refine its application and to provide member firms that trigger application of the Rule with some additional flexibility.

#### **1. Establishment Of A 30-Day Staff Adjustment Period**

NASD Regulation proposes to add a provision to the Rule to provide firms with a one-time only option of

adjusting their roster of registered persons within 30 days after they become subject to the Rule for the first time in order to fall below the threshold levels contained in paragraph (b)(2)(viii) of the Rule. This proposed amendment would not allow firms to hire additional registered persons to get below the percentage thresholds, but would permit them to reduce their number of registered persons formerly employed by disciplined firms. Under this proposal, once a firm has made the adjustment, the firm would not be permitted to rehire the individuals terminated in the adjustment for a period of at least six months. If a firm chose not to make the adjustment, then it would be required to comply with the Taping Rule.

As noted, this proposed amendment is a one-time only opportunity, available only when a firm triggers application of the Taping Rule for the first time. If a firm subsequently triggers application of the Taping Rule, it would not be able to adjust its staffing levels to avoid imposition of the requirements of the Rule (whether or not it had elected to avail itself of the adjustment option when it first triggered the Rule).

The purpose of this proposed amendment is to provide an opportunity for relief to firms that may become subject to the Rule inadvertently or unintentionally due to sudden turnover among registered persons or other events beyond their control. The one-time adjustment would provide these firms relief from the Rule without detracting from one of the primary objectives of the Taping Rule, to prevent registered persons from disciplined firms from moving, en masse, to another firm. NASD Regulation seeks comment on whether the proposed adjustment option provides sufficient flexibility.

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### ***2. Revision Of The Criteria By Which Firms Become Subject To The Taping Rule***

NASD Regulation proposes to amend the Rule to exclude individuals who were employed by disciplined firms for a short period of time from the required calculation used to determine whether a firm triggers application of the Taping Rule. Specifically, NASD Regulation proposes that registered persons<sup>6</sup> who were associated for a total of not more than 90 days in the aggregate with one or more disciplined firms during the prior three years and who have no relevant disciplinary history<sup>6</sup> may be excluded from a firm's Taping Rule calculations.

NASD Regulation believes that this proposed amendment is consistent with the purpose of the Taping Rule. The amendment recognizes that individuals employed by disciplined firms for a very short period of time may have left the firm voluntarily before engaging in any activities or were unlikely to have been affected by the lack of proper training and inadequate supervision that the Rule seeks to redress. As an added measure of protection, the proposal would require that these individuals have no relevant disciplinary history. Unless both conditions are met, a firm would be required to include these individuals in the firm's Taping Rule calculations. NASD Regulation invites comment on whether it is appropriate to exclude short-term employees in this manner. We also request comment on: 1) whether 90 days, or a shorter period, is an appropriate measure of "short-term"; and 2) whether the use of the definition of disciplinary history contained in IM-1011-1 is appropriate for this proposed amendment to the Taping Rule.

### ***3. Expansion Of The Compliance Deadline From 30 To 60 Days***

NASD Regulation proposes to amend the Taping Rule to extend the time for firms to implement the special supervisory procedures, including the installation of a taping system, from 30 days to 60 days. Almost all of the firms that have become subject to the Rule to date requested extensions of time to locate a vendor, purchase a recording system, and complete the installation of the system. The Rule currently does not provide NASD Regulation with the authority to grant such extensions.

Based on the staff's experience, NASD Regulation believes that the proposed expansion of the compliance date from 30 days to 60 days should provide sufficient time for firms to install the taping systems and would eliminate the need for members to request extensions of time to achieve compliance with the Rule.

### ***4. Narrowing Of The Exemptive Relief Authority***

Based on experience gained to date,<sup>7</sup> and with the adoption of the other measures as currently proposed, NASD Regulation believes that the current exemptive authority provisions in the Taping Rule should be narrowed. The proposal would amend paragraph (b)(2)(xi) of the Rule to allow for the NASD to grant exemptive relief in "exceptional" cases only.

Currently, the Rule permits member firms that become subject to the Rule to apply for exemptive relief under the Rule 9600 Series. The Taping Rule states that relief may be granted, "upon satisfactory showing that the member's supervisory procedures ensure compliance with applicable securities laws and regulations and applicable rules of the

Association." In general, NASD Regulation has interpreted this standard to require firms seeking exemptive relief to establish that their supervisory procedures assure supervision at a level functionally equivalent to the protections afforded by a taping system. Substantial resources are devoted to evaluating and ruling on these requests, the overwhelming majority of which were denied.

NASD Regulation believes that the additional flexibility created by the proposed amendments (particularly the proposed one-time adjustment period and the exclusion of short-term employees from a firm's calculations under the Rule) should reduce the number of cases in which firms would need to consider requesting exemptive relief. NASD Regulation also believes, consistent with the underlying purpose of the Rule, that exemptive relief should be limited to truly exceptional cases.

### ***5. Increase Duration Of The Special Supervisory Requirements***

NASD Regulation proposes to increase the time during which firms must maintain the prescribed special supervisory procedures, including a taping system, to three years. Currently, the Rule requires firms to establish and maintain these procedures for a period of two years.

NASD Regulation believes that this proposed change is consistent with the underlying purpose of the Taping Rule and will reduce the potential for confusion about the thresholds for applying it. To determine whether application of the Rule has been triggered for any particular firm, Rule 3010(b)(2)(viii) considers the employment history of the firm's registered persons over a

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three-year period. The application of the two-year and three-year periods have caused some confusion. NASD Regulation believes that equalizing these two time periods (*i.e.*, three years) would eliminate ambiguities in the calculation of the Taping Rule thresholds.

### Additional Issue For Comment

Recently, NASD Regulation has received requests from a variety of sources, including members of the public, to make the identity of firms subject to the Taping Rule publicly available. To date, NASD Regulation has not publicly disclosed the identity of firms subject to the Rule in recognition of the fact that the Taping Rule is by its nature a supervisory provision, not a disciplinary event. After further consideration of the issue, NASD Regulation believes that public disclosure of the identity of firms subject to the Taping Rule would be consistent with the objectives of the Rule and, moreover, would serve as an appropriate investor education and information vehicle.

NASD Regulation plans to enable investors and the general public to obtain information concerning whether a particular firm is subject to the Rule through the Public Disclosure Program.<sup>8</sup> NASD Regulation invites comment on this approach as well as on whether a list of firms subject to the Rule should be made available on the NASD Regulation Web Site.

### Endnotes

- 1 The Sweep and the Report were undertaken by the Securities and Exchange Commission (SEC), the NASD, the North American Securities Administrators Association, Inc., and the New York Stock Exchange.
- 2 *NASD Notice to Members 97-19*, "NASD Regulation And New York Stock Exchange Memorandum Discusses Sweep Report And Provides Guidance On Heightened Supervision Recommendations" (April 1997).
- 3 *NASD Notice to Members 98-52*, "SEC Approves Taping Rule; Effective August 17, 1998" (July 1998).
- 4 Since the Taping Rule became effective in August of 1998, 24 firms have triggered application of the Rule. Of those firms, 13 are currently active and subject to the Rule. One application for exemptive relief is pending.
- 5 To clarify that the Rule includes independent contractors as well as employees, NASD Regulation intends to make a technical amendment to the current rule language by substituting "associated with" for "employed by" in subparagraph (b)(2)(viii) of the Rule. For a discussion of the supervision of independent contractors, see *Notice to Members 98-38*, "NASD Reminds Members of Supervisory And Inspection Obligations" (May 1998).
- 6 For purposes of this provision, NASD Regulation proposes to use the definition of disciplinary history used in the NASD Membership Rules. Interpretive Material-1011-1 defines "disciplinary history" as, "a finding of a violation by the member or a principal of the member in the past five years by the Securities and Exchange Commission, a self-regulatory organization, or a foreign financial regulatory authority of one or more of the following provisions (or a comparable foreign provision) or rules or regulations thereunder: Sections 15(b)(4)(E) and 15(c) of the Securities Exchange Act of 1934; Section 17(a) of the Securities Act of 1933; SEC Rules 10b-5 and 15g-1 through 15g-9; NASD

Rules 2110, 2120, 2310, 2330, 2440, 3010 (failure to supervise only), 3310, and 3330; and MSRB Rules G-19, G-30, and G-37(b) & (c)."

- 7 To date, there have been 17 petitions to NASD Regulation for exemptive relief. Fifteen were denied, one was granted, and one is pending.
- 8 A technical amendment to Interpretive Material-8310-2 is necessary to implement this change. Attachment A includes the proposed amendment to IM-8310-2.

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## ATTACHMENT A

### Proposed Rule Language

Note: New language is underlined; deletions are in brackets.

#### 3010. Supervision

(a) No Change.

(b)(2) Tape recording of conversations

(i) Each member that either is notified by NASD Regulation or otherwise has actual knowledge that it meets one of the criteria in paragraph (b)(2)(viii) relating to the employment history of its registered persons at a Disciplined Firm as defined in paragraph (b)(2)(x) shall establish, maintain, and enforce special written procedures for supervising the telemarketing activities of all of its registered persons.

(ii) The member must establish the supervisory procedures required by this paragraph within [30] 60 days of receiving notice from NASD Regulation or obtaining actual knowledge that it is subject to the provisions of this paragraph. A member that meets one of the criteria in paragraph (b)(2)(viii) for the first time may reduce its staffing levels to fall below the threshold levels within 30 days after receiving notice. Once a member has made the adjustment, the member shall not rehire a person terminated to accomplish the staff reduction for a period of 180 days.

(iii) The procedures required by this paragraph shall include tape-recording all telephone conversations between the member's registered persons and both existing and potential customers.

(iv) The member shall establish reasonable procedures for reviewing the tape recordings made pursuant to the requirements of this paragraph to ensure compliance with applicable securities laws and regulations and applicable rules of this Association. The procedures must be appropriate for the member's business, size, structure, and customers.

(v) All tape recordings made pursuant to the requirements of this paragraph shall be retained for a period of not less than three years from the date the tape was created, the first two years in an easily accessible place. Each member shall catalog the retained tapes by registered person and date.

(vi) Such procedures shall be maintained for a period of [two] three years from the date that the member establishes the procedures required by the provisions of this paragraph.

(vii) By the 30th day of the month following the end of each calendar quarter, each member firm subject to the requirements of this paragraph shall submit to the Association a report on the member's supervision of the telemarketing activities of its registered persons.

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(viii) The following members shall be required to adopt special supervisory procedures over the telemarketing activities of their registered persons:

- A firm with at least five but fewer than ten registered persons, where 40% or more of its registered persons have been [employed by] associated with one or more Disciplined Firms within the last three years;
- A firm with at least ten but fewer than twenty registered persons, where four or more of its registered persons have been [employed by] associated with one or more Disciplined Firms within the last three years;
- A firm with at least twenty registered persons, where 20% or more of its registered persons have been [employed by] associated with one or more Disciplined Firms within the last three years.

For purposes of this paragraph, registered persons associated with one or more Disciplined Firms shall not include persons who: (1) have been registered for an aggregate total of 90 days or less with one or more Disciplined Firms; and (2) do not have a disciplinary history as defined in IM-1011-1.

(ix) For purposes of this Rule, the term “registered person” means any person registered with the Association as a representative, principal, or assistant representative pursuant to the Rule 1020, 1030, 1040, and 1110 Series or pursuant to Municipal Securities Rulemaking Board (“MSRB”) Rule G-3.

(x) For purposes of this Rule, the term “disciplined firm” means a member that, in connection with sales practices involving the offer, purchase, or sale of any security, has been expelled from membership or participation in any securities industry self-regulatory organization or is subject to an order of the Securities and Exchange Commission revoking its registration as a broker/dealer.

(xi) Pursuant to the Rule 9600 Series, the Association may in exceptional circumstances, taking into consideration all relevant factors, exempt any member unconditionally or on specified terms and conditions from the requirements of this paragraph [upon satisfactory showing that the member’s supervisory procedures ensure compliance with applicable securities laws and regulations and applicable rules of the Association].

(c) through (g) No Change.

### IM-8310-2. Release of Disciplinary [Information] and Other Information Through the Public Disclosure Program

(a) In response to a written inquiry, electronic inquiry, or telephonic inquiry via a toll-free telephone listing, the Association shall release certain information contained in the Central Registration Depository regarding a current or former member, an associated person, or a person who was associated with a member within the preceding two years, through the Public Disclosure Program. Such information shall include:

- (1) the person’s employment history and other business experience required to be reported on Form U-4;
- (2) currently approved registrations for the member or associated person;
- (3) the main office, legal status, and type of business engaged in by the member; and

## **NASD Notice to Members 01-38—Request For Comment**

(4) an event or proceeding—

- (A) required to be reported under Item 23 on Form U-4;
- (B) required to be reported under Item 11 on Form BD; or
- (C) reported on Form U-6.

The Association also shall make available through the Public Disclosure Program certain arbitration decisions against a member involving a securities or commodities dispute with a public customer. In addition, the Association also shall make available in response to telephonic inquiries via the Public Disclosure Program's toll-free telephone listing whether a member is subject to the provisions of Rule 3010(b)(2). The Association shall not release through the Public Disclosure Program social security numbers, residential history information, or physical description information, or information that the Association is otherwise prohibited from releasing under Federal law.

(b) through (l) No Change.

# NASD Notice to Members 01-38—Request For Comment

## ATTACHMENT B

### Request For Comment Checklist

We have provided below a checklist that members and other interested parties may use in addition to or in lieu of written comments. This checklist is intended to offer a convenient way to participate in the comment process, but does not cover all aspects of the proposal described in the *Notice*. We therefore encourage members and other interested parties to review the entire *Notice* and provide written comments, as necessary.

### Instructions

Comments must be received by **July 25, 2001**. Members and interested parties can submit their comments using the following methods:

- mailing in this checklist
- e-mailing written comments to *pubcom@nasd.com*
- mailing in written comments
- submitting comments online at the NASDR Web Site (*www.nasdr.com*)

The checklist and/or written comments should be mailed to:

*Barbara Z. Sweeney*  
*Office of the Corporate Secretary*  
*NASD Regulation, Inc.*  
*1735 K Street, NW*  
*Washington, DC 20006-1500*

### Proposed Amendments Concerning The Taping Rule

1. Is the addition of a one-time staff adjustment for firms that become subject to the Rule for the first time an appropriate mechanism to address firms that inadvertently or unintentionally trigger the application of the Rule?  
 Yes    No    See my attached written comments
2. Is it appropriate to exclude “short-term employees” of disciplined firms from the calculations that trigger application of the Taping Rule?  
 Yes    No    See my attached written comments
3. Is 90 days an appropriate measure of “short-term employee” for purposes of the proposed exclusion?  
 Yes    No    See my attached written comments

4. Should the time period for a firm to achieve compliance with the Taping Rule be increased from the current requirement of 30 days?  
 Yes    No    See my attached written comments
5. Is the proposal to increase the time period for achieving compliance to 60 days sufficient?  
 Yes    No    See my attached written comments
6. Should NASD Regulation make available through the Public Disclosure Program the identity of firms subject to the Taping Rule?  
 Yes    No    See my attached written comments

## NASD Notice to Members 01-38—Request For Comment

7. Should NASD Regulation publish on its Web Site a list of all of the firms subject to the Taping Rule?

Yes  No  See my attached written comments

8. Should there be other changes to the Taping Rule or are there areas in the proposal that require further clarification?

Yes  No  See my attached written comments

### Contact Information

Name: \_\_\_\_\_

Firm: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Phone: \_\_\_\_\_

E-Mail: \_\_\_\_\_

### Are you:

An NASD Member

An Investor

A Registered Representative

Other: \_\_\_\_\_

# NASD Notice to Members 01-39

## INFORMATIONAL

## New Registration Category-Rules And Examination

SEC Approves Proposed Rule Change Establishing A New Limited Registration Category For Private Securities Offerings; Related Qualification Examination (Series 82) Is Effective

## SUGGESTED ROUTING

*The Suggested Routing function is meant to aid the reader of this document. Each NASD member firm should consider the appropriate distribution in the context of its own organizational structure.*

- Continuing Education/ Testing/Qualification
- Legal & Compliance
- Operations
- Registration
- Senior Management
- Training

## KEY TOPICS

- Limited Representative-Private Securities Offerings (Series 82)
- NASD Rule 1032
- Qualification Examinations

## Executive Summary

On May 15, 2001, the Securities and Exchange Commission (SEC) approved amendments to National Association of Securities Dealers, Inc. (NASD®) Rule 1032 to establish a new registration category, Limited Representative-Private Securities Offerings.<sup>1</sup> This new registration category is for any associated person of a member whose investment banking and securities business is limited solely to effecting sales of private securities offerings. Registration under this new category will provide an alternative to registration as a General Securities Registered Representative (Series 7) or as a Corporate Securities Limited Representative (Series 62) for any individual who functions solely as a private securities offering representative. Persons seeking to register under this new category will need to pass a new qualification examination, the Limited Representative-Private Securities Offerings Qualification Examination (Series 82), which is now available.

The effective date of the new registration category is May 12, 2001. The SEC's extension of time for banks to comply with the broker/dealer provisions of the Gramm-Leach-Bliley Act of 1999 (GLBA)<sup>2</sup> as set forth in the SEC's Interim Final Rule<sup>3</sup> does not change the effective date of the new registration category.

## Questions/Further Information

Questions concerning this *Notice to Members* may be directed to one of the following persons in the NASD Regulation Testing and Continuing Education Department: Karen Bescher at (240) 386-4677; Carole Hartzog at (240) 386-4678;

or Nicole Hillman at (240) 386-4681. Questions also may be directed to one of the following persons in the NASD Office of General Counsel: Gary Goldsholle at (202) 728-8104 or Kosha Dalal at (202) 728-6903.

## Background/Discussion

NASD Regulation has developed a new limited registration category for persons whose securities business is limited to private securities offerings. This new limited registration category implements Section 203 of the GLBA.

GLBA, among other things, removes the barriers to affiliations among banks, insurance companies, and broker/dealers and adopts a functional approach to regulation of the activities of these entities. As part of this approach, GLBA eliminates the long-standing general exemption for banks from the definitions of "broker" and "dealer" under the Securities Exchange Act of 1934 (Exchange Act). Consequently, many of the securities-related activities currently performed by banks will be required to be performed in (or "pushed-out" to) separate registered broker/dealer affiliates or subsidiaries.

Under GLBA, private securities offerings may be effected in a bank (that is not a broker/dealer) where (a) the bank is not affiliated with a broker or dealer that is engaged in dealing, market making, or underwriting, other than with respect to exempted securities and (b) if the bank is not affiliated with any broker or dealer, the aggregate dollar amount of any private placement offering (excluding government or municipal securities) does not exceed 25 percent of the bank's capital. Banks that do not meet

## **NASD Notice to Members 01-39**

this exclusion will be required to effect private securities offerings in a registered broker/dealer with appropriately licensed individuals.

To facilitate a smooth transition of private placement activities from banks to broker/dealers, GLBA mandated that the NASD, as a registered securities association, create a new limited registration category for persons engaging solely in private securities offerings.

### **Qualification Requirements**

Persons seeking to register with the NASD under this new limited registration category must meet the eligibility criteria for associated persons of a member and pass the necessary qualification examination (Series 82).

### **Permissible Activities Under The Limited Registration Category**

The securities activities of a person registered in this limited registration category are limited to effecting sales of private securities offerings. The Series 82 Examination does not qualify a registered representative in this category to effect sales of municipal or government securities, or equity interests in or the debt of direct participation programs (DPP securities). NASD Regulation administers the Series 52 for transactions in municipal securities, the Series 72 for transactions in government securities, and the Series 22 for transactions in DPP securities. The Series 82 Examination permits a registered representative only to effect sales of private placement securities as part of a primary offering. As such, representatives registered in this category will not be permitted to effect resales of or secondary

market transactions in private placement securities. Any person wishing to effect resales of or secondary market transactions in private placement securities will be required to register as a General Securities Representative, or, where appropriate, in another limited registration category.

Principals responsible for supervising the member's private securities offering business must be registered as General Securities Principals.

### **Registration Procedures**

NASD members seeking to register personnel as a Limited Representative-Private Securities Offerings, must submit a complete Form U-4 application on Web CRD to request the necessary registration(s) and list of other documents required for registration. The registration fee for new applicants under this category is \$85 per individual, and the fee for the Series 82 Examination is \$75.<sup>4</sup>

### **Grandfathering**

Consistent with the provisions in GLBA, the limited registration category provides that any person who engaged in effecting sales of private securities offerings as an employee of a bank from May 12, 1999 to November 12, 1999, who otherwise meets the qualifications to register as a representative, may register in the limited registration category without having to complete the Series 82 Examination. Applicants seeking an exemption from the qualification examination pursuant to this provision will be required to provide appropriate evidence to NASD Regulation demonstrating that they were engaged in effecting sales of private securities offerings at a bank during the

period from May 12, 1999 to November 12, 1999. Members seeking to register personnel under these "grandfather" provisions should:

- File a Form-U-4 on Web CRD for the candidate;
- Submit a written request for waiver from the qualification examination requirement, signed by a principal of the firm, to:  
  
*Waiver Coordinator  
NASD Regulation, Inc.  
Testing and Continuing  
Education Department  
9509 Key West Avenue  
Rockville, MD 20850*
- Provide detailed documentation of the candidate's experience in effecting sales of private securities offerings on behalf of a bank during the relevant time period; and
- Make payment of all applicable fees.

### **The New Series 82 Examination**

A study outline has been prepared to assist member firms in preparing candidates for the new Limited Representative-Private Securities Offerings Qualification Examination (Series 82). The study outline may be used to structure or prepare training material, develop lecture notes and seminar programs, and as a training aide for the candidates themselves.

The Series 82 Examination contains 100 multiple-choice questions, and candidates are allowed 150 minutes to complete the examination. A candidate must correctly answer 70 percent of the questions to receive a passing grade. The test is administered as

## NASD Notice to Members 01-39

a closed book exam. Scratch paper and a basic electronic calculator will be provided by the proctor. At the completion of the test, candidates will be provided with an informational breakdown of their performance on each of the sections, along with their overall score.

The outline and test are divided into the four topical sections, which are described below along with the number of questions designated to each section.

**Section 1** Characteristics of Corporate Securities  
(14 questions)

**Section 2** Regulation of The Market for Registered and Unregistered Securities  
(45 questions)

**Section 3** Analyzing Corporate Securities  
(15 questions)

**Section 4** Handling Customer Accounts and Industry Regulations  
(26 questions)

The questions used in the examination will be updated to reflect the most current interpretations of the rules and regulations on which they are based. Questions on new rules will be added to the examination within a reasonable period of their effective dates. Questions on rescinded rules will be promptly deleted from the examination. Candidates will only be asked questions pertaining to rules that are effective at the time they take their exams.

### Availability Of Study Outline

The study outline for the Series 82 Examination for this category may be obtained from the NASD Regulation Web Site at [www.nasdr.com](http://www.nasdr.com).

### Endnotes

- 1 See Securities Exchange Act Release No. 44281 (May 8, 2001), 66 FR 26890 (May 15, 2001) (File No. SR-NASD-00-69).
- 2 Gramm-Leach-Bliley Act of 1999, Pub.L.No. 106-102, 113 Stat. 1338 (1999).
- 3 See Securities Exchange Act Release No. 44291 (May 11, 2001), 66 FR 27760 (May 18, 2001).
- 4 There are additional fees associated with registration generally that are described on the NASD Regulation Web Site.

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**ATTACHMENT A - RULE TEXT**

**Rule 1032. Categories of Representative Registration<sup>1</sup>**

**(h) Limited Representative—Private Securities Offerings**

(1) Each person associated with a member who is included within the definition of a representative as defined in Rule 1031 may register with the Association as a Limited Representative-Private Securities Offerings if:

(A) such person's activities in the investment banking and securities business involve effecting sales as part of a primary offering of securities not involving a public offering, pursuant to Section 3(b), 4(2) or 4(6) of the Securities Act of 1933 and the rules and regulations thereunder, provided, however, that such person shall not effect sales of municipal securities or government securities, or equity interests in or the debt of direct participation programs as defined in Rule 1022(e)(2); and

(B) subject to subparagraph (2) hereof, such person passes an appropriate qualification examination for Limited Representative-Private Securities Offerings.

(2) The Association shall, upon such evidence as the Association determines to be appropriate, deem any person who while employed by a bank, engaged in effecting sales of private securities offering as described in paragraph (1)(A) hereof, during the period from May 12 1999 to November 12, 1999, as qualified to register as a Limited Representative-Private Securities Offerings without the need to pass the qualification examination required by subparagraph (1)(B) hereof.

(3) A person registered as a Limited Representative-Private Securities Offerings shall not be qualified to function in any area not described in subparagraph (1)(A) hereof.

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<sup>1</sup> Certain clerical changes to Rule 1032 were also approved by the SEC, essentially replacing the word "described" for the word "prescribed" in the Rule.

# NASD Notice to Members 01-40

## FIPS Changes

### Fixed Income Pricing System<sup>SM</sup> Additions, Changes, And Deletions As Of April 23, 2001

#### SUGGESTED ROUTING

*The Suggested Routing function is meant to aid the reader of this document. Each NASD member firm should consider the appropriate distribution in the context of its own organizational structure.*

- Corporate Finance
- Legal & Compliance
- Municipal/Government Securities
- Operations
- Senior Management
- Trading and Market Making

#### KEY TOPICS

- FIPS

As of April 23, 2001, the following bonds were added to the Fixed Income Pricing System (FIPS<sup>SM</sup>).

Symbol	Name	Coupon	Maturity
AG.GB	AGCO Corp	9.500	05/01/08
BEPA.GD	BE Aerospace Inc	8.875	05/01/11
BFPC.GA	BFD Preferred Capital II	10.875	10/01/30
BZH.GC	Beazer Homes USA	8.625	05/15/11
DVA.GA	Davita Inc	9.250	04/15/11
GBYU.GA	GB Property Funding Corp	11.000	09/29/05
HMRL.GB	Host Marriott LP	9.250	10/01/07
IGL.GC	IMC Global Inc	6.550	01/15/05
IGL.GD	IMC Global Inc	7.300	01/15/28
IGL.GE	IMC Global Inc	6.625	10/15/01
IGL.GF	IMC Global Inc	7.400	11/01/02
IGL.GG	IMC Global Inc	7.625	11/01/05
IGL.GH	IMC Global Inc	6.875	07/15/07
IGL.GI	IMC Global Inc	10.750	06/15/03
IGL.GJ	IMC Global Inc	6.500	08/01/03
IGL.GK	IMC Global Inc	7.375	08/01/18
KCUR.GA	Kansas City Southern Railway	9.500	10/01/08
MOKC.GA	Morrison Knudsen Corp	11.000	07/01/10
TRI.GA	Triad Hospitals Inc	8.750	05/01/09
WSEQ.GA	Winstar Equipment Corp	12.500	03/15/04

As of April 23, 2001, the following bonds were deleted from the Fixed Income Pricing System.

Symbol	Name	Coupon	Maturity
ADV.N.GB	Advanta Corp	7.000	05/01/01
CHK.GG	Chesapeake Energy Corp	9.625	05/01/05
CLHB.GA	Clean Harbors Inc	12.500	05/15/01
FLM.GA	Fleming Cos Inc	10.625	12/15/01
GOTH.GB	Gothic Energy Corp	14.125	05/01/06
IRSP.GA	Intersil Corp	13.250	08/15/09
LFI.GB	Levitz Furniture Corp	9.625	07/15/03
LRST.GA	Lear Seating Corp	8.250	02/01/02
LWN.GC	Loewen Group Intl Inc	7.500	04/15/01
TNUS.GA	Trinet Corp Realty Trust Inc	7.300	05/15/01
TNUS.GB	Trinet Corp Realty Trust Inc	7.950	05/15/01
YBTV.GA	Young Broadcasting Inc	10.125	02/15/05
YBTV.GB	Young Broadcasting Inc	11.750	11/15/04

## **NASD Notice to Members 01-40**

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As of April 23, 2001, changes were made to the symbols of the following FIPS bonds:

<u>New Symbol</u>	<u>Old Symbol</u>	<u>New Name/Old Name</u>	<u>Coupon</u>	<u>Maturity</u>
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There were no symbol changes for FIPS for this time period.

All bonds listed above are subject to trade-reporting requirements. Questions pertaining to FIPS trade-reporting rules should be directed to Patricia Casimates, NASDR Market Regulation, at (301) 590-6447.

Any questions regarding the FIPS master file should be directed to Cheryl Glowacki, Nasdaq Market Operations, at (203) 385-6310.

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# NASD Notice to Members 01-41

## ACTION REQUIRED

# PORTAL- Designated Equity Securities Directory

## SEC Approves PORTAL Rule Amendments

## SUGGESTED ROUTING

*The Suggested Routing function is meant to aid the reader of this document. Each NASD member firm should consider the appropriate distribution in the context of its own organizational structure.*

- Executive Representative
- Operations
- Trading & Market Making

## KEY TOPICS

- ACT
- PORTAL

## Executive Summary

Nasdaq® is publishing a list of PORTAL®-designated equity securities for the reporting requirements of PORTAL equity transactions that will be effective on June 16, 2001.

On March 6, 2001, the Securities and Exchange Commission (SEC) approved amendments to the rules of The PORTAL Market (PORTAL Rules) to require that National Association of Securities Dealers, Inc. (NASD® or Association) members submit trade reports of secondary market transactions in PORTAL-designated equity securities through the Automated Confirmation Transaction Service® (ACT).

## Reporting Requirements

Transactions in PORTAL-designated equity securities are to be reported through the Automated Confirmation Transaction Service (ACT) pursuant to the ACT Rules in the NASD Rule 6100 Series.

## Questions/Further Information

Additional information regarding trade reporting may be obtained by contacting Nasdaq MarketWatch at (800) 211-4953.

## Accessing The Automated Symbol Directory

In addition to this *Notice*, PORTAL-designated equity symbols can also be found by using the OTCBB automated directory. For additional assistance, users can call the Help Desk at (203) 378-0166.

## To access the automated directory from the Nasdaq

## Workstation IITM pull-down menu:

- Select InfoServices.
- Select Directories.

## To obtain a symbol when you know the security name:

- Select Search By: Security Name.
- Select Security Types: ALL OTC.
- Type the security name (the full name or just the first letter or letters) in the Search For: box.
- Click on the Search button.

## To obtain a security name when you know the security symbol:

- Select Search By: Security Symbol.
- Select Security Types: ALL OTC.
- Type the security symbol (the full symbol or just the first letter or letters) in the Search For: box.
- Click on the Search button.

See Attachment A of this *Notice* for a list of all PORTAL-designated equity securities and associated dates.

Any subsequent changes to this list (additions, deletions, symbol changes, and reorganizations) will be published daily on [www.otcbb.com](http://www.otcbb.com). To access this information from the OTCBB Web Site:

- Click on Daily List
- Click on Other/OTC Portal Daily List under "Related Items"
- Either View or Download current list

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## **NASD Notice to Members 01-41**

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SYMBOL	ISSUER	ISSUE NAME
AACMY	ASIA CEMENT CORP LTD	144A SPONS GDR
ABLJY	ABB LTD	144A SPONS ADR
ABPTY	ARAB POTASH CO LTD	144A SPONS GDR
ABSXY	ABSA GROUP LTD	144A SPONS ADR
ALBQY	ALPHA BANK A.E.	144A GDR
ACERY	ACER INCORPORATED	144A SPONS GDR
ACTGY	ACCTON TECHNOLOGY CORP	144A SPONS GDR
ADDDY	ADIDAS-SALOMON AG	144A SPONS ADR
ADIZY	ADI CORPORATION	144A SPONS GDR
ASXJY	ADVANCED SEMICONDUCTOR ENGIN	144A GDR III
ASXZY	ADVANCED SEMICONDUCTOR ENGIN	144A GDR
AECNY	AECI LTD	144A SPONS ADR
AETKY	AS EESTI TELEKOM	144A SPONS GDR
AFAAY	ALFA SA DE CV	144A SPONS ADR
AGORY	AGORA SA	144A SPONS GDR
AHROY	AL-AHRAM BEVERAGES CO	144A SPONS GDR
AKBNY	AKBANK T.A.S.	144A SPONS ADR
AKCPY	ASUSTEK COMPUTER INC	144A SPONS GDR
ALZSL	AL EEZ STEEL REBARS S.A.	144A COM
ALKSO	ALKERMES INC	144A PFD
LNTRL	ALLIANT ENERGY RESOURCES INC	144A
ALLIP	ALLIANCE CAPITAL TRUST 1	144A PFD
ANSKY	ANAM SEMICONDUCTOR INC	144A SPONS GDR
ANAXY	ANGLOVAAL MINING LTD	144A SPONS ADR
APUPW	ASIA PULP & PAPER CO LTD	144A WTS 03/15/2005
ARALY	ACERALIA CORP SIDERURGICA	144A SPONS ADR
ARBDY	ARBED SA	144A ADR
ARZMY	ARVIND MILLS LTD	144A GDR
ASWZY	ARISAWA MANUFACTURING CO	144A SPONS GDR
ATAIY	ALITALIA LINEE AEREE ITALI SPA	144A SPONS ADR
AVSEY	ASUSTEK COMPUTER INC	144A ADR
AYYLY	AYALA CORP CL B	144A SPONS GDR
BAAHY	BANK AUSTRIA AG	144A SPON ADR
BBGKY	BIG BANK GDANSKI SA	144A SPONS GDR
BVGAY	BANCO BILBAO VIZCAYA INTL	144A SER D SPONS ADR
BCOHY	BANCO HIPOTECARIO SA	144A D SHRS SPONS ADR
BDHUY	BOEHLER UDDEHOLM AG	144A SPONS ADR
BGTCY	BLAGOVNO-TRGOVINSKI CENTER	144A SPONS GDR
BGYEY	BRITISH ENERGY PLC	144A ADR
BHNDY	BANK HANDLOWY WARSZAWIE	144A SPONS GDR
BAJAY	BAJAJ AUTO LTD SPONS	144A GDR
BKHPY	BANK HAPOALIM BM	144A SPONS GDR
BLIDF	BOLIDEN LTD	144A COM
BLPRY	BALLARPUR INDUSTRIES LTD	144A SPONS GDR
BNPZY	BNP PARIBAS	144A SPONS ADR
BNPSY	BENPRES HOLDINGS CORP	144A SPONS GDR
BNURY	BANCO COMERCIAL	144A SPONS GDR
BNZHP	BELL ATLANTIC NEW ZEALAND HLDGS INC	144A PFD A
BNZHO	BELL ATLANTIC NEW ZEALAND HLDGS INC	144A PFD B
BPCRY	BIPOP CARIRE SPA	144A SPONS ADR
BQACY	BANQUE AUDI S.A.L.	144A SPONS GDR
BQATY	BANQUE INTERNATIONALE ARABE DE TUNIS	144A SPONS GDR

SYMBOL	ISSUER	ISSUE NAME
BQLBY	BANQUE LIBANAISE COMM	144A GDR
BQMCY	BANQUE MAROCAINE DU COMMERCE BMCE	144A SPONS GDR
BSCDY	BORSODCHEM RT	144A SPONS GDR
BSDQY	BOMPREGO SUPERMER NORDESTE SA	144A SPONS GDR
BSESY	BSES LTD	144A SPONS GDR
BTROY	BANCA TURCO ROMANA SA	144A SPONS GDR
BULPY	BULGARI SPA	144A SPONS ADR
BZEPY	BRAZIL REALTY SA	144A SPONS GDR
CLULF	CANADA LIFE FINANCIAL CORPORATION	144A COM
CBAUY	COMMONWEALTH BANK OF AUSTRALIA	144A SPONS ADR
CBDYF	COMPANHIA BRAS DE DISTR	144A GDR
CCRTP	COMPUCREDIT CORPORATION	144A PFD
CDPGY	CIMENTOS DE PORTUGAL SA	144A SPONS ADR
CDTJY	CEMENTOS DIAMANTE	144A PFD B SPONS ADR
CEDXY	CENTRAIS ELETRICAS DE SANTA CAT	144A PFD B SPONS ADR
CEMHY	CEMIG COMPANHIA ENERGIA DE MINAS	144A PFD SH SPONS ADR
CEMY	CEMENTOS LIMA	144A SPONS ADR
CEPUY	CENTRAL PUERTO SA	144A CL B SPONS ADR
CESKY	CESKA SPORITELNA	144A GDR
CFDZY	CORPORACION FIN DE VAL	144A ADR
CFNPY	COMPAGNIE FIN POUR L'EUR	144A GDR
CHGBY	CHO HUNG BANK CO LTD	144A SPONS GDR
CHLTY	CAPS HOLDINGS LTD	144A ADR
CRLRW	CHARLES RIVER LAB INTL. INC	144A WTS 01/01/2010
CHVXY	CETECO HOLDINGS	144A NV ADR
CIPZY	CORP INTERBANC	144A B SHS ADR
CISEY	CHINA STEEL CORP	144A SPONS ADR
CISFY	CORPORACION IND SANLUIS	144A ADR
CKRKY	CESKE RADIOKOMUNIK	144A SPONS GDR
CLLCY	CARULLA Y COMPANIA SA	144A PREF SHS SPONS ADR
CPNJO	CALPINE CAPITAL TRUST	144A HIDE TIDES PFD
CLPPL	CORAL GROUP PLC	144A COM
CLPPW	CORAL GROUP PLC	144A WTS 09/30/2009
CLRAY	CHILECTRA S. A.	144A SPONS ADR
CLYNY	CREDIT LYONNAIS SA	144A SPONS ADR
CMGJY	COMMERCIAL INTERNATIONAL BANK OF EGYPT	144A SPONS ADR
CMXKP	CAREMARK RX CAPITAL TRUST 1	144A PFD
CNRFY	CONSORCIO ARA SA DE CV	144A SPONS ADR
COLTP	COLT TELECOM GROUP	144A PLC ORD PFD
CPAZY	CEMENTOS PAZ DEL RIO SA	144A SPONS ADR
CPGVY	CROMPTON GREAVES LTD	144A SPONS GDR
CPXOY	CAPEX SA	144A SPONS GDR
CQNAY	CHILQUINTA S.A.	144A SPONS ADR
CRCNY	CENTRAL COSTANERA SA	144A A SHS SPONS ADR
CSCUY	CESC LTD	14A SPONS GDR
CSHGY	CONSORCIO HOGAR SA	144A B ADR
CTMOY	COTEMINAS COMPANHIA TECIDOS NORTE MINAS	144A SPONS ADR
CVGEY	CORPORACION GEO SA	144A SPONS ADR
CVTXL	CV THERAPEUTICS INC	144A COM
CXCMW	COLO.COM	144A WTS 01/01/2010
CYTXY	CENTURY TEXTILES & INDUSTRIES	144A SPONS GDR
DCWFY	DCW LTD	144A GDR

SYMBOL	ISSUER	ISSUE NAME
DDCMY	DISTRIBUIDORA CHILECTRA	144A ADR
DLKKY	D-LINK CORPORATION	144A SPONS GDR
DNBHY	DNB HOLDING ASA	144A SPONS ADR
DORHY	DOR ENERGY (1998) LTD	144A SPONS ADR
DRRDY	DR REDDY'S LABS LTD	144A SPONS GDR
DRSRY	DRESDNER BANK AG	144A SPONS ADR
EBKOY	ERSTE BK DER OEST SPARK	144A SPONS GDR
AEBMY	ANADOLU EFES BIRACILIK VE MALT SANAYI AS	144A SPONS ADR
EFGHY	EFG HERMES HOLDINGS SAE	144A ADR NEW
EGKYY	EGS GAYRIMENKUL YATRIM ORTOKLIGI AS	144A B SPONS GDR
EIDXY	EID PARRY INDIA LTD	144A SPONS GDR
EIHYY	EIH LTD	144A SPONS GDR
EPHKY	ESPOON SAHKO OY	144A SPONS ADR
ERGZY	ERG SPA	144A ADR
ERWBL	EARTHWEB 144A COM INC	144A COM
ESYTY	EFES SINAI YATIRIM HOLDINGS	144A SPONS GDR
EJFLY	EUROPEJSKI FUNDUSZ LEASING GOWY SA	144A SPONS GDR
EVGQY	EVERGREEN MARINE CORP LTD	144A SPONS GDR
FAMZY	FORTIS NL NV BEARER SHS	144A SPONS ADR
FERSY	FERREYROS SA	144A SPONS ADR
FJIFY	FUJI INTERNATIONAL FINANCE TRUST	144A SPONS ADR
FNKXY	FINANS BANK AS	144A SPONS GDR
FNXBY	FINOLEX CABLES LTD	144A SPONS GDR
FOEAY	FRED OLSEN ENERGY ASA	144A ADR
FRENY	FAR EASTERN TEXTILE LTD	144A SPONS GDR
FUISY	FUBON INSURANCE CO LTD	144A SPONS GDR
FXIZY	FLEX INDUSTRIES LTD	144A GDR
GACNY	G. ACCION SA DE CV	144A ADR
GAYIY	GAS AUTHORITY OF INDIA	144A SPONS GDR
GBCHO	GLOBAL CROSSING HOLDINGS LTD	144A 10.50 PFD
GBLXM	GLOBAL CROSSING LTD	144A PFD
GBLXN	GLOBAL CROSSING LTD	144A PFD
GBPXY	GRABOPLAST TEXTILES RT	144A GDR
GEDRY	GEDEON RICHTER LTD	144A SPONS GDR
GESSY	GREAT EASTERN SHIPPING CO LTD	144A SPONS GDR
GFBWY	GRUPO FIN BBVA BANCOMER	144A ADR
GGRIW	G & G RETAIL INC	144A WTS 05/17/2009
GILTL	GILAT SATELLITE NETWORKS LTD	144A COM
GLOHW	GLOBE HOLDINGS INC	144A WTS 08/01/2009
GPDAY	GRUPO POSADAS SA DE L SH	144A SPONS ADR
GPDBY	GRUPO POSADAS SA DE CV	144A A SHS SPONS GDR
GPGNY	GRUPO GIGANTE SA DE CV	144A SER B SPONS ADR
GRCAY	GRAN CADENA DE ALMACENES SA	144A PFD B SPONS ADR
GRSJY	GRASIM INDUSTRIES LTD	144A SPONS GDR
GUJRY	GUJARAT AMBUJA CEMENT LTD	144A SPONS GDR
GUJVY	GUJARAT NARMADA VALLEY FERTILISERS	144A SPONS GDR
GVCCY	GVC CORPORATION	144A SPONS ADR NEW
HBPWY	HARBIN POWER EQUIPMENT CO LTD	144A CL H SPONS ADR
HHGCV	HOCHENG CORP	144A GDR
HIFCY	HIMACHAL FUTURISTIC	144A SPONS GDR
HLEMY	HYLSAMEX SA DE CV	144A SPONS ADR
HLPTY	HELLENIC PETROLEUM SA	144A SPONS GDR

SYMBOL	ISSUER	ISSUE NAME
HLTOY	HELLENIC TELECOM OTE	144A GDR
HNDVY	HINDUSTAN DEV CORP LTD	144A GDR
HNVTY	HANVIT BANK	144A SPONS GDR
HOSZY	HACE OMER SABANCI HOLDING	144A SPONS ADR
HOYFY	HUHTAMAKI OY SER I	144A SPONS ADR
HSPCY	HANSOL PAPER CO LTD	144A SPONS GDR
HUPWY	HUB POWER CO LTD	144A GDR
HYMLY	HYUNDAI MOTOR CO	144A GDR
HYMPY	HYUNDAI MOTOR CO	144A NV PFD GDR
IALML	IAMG LIMITED	144A COM
IAMZY	INDIA CEMENTS LTD	144A GDR
IAULY	INDIAN ALUMINUM CO LTD	144A SPONS GDR
IDGCY	INDO GULF CORPORATION	144A SPONS ADR
IDHUY	INDIAN HOTELS CO LTD	144A SPONS GDR
IDNCY	INDIAN PETROCHEMICAL CORP LTD	144A SPONS GDR
IDRMV	INDO RAMA SYNTHETICS	144A GDR
IDZPY	INDOSUEZ HOLDINGS SCA	144A PFD A SPONS ADR
INHLL	INHALE THERAPEUTIC SYSTEMS INC	144A COM
INITL	INTERLIANT INC	144A COM
INRXY	INDIAN RAYON CORP LTD	144A SPONS GDR
IPGLY	INTERPUMP GROUP SPA	144A SPONS ADR
ITCTY	ITC LTD	144A SPONS GDR
ITREY	ITTIERRE HOLDINGS SPA	144A SPONS ADR
ITLUF	IT INTL THEATRES LTD	144A ORD
JAZWF	JAZZTEL PLC	144A WTS 04/01/2009
JAZYF	JAZZTEL PLC	144A WTS 04/01/2009
JAZVF	JAZZTEL PLC	144A COM
JCCTY	JCT LTD	144A GDR
JGSHY	JG SUMMIT HOLDINGS INC	144A CL B SPONS GDR
JKCXY	JK CORP LTD	144A GDR
JKEHY	JOHN KEELLS RULE HOLDINGS LTD	144A SPONS GDR
SRFKY	SURFCONTROL PLC	144A SPONS ADR
KAZMY	JSC KAZKOMMERTSBANK JSC	144A SPONS ADR
KEGSL	KEY ENERGY SERVICES INC	144A COM
KGHPY	KGHM POLSKA MIEDZ SA	144A SPONS GDR
KIMTY	KIA MOTORS CORP	144A SPONS GDR
KKBKY	KOOKMIN BANK	144A SPONS GDR
KMBRY	KOMERCNI BANKA AS	144A GDR
KMRAY	KEMIRA OYJ	144A SPONS ADR 1994
KMROY	KEMIRA OYJ	144A SPONS ADR 1996
KNOGP	KNOLOGY INC	144A PFD
KNOGW	KNOLOGY INC	144A WTS 10/15/2007
KOOQY	KOREA EXCHANGE BANK	144A GDR
KRDBY	KREDYT BANK JSC	144A SPONS GDR
KTGSY	KOREA TOBACCO & GINSENG CO LTD	144A GDR
LBTLY	LIBERTEL NV	144A ADR
LCNFY	LA CEMENTO NACIONAL CA	144A SPONS GDR
LEHBT	LEHMAN BR FN S.A.	144A WTS 01/27/2002
LEHBW	LEHMAN BR FN S.A.	144A WTS 03/06/2002
LEHEW	LEHMAN BR FN S.A.	144A WTS 01/24/2003
LFGCY	LAFARGE COPPEE SA	144A SPONS ADR
LJPFY	LOJAS ARAPUA	144A GDR

SYMBOL	ISSUER	ISSUE NAME
LORQF	LORAL SPACE & COMMUNICATIONS LTD	144A 6% CV C
LOTZY	LITE-ON TECHNOLOGY CP	144A GDR
LTAMY	LATAS SA	144A SPONS ADR
LTORY	LARSEN & TOUBRO LTD	144A SPONS GDR
LUKBY	LUKOIL CO.	144A BOND SPONS ADR
LUKFY	LUKOIL CO.	144A SPONS ADR
LUKQY	OIL CO LUKOIL	144A BOND II SPONS ADR
LUZBY	LUZ DEL SUR SA	144A SPONS ADR
LVPMY	LIVERPOOL EL PUERTO C1	144A GDR
LWINW	LEAP WIRELESS INT'L INC	144A WTS SR NOTES 01/01/2010
LWINZ	LEAP WIRELESS INT'L INC	144A WTS SR DISC NOTES 2010
MAHDY	MAHINDRA & MAHINDRA LTD	144A SPONS GDR
MDIEY	MEDIASET SPA	144A SPONS ADR
MERZY	MANILA ELECTRIC CO	144A B SHS SPONS GDR
METQY	MICRO ELECTRONICS TECH INC	144A ADR
MGYXY	MOL MAGYAR OLAJ ES GAZIPARI	144AS SPONS ADR
MHTNY	MAHANAGAR TELEPHONE NIGAM	144A SPONS ADR
MIBXY	MISR INTERNATIONAL BANK	144A SPONS ADR
MIVAY	MELIA INVERSIONES AMERICANAS NV	144A SPONS ADR
MKRBY	MAKRO ATACADISA SA	144A SPONS ADR
MLCZY	MILLENNIUM & COPTHORNE HOTELS	144A SPONS ADR
MOMHY	MANDO MACHINERY	144A GDR
MOSLY	MOSEL VITELIC INC	144A SPONS ADR
MREIW	MERILL CORPORATION	144A WTS 05/01/2009
MRGQY	MIRGOR SA CIFIA CL C	144A SPONS ADR
MROGL	MORGAN STANLEY CAPITAL (DELRWARE) L.L.C.	144A OPALS B MSCI EURO BANKING 3C7 SER B56
MROGZ	MORGAN STANLEY CAPITAL (DELRWARE) L.L.C.	144A OPALS B MSCI EURO 3C7 TELCOMM INDEX SER B60
MRRFY	METRO CASH & CARRY LTD	144A SPONS GDR
MRSFW	MRS FIELDS INC	144A WTS 12/1/2005
MSTWY	MOSTOSTAL WARSZAWA	144A ADR
MTCGY	MALTACOM PLC	144A SPONS ADR
MXTLW	MAXCOM TELECOMUNICACIONES S.A. DE C.V	144A WTS 04/01/2007
MYCTP	MAYTAG CAPITAL TRUST 11	144A PFD
NATEY	NATSTEEL ELECTRONICS LTD	144A COM
NBGIY	NATIONAL BANK OF GREECE	144A SPONS GDR
NDCXY	NEDCOR LTD	144A SPONS ADR
NTDZY	NTT DOCOMO INC.	144A SPONS ADR
NPIDY	NEPC INDIA LTD	144A SPONS ADR
NPLSW	NETWORK PLUS CORP	144A WTS 09/01/2009
NSRXY	NESTLE SA. REG SHS	144A SPONS ADR
NTVBY	NTV BROADCASTING COMPANY	144A GDR
OGZRY	OAO GAZPROM	144A SPONS ADR
OHTLY	ORASCOM HOTEL HOLDINGS S.A.E.	144A GDR
OLSVW	O'SULLIVAN INDUSTRIES INC	144A WTS 11/15/2009 144A WTS TO PURCHASE JR PFD SERIES B O'SULLIVAN HLDGS INC
OLSWW	O'SULLIVAN INDUSTRIES INC	2009
OMVZY	OMV AG	144A SPONS ADR
OROGY	OROGEN MINERALS LTD	144A SPONS GDR
OTPIY	OTP BANK LTD SPONS	144A ADR
PCHYI	PAINTS & CHEMICALS IND	144A ADR

SYMBOL	ISSUER	ISSUE NAME
PBRZY	PETROBRAS PETROLEO BRASILEIRO SA	144A PFD SH SPONS ADR
PETZY	PETRON CORPORATION	144A SPONS ADR
PFHTY	PANAFON HELLENIC TELECOM CO SA	144A SPONS ADR
PFPAY	PINTO TOTTA INTL FINANCE LTD	144A PFD A SPONS ADR
PGTVO	PEGASUS COMMUNICATION	144A 12.75 PF PFD
PKRKY	PEPKOR LTD	144A SPONS ADR
PKSWY	PROKOM SOFTWARE SA	144A SPONS GDR
PKTLY	PAKISTAN TELECOM LTD	144A GDR
PEMTY	PARK ELEKTRIK MADENCILIK TEKSTIL SANAY I VE TICART ANONIM SIRK	144A ADR
PLVDY	PLIVA D.D.	144A SPONS ADR
PMMRY	PUMA AG RUDOLF DASSLER SPORT	144A BEARER SHS SPONS ADR
PPNCY	PAPALES NACIONALES	144A GDR
PRXSY	PRESS CORP LTD	144A SPONS ADR
PSIXO	PSINET INC	144A SR D PFD
PSKOY	POLSKI KONCERN NAF PLN	144A 1.25 PAR ORD GDR
PSZGY	PICK SZEGED RT	144A SPONS GDR
PTBDY	PT TAMBANG TIMAH	144A SPONS GDR
PEPPY	PORTUCEL EMRESA PRODUTOR PASTA DE PAPEL SA	144A ADR
PTKWY	PT KAWASAN IND JABABEKA	144A ADR
PTMMY	PT MULTIMEDIA	144A SPONS ADR
PVLGY	PLAVA LAGUNA DD	144A SPONS GDR
PWSMY	POWERCHIP SEMICONDUCTOR CORP	144A SPONS ADR
PWSZY	POWSZECHNY BANK KREDYTOWY SA	144A ADR
PAXNW	PAXSON COMMUNICATIONS CORP	144A WTS 06/30/2003
QUBSY	QANTAS AIRWAYS LTD	144A SPONS ADR
RBXLY	RANBAXY LABORATORIES LTD	144A SPONS GDR
RFHOP	FLEMING TAIWAN SEMICONDUCTOR	144A PFD
RHDOY	RHODIA-STER SA	144A SPONS GDR
RHHDY	ROCHE HOLDING LTD LYONS	144A SPONS ADR
RHHZY	ROCHE HOLDING LTD	144A SPONS ADR
RKIKY	RITEK CORP	144A SPONS ADR
RLNIY	RELIANCE INDUSTRIES LTD	144A SPONS GDR
RNSDY	RENAULT SA	144A SPONS ADR
RSLCP	RSL COMMUNICATIONS LTD	144A PFD SER A
RTHMP	RHYTHMS NETCONNECTIONS INC	144A CONV PFD 6.75%
RTKGY	RAILTRACK GROUP PLC	144A SPONS ADR
RYWLY	RAYMOND LTD	144A SPONS ADR
SAMCL	SAMSONITE CORPORATION	144A COM
SANXY	SANWA INTL FIN TR	144A SPONS ADR
SAPQY	SAP AG 1996	144A ADR
SAUIY	STEEL AUTHORITY OF INDIA	144A GDR
SBKIY	STATE BANK OF INDIA	144A SPONS ADR
SBWXY	SOUTH AFRICAN BREWERIES PLC	144A SPONS ADR
SCCUW	STAR CHOICE COMMUNICATIONS INC	144A WTS 12/15/2005 EXP. 12/15/2005
SCDPY	SOCIEDAD COMERCIAL	144A ADR
SDDFY	SIDERAR SA	144A CL A SPONS ADR
SDNXY	SIVENSA SIDERURGICA VENEZOLANA SACA	144A B SHS SP
SDXXY	SUDAMTEX DE VENEZUELA	144A ADR
SHYKY	SHYMKENT OIL REF	144A ADR
SIBGY	SUN INTERBREW LTD	144A CL A SPONS ADR

SYMBOL	ISSUER	ISSUE NAME
SIBWY	SUN INTERBREW LTD	144A CL B SPONS ADR
SINZY	STERLITE INDUSTRIES LTD	144A SPONS ADR
SKBDY	SKB BANKA DD SIT	144A SPONS GDR
SKFQY	SAKURA FINANCE	144A PREF UNITS SPONS ADR
SLDBY	SOLIDERE LEB CO DEV RECON	144A
SLVFY	SLOVAKOFARMA AS	144A SPONS ADR
SMIZY	SOL MELIA SA	144A SPONS ADR
SNHTL	SYNTHES-STRATEC	144A COM
SPHXY	SM PRIME HOLDINGS INC	144A SPONS ADR
SRMUY	SHRIRAM INDUSTRIAL ENTERPRISES LTD	144A SPONS GDR
SSGFY	SAMSUNG CORP NV	144A PFD GDR
SSNGY	SAMSUNG ELEC CO LTD NV	144A PFD SPONS GDR
SSNHY	SAMSUNG ELEC CO LTD	144A SPONS GDR 1995
SSNLY	SAMSUNG ELEC CO LTD	144A ADR
STBQY	STB CAYMAN CAPITAL LTD	144A SPONS ADR
STFX Y	STANDARD FOODS TAIWAN LTD	144A SPONS ADR
STXAY	STALEXPORT SA	144A ADR
SUZXY	SUEZ CEMENT CO S A E	144A SPONS GDR
SXPCY	SOUTHERN PETROCHEMICAL INDUSTRIES	144A SPONS GDR
SXWGY	STRINTZIS LINES SHIPPING SA	144A SPONS ADR
SYISY	SYNERGON INFORMATION SYSTEMS LTD	144A SPONS ADR
SYXTY	SYNNEX TECHNOLOGY INTL CORP	144A SPONS ADR
TABHY	TABCORP HOLDINGS LTD	144A SPONS ADR
TATGY	TATA IRON & STEEL CO LTD	144A SPONS GDR
TATZY	TATA ELECTRIC CO	144A SPONS ADR
TCPPY	TELECEL COMMUN PESSOAS	144A ADR
TCSAY	TELECOMASIA CORP PLC	144A SPONS ADR
TCYMY	TINGYI CAYMAN ISLANDS HLDGS	144A SPONS ADR
TEMRY	TECO ELECTRIC & MACHINERY CO LTD	144A SPONS ADR
TENKY	TATA ENGR & LOCO LTD	144A GDR
TEOBY	TELECOM ARGENTINA STET FRANCE	144A SPONS ADR
TGIOY	TUNG HO STEEL ENTERPRISE CORP	144A SPONS ADR
THSTY	THISTLE HOTELS PLC	144A SPONS ADR
TIOZY	TUBE INVESTMENTS OF INDIA LTD	144A SPONS ADR
TJAXY	TIANJIN AUTOMOTIVE XIALI CO LTD	144A ADR
TKGZY	TURKIYE GARANTI BANKASI AS	144A SPONS ADR
TKMIY	TELEKOMUNIKACJA POLSKA SA	144A SPONS GDR
TNHPY	TECHNIP SA COMPAGNIE FRANCAISE D'ETUDE	144A SPONS ADR
TNTLY	TNT-TELESET	144A GDR
TNXDY	TUNTEX DIST CORP	144A ADR
TQNTL	TRIQUINT SEMI CONDUCTOR	144A COM
TRFZW	TRANSAMERICAN REFNG CORP	144A WTS 06/30/2003 EXP. 6/30/2003
TTAEY	TATA TEA LIMITED	144A GDR
TTOFY	TOFAS TURK OTOMOBIL FABRIKASI	144A SPONS ADR
TWAAO	TRANSWORLD AIRLINES INC	144A PFD CV
TYIBY	TURKIYE IS BANKASI AS	144A C SHS SPONS ADR
TZBZY	TRANS ZAMBEZI INDUSTRIES LTD	144A SPONS ADR
TZVKY	TISZAI VEGYI KOMBINAT RT	144A SPONS ADR
UBKAY	UNITED BANK FOR AFRICA	144A SPONS ADR
UHBTY	USHA BELTRON LTD	144A SPONS GDR
UKLVY	UNIBANK OF LATVIA	144A SPONS ADR
UHMUY	UNITED HEAVY MACHINERY URALMASH-IZHORA	144A ADR

SYMBOL	ISSUER	ISSUE NAME
UNCFY	UNICREDITO ITALIANO SPA	144A SPONS ADR
UPEZY	UNI-PRESIDENT ENTERPRISES CORP	144A SPONS ADR
USNFY	USINOR SACILOR	144A SPONS ADR
USNMY	USIMINAS SA	144A SPONS ADR
UZMKY	UZEL MAKINA SANAYI AS	144A SPONS ADR
VDOIY	VIDEOCON INTERNATIONAL LTD	144A SPONS GDR
VDSGY	VIDESH SANCHAR NIGAM LTD	144A SPONS ADR
VENAY	VENPRECAR CA VENEZ PRER	144A GDR
VLSY	VILLAGE ROADSHOW LTD	144A SPONS ADR
KJVXY	KONINKLIJKE VENDEX KBB NV	144A SPONS ADR
VNPZY	VENEPAL S.A.C.A.	144A CL B GDR
VNULY	VNU NV	144A ADR
VRTXL	VERTEX PHARMACEUTICAL INCORPORATED	144A COM
VTWOL	V2 MUSIC HOLDINGS PLC	144A WTS 01/01/2008
VTWOW	V2 MUSIC HOLDINGS PLC	144A WTS 01/01/2008
WBEKY	WINBOND ELECTRONIC CORP	144A SPONS ADR
WCIII	WINSTAR COMMUNICATION INC	144A PFD SER C
WCIIIL	WINSTAR COMMUNICATION INC	144A PFD CV SER F 7.25%
WCRMF	WRC MEDIA INC	144A COM
WLUNY	WELLINGTON UNDERWRITING PLC	144A ADR 898
WLUVY	WELLINGTON UNDERWRITING PLC	144A SPONS ADR 98
WLUWY	WELLINGTON UNDERWRITING PLC	144A SPONS ADR 94
WLUXY	WELLINGTON UNDERWRITING PLC	144A SPONS ADR 95
WLUZY	WELLINGTON UNDERWRITING PLC	144A SPONS ADR 96
WOLZY	WOOLWORTHS LTD	144A ADR
WSLWY	WALSIN LIHWA CORP	144A SPONS ADR
WWBHW	WINDSOR WOODMONT BLACK HAWK RESORT CO	144A WTS 03/15/2010
WWHLY	WOOLWORTHS HOLDINGS LTD	144A SPONS ADR
XMSRW	XM SATELITTE RADIO HLDGS INC	144A WTS CL A 03/15/2010
YAZIY	YAZICILAR OTOMOTIV VE GIDA	144A GDR
YGEQY	YAGEO CORP	144A SPONS ADR
YMMTY	YANGMING MARINE TRANSPORT	144A SPONS GDR
YVKBY	YAPI VE KREDI BANKASI AS	144A SPONS ADR
ZGBKY	ZAGREBACKA BANKA	144A SPONS ADR
ZHEJY	ZHEJIANG SOUTHEAST ELECTRIC POWER	144A SPONS GDR
ZLRMY	ZALAKERAMIA RESZVENYTARSASAG	144A SPONS ADR
ZNETW	CYBERNET INTERNT SVCS INTL INC	144A WTS 01/01/2009
JGLMY	JIANGLING MOTORS CORP LTD	144A B SHS SPONS ADR
YZCFY	YIZHENG CHEMICAL FIBRE CO. LTD	144A H SHS SPON ADR
QGLHY	QINGLING MOTORS CO LTD	144A H SHS SPONS ADR
MISCY	MAANSHAN IRON & STEEL CO LTD	144A H SHS SPONS ADR
SSXGY	SSI LTD	144A SPONS GDR
ENXWW	ENITEL ASA	144A EURO WTS 11/22/2004
AMKRL	AMKOR TECHNOLOGY INC. COM	144A COM
VNTWY	VITTS NETWORK GROUP, INC.	144A COM
VNTWW	VITTS NETWORK GROUP, INC.	144A WTS 2010
CPTHL	CRITICAL PATH INC.	144A COM
SSDIY	SAMSUNG SDI CO. , LTD	144A ADR
GSTSF	GLOBALSTAR TELECOMM LTD	144A PFD CV 8%
SHBUY	SHINHAN BK	144A ADR
UBIQL	UBIQUITEL INC	144A COM
UBIQW	UBIQUITEL INC	144A WTS 4/15/2010

SYMBOL	ISSUER	ISSUE NAME
VYTLO	VIATEL FINANING TRUST I	144A TR PFD CONV.
HNHAY	HON HAI PRECISION IND co.	144A SPONS GDR
LEHCW	LEHMAN BR FN S.A.	144A CALL WTS U.S STRA TR PRTF 4/03/2002
NEHLW	NEW EDGE HOLDING COMPANY	144A WTS 01/01/2001
TUPRY	TURPAS TURKIYE PETROL RAFINERILERI AS	144A GDR
ALZSY	AL EEZ STEEL REBARS S.A.	144A SPONS ADR
NEHLY	NEW EDGE HOLDING COMPANY	144A COM
GLBTY	GLOBE TRADE CENTRE S.A.	144A SPONS GDR
GRPZW	GRAPES COMMUNICATIONS NV	144A EURO WT CL B 5/15/2010
PFMMW	PF. NET COMMUNICATIONS INC	144A WTS 05/10/2001
PFMMY	PF. NET COMMUNICATIONS INC	144A COM
VEKSY	VESTEL ELEKTRONIK SANAYI VE TICARET AS	144A SPONS ADR
CKWLY	CHAKWAL CEMENT CO LTD	144A SPONS GDR
TNPEP	TNP ENTERPRISES INC	144A SR REDEM PFD 14.50%
TNPEW	TNP ENTERPRISES INC	144A WTS 04/01/2011
SIRIW	SIRIUS SATELLITE RADIO INC	144A WTS CL A 06/02/2010
PLIYW	PLIANT CORP.	144A WTS 06/01/2010
KSSLY	KOHL'S CORPORATION	144A COM
ALVTY	AB LIETUVOS TELEKOMAS	144A GDR
TLAAY	TELIA AB	144A ADR
TCTKL	TITIAN CAPITAL TRUST	144A
DVASZ	DIVA SYSTEMS CORP	144A WTS 03/01/2008
ANXTY	ANIXTER INTERNATIONAL INC	144A COM
UHIDY	UNIVERSAL HEALTH SERVICES INC	144A CL B COM
ORSMY	ORASCOM TELECOM, S.A.E.	144A GDR
MCBOP	MAGNETITE CBO II, LTD	144A PFD
CHCVY	CORE HEALTHCARE PRODUCTS LTD	144A SPONS ADR
HYMZY	HYUNDAI MOTOR CO	144A 2ND PFD SPON ADR
GGBY	GIGA BYTE TECHNOLOGY CO. LTD	144A SPONS ADR
SSNJY	SAMSUNG ELEC CO LTD	144A COM SPONS GDR
ICIXZ	INTERMEDIA COMMUNICATIONS INC	144A 7.00% DEP SHS F
VRIOP	VERIO INC	144A PFD 6.75
LEHYW	LEHMAN BR FN S.A.	144A WTS ZERO STRIKE INDEX 07/31/2001
LEHUW	LEHMAN BR FN S.A.	144A WTS EXP ZERO STRIKE EURO UNCOMMON VALUES INDEX 7/31/2001
LEHSW	LEHMAN BR FN S.A.	144A WTS OUTPERFORMANCE UNCOMMON VALUES INDEX 6/28/2002
LEHTW	LEHMAN BR FN S.A.	144A WTS UNCOMMON VALUES INDEX BEST 9 OF 10 6/30/2003
LEHKW	LEHMAN BR FN S.A.	144A WTS UNCOMMON VALUES INDEX 6/28/2002
NTLOW	NTELOS INC.	144A WTS 08/15/2010
TELWL	TELEWEST FINANCE JERSEY LTD	144A PREF SHARES
QBEIL	QBE CAPITAL LTD	144A PREF SHARES
CPNJM	CALPINE CAPITAL TRUST III	144A 5% CONV PFD
PROPP	PROFESSIONAL PAINT, INC.	144A SENIOR EXCHANGEABLE PFD
RAILW	RAILAMERICA TRANSPORTATION CORP	144A WTS 08/15/2010
ROIAP	RADIO ONE, INC.	144A 6.5% CONVERTIBLE PFD

SYMBOL	ISSUER	ISSUE NAME
TEKBY	TURK EKONOMI BANKASI AS	144A SPONS ADR 144A CALL WTS NIPPON TELEVISION NETWORK CORP 8/6/2001
LEHBL	LEHMAN BR FN S.A.	144A ORDINARY PREF
PGLBP	PHOENIX GLOBAL SOVEREIGN CBO, LTD	144A SUBORDINATED
PGLBN	PHOENIX GLOBAL SOVEREIGN CBO, LTD	STRUCTURED PREF SHARES
PGLBO	PHOENIX GLOBAL SOVEREIGN CBO, LTD	144A SENIOR STRUCTURED PREF SHARES
TCWGY	TCW GEM V, LTD	144A CLASS A PREF SHARES 3C7
VDSXY	VIDESH SANCHAR NIGAM LTD	144A SPONS ADR II
WCGPP	WILLIAMS COMMUNICATIONS GROUP INC	144A RED CM CV PFD
WCGPL	WILLIAMS COMMUNICATIONS GROUP INC	144A RESTRICTED COM
PITCY	PREMIER IMAGE TECHNOLOGY CORP	144A GDR
CZMTY	COSMOTE TELECOMMUNICATIONS SA	144A SPONS GDR
DLFTL	DELFT CAPITAL FUND LLC	144A COM
PAXNL	PAXSON COMMUNICATIONS CORP	144A 9.75 PFD SER A
PKSKY	BANK POLSKA KASA OPIEKI SA	144A ADR
LEHZW	LEHMAN BR FN S.A.	144A WTS WIRELESS EQUIPMENT 11/19/2001
LEBAW	LEHMAN BR FN S.A.	144A WTS WIRELESS EQUIPMENT 04/18/2002
WCFFP	WHITNEY CASH FLOW FUND II	144A PFD SHRS
TRAVW	TRAVELCENTERS OF AMERICA INC.	144A WTS 11/14/2010
HNHXY	HON HAI Precision Ind Co. LTD.	144A SPONS GDR
PICZW	PICCADILLY CAFETERIA INC.	144A WTS 12/01/2007
AERAY	AEROFLOT RUSSIAN AIRLINES	144A SPONS GDR
IPRWY	INT'L POWER PLC	144A SPONS ADR
XOXOZ	XO COMMUNICATIONS	144A COM
CFTRO	CAROLINA FIRST MORTGAGE LOAN TRUST	144A PFD SHS SERIES 2000B
LEBDW	LEHMAN BR FN S.A.	144A CALL WTS ON TEN UNCOMMON EURO 01/22/2002
LEBFW	LEHMAN BR FN S.A.	144A CALL WTS ON TEN UNCOMMON VALUE 6/28/2002
JNYRL	JONES APPAREL GROUP	144A RESTRICTED COM
IWOHW	IWO HOLDINGS INC	144A WT TO PURCHASE CLASS C COMMON STOCK 01/15/2011
LEBHW	LEHMAN BR FN S.A.	144A CALL WTS ON US\$ 10 COMMON EURO 01/22/2002
LEBIW	LEHMAN BR FN S.A.	144A CALL WTS ON EUR 10 UNCOMMON EURO 01/22/2002
LEBJW	LEHMAN BR FN S.A.	144A CALL WTS ON US\$ 10 COMMON EURO 01/20/2004
LEBLW	LEHMAN BR FN S.A.	144A CALL WTS ON US\$ QUANTO 01/22/2002
LEBMW	LEHMAN BR FN S.A.	144A CALL WTS ON EURO QUANTO 10 01/22/2002
LEBPW	LEHMAN BR FN S.A.	144A CALL WTS ON US\$ QUANTO ATM 10 01/20/2004
LEBOW	LEHMAN BR FN S.A.	144A CALL WT ON US\$ QUANTO 10 01/22/2002
LOWLZ	LOWES COMPANIES INC	144A COM
DHRLZ	DANAHER CORP.	144A COM

SYMBOL	ISSUER	ISSUE NAME
TJXLZ	THE T J X COMPANIES INC	144A COM
OMCPZ	OMNICOM GROUP INC	144A COM
CCRGZ	COUNTRYWIDE CREDIT IND. INC	144A COM
SPWZL	S P X CORP.	144A COM
		144A EQUITY VALUE CTF REPSTG RT TO RECEIVE VALUE OF SHS OF CABLEUROPA SA
ONOFZ	ONO FINANCE INC.	144A ENTITLEMENT CERT PERM
ACMZL	ACER COMM & MULTIMEDIA INC.	144A ENTITLEMENT CERT TEMP
ACMUZ	ACER COMM & MULTIMEDIA INC.	144A COM
CCLRL	CARNIVAL CORPORATION	144A ZERO STRIKE CAPPED CALL WT ON SANOFI SYNTHLABO EUR 67 06/29/2001
LERDW	LEHMAN BR FN S.A.	144A REPAIR STRATEGY WT ON TEN UNCOMMON VALUES INDEX 06/28/2001
LERKW	LEHMAN BR FN S.A.	144A FULL REPAIR WT ON UNCOMMON VALUES INDEX 06/28/2001
LERFW	LEHMAN BR FN S.A.	144A REPAIR STRATEGY CALL WT ON VIRTUAL ECONOMY PORTFOLIO 12/21/2001
LERGW	LEHMAN BR FN S.A.	144A REPAIR STRATEGY WT ON US STRATEGY PORTFOLIO 04/03/2002
LERIW	LEHMAN BR FN S.A.	TELECOM 06/29/2001
LER	LEHMAN BR FN S.A.	
LGCLY	LG CHEMICAL LTD NEW	144A SPONS ADR
LGH	LG HOUSEHOLD & HEALTHCARE LTD	144A SPONS ADR
AMGDL	AFFILIATED MANAGERS GROUP, INC.	144A COM
MARCL	MARRIOTT INTERNATIONAL INC.	144A CL A
NUBAL	NEUBERGER BERMAN INC.	144A COM
OLMFL	OLD MUTUAL FINANCE CAYMAN ISLANDS LTD.	144A GTD PREF SHS SHAW COMMUNICATIONS 144A COM
SGRBL	SHAW GROUP INC.	144A CALL WTS SOLECTRON CORP. 4/24/01
SSBNW	SALOMON SMITH BARNEY HLDGS	144A CALL WTS COMPAQ COMPUTER CORP 6/21/01 CALL WTS COMPAQ COMPUTER CORP 6/21/01
SSBLW	SALOMON SMITH BARNEY HLDGS	144A ENTITLEMENT CERT SERIES 1
GGBQL	GIGA BYTE TECHNOLOGY CO. LTD.	144A ENTITLEMENT CERT SERIES 2
GGBRL	GIGA BYTE TECHNOLOGY CO. LTD.	144A ENTITLEMENT CERT SERIES 3
GGBKL	GIGA BYTE TECHNOLOGY CO. LTD.	144A PFD SHS CL B RLS 3C7
GOEAP	GOLD EAGLE CAPITAL 2001 LIMITED	144A COM
NIOLL	INCO LIMITED	144A CALL WTS ON EUR 10 UNCOMMON EURO 1/20/2004
LEBKW	LEHMAN BR FN S.A.	144A COM
SVFNL	STILWELL FINANCIAL INC.	144A PREF SHS REDEEMABLE 3C7 CL B 1 GRLS
SRWNL	SR WIND LTD.	

SYMBOL	ISSUER	ISSUE NAME
LGCIY	LG CHEMICAL INVESTMENT LTD.	144A SPONS ADR
SNPLY	SUNPLUS TECHNOLOGY CO.	144A GDR
ACMUY	ACER COMM & MULTIMEDIA INC.	144A RESTRICTED GDR
ADSRW	ADVANSTAR, INC.	144A WTS 10/15/2011
COXSL	COX COMMUNICATIONS INC.	144A COM
CXCNL	COX ENTERPRISES INC.	144A COM
NWSAY	NEWS AMERICA INCORPORATED	144A SPONS ADR REP PFD LTD. 144A WTS HEWLITT PACKARD CO.
SSBJW	SALOMON SMITH BARNEY HLDGS	ZERO STRIKE 05/29/2001

# Disciplinary Actions

## Disciplinary Actions Reported For June

NASD Regulation, Inc. (NASD Regulation<sup>SM</sup>) has taken disciplinary actions against the following firms and individuals for violations of National Association of Securities Dealers, Inc. (NASD<sup>®</sup>) rules; federal securities laws, rules, and regulations; and the rules of the Municipal Securities Rulemaking Board (MSRB). The information relating to matters contained in this *Notice* is current as of the end of May 2001.

### Firms Expelled, Individual Sanctioned

**Falcon Trading Group, Inc. (CRD #30361, Boca Raton, Florida), Sovereign Equity Management Corp. (CRD #20016, Deerfield Beach, Florida), and Glen Thomas Vittor (CRD #1565323, Registered Principal, Deerfield Beach, Florida)** were fined \$1 million, jointly and severally. In addition, the firms were expelled from NASD membership and Vittor was barred from association with any NASD member in any capacity. The sanctions were based on findings that the respondents effected short sales for the firms' own accounts and failed to make an affirmative determination that the firms could borrow the securities or otherwise provide for delivery of the securities by the settlement date. The findings also stated that the respondents, in cooperation with others, attempted to obtain stock at below-market prices through the use of threats and coercion, and that, through naked short sales and extortion, the respondents participated in a manipulation of the market for those securities. **(NASD Case #CAF980002)**

### Firm Fined, Individual Sanctioned

**Heritage West Securities, Inc. (CRD #30718, Scottsdale, Arizona) and Craig Orin Jolly (CRD #1380769, Registered Principal, Phoenix, Arizona)** submitted an Offer of Settlement in which they were censured and fined \$15,000, jointly and severally. Jolly was also required to requalify by exam as a general securities principal within 120 days of the Order Accepting the Offer of Settlement. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Jolly, failed to supervise the activities of the firm's representatives involved in a private placement offering in a manner reasonably designed to achieve compliance with Securities and Exchange Commission (SEC) rules. The findings also stated that Jolly accepted loans made with funds raised in the private placement offering when he knew, or should have known, that the use of the offering proceeds in this manner was materially inconsistent with representations in the offering memorandum pertaining to the use of proceeds. **(NASD Case #C3A990035)**

### Firm Fined

**Hornblower & Weeks, Inc. (CRD #4683, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which the firm was censured and fined \$47,500, which includes disgorgement in the amount of \$7,500 in revenue improperly received by the firm as a result of the activities of the brokers whose registrations were inactive. Without admitting or denying the allegations, the firm consented to

the described sanctions and to the entry of findings that it failed to report to the NASD customer complaints that it had received, and that it had taken disciplinary action that led to the termination of registered representatives. The findings also stated that the firm failed to report a settlement with a public customer in the amount of \$30,000 and to timely report to the NASD a written customer complaint that it received. In addition, the NASD found that the firm failed to disclose, and to clearly disclose, the markup or markdown on confirmations of principal transactions. The NASD also found that the firm permitted individuals to act as registered persons when their registration status with the NASD was inactive due to their failure to comply with the Regulatory Element of NASD's Continuing Education Requirement. Furthermore, the NASD found that the firm's employees failed to attend its annual compliance meeting, and that the firm failed to either obtain a copy of the Form U-5 filed by the most recent previous employer or to demonstrate that it had made reasonable efforts to do so. **(NASD Case #C10010051)**

### **Individuals Barred Or Suspended**

**Ghassan William Abdallah (CRD #2962504, Registered Representative, Atlantic, Iowa)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$19,600, which includes disgorgement of commissions earned of \$17,100, and suspended from association with any NASD member in any capacity for 60 days. The fine must be paid before reassociating with any NASD member following the suspension or before requesting relief from any statutory disqualification.

Without admitting or denying the allegations, Abdallah consented to the described sanctions and to the entry of findings that he participated in outside business activities without providing prior written notice to, and receiving approval from, his member firm.

Abdallah's suspension began June 4, 2001, and will conclude at the close of business August 2, 2001. **(NASD Case #C04010017)**

**Don Jackson Akin (CRD #3108018, Registered Representative, Scottsdale, Arizona)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity.

Without admitting or denying the allegations, Akin consented to the described sanction and to the entry of findings that he posted false messages and baseless price predictions in an Internet chat room concerning a security that he owned. **(NASD Case #C3A010014)**

**Steven Ballinger (CRD #2443694, Registered Representative, Orlando, Florida)** submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for 30 days. In light of the financial status of Ballinger, no monetary sanction has been imposed. Without admitting or denying the allegations, Ballinger consented to the described sanction and to the entry of findings that he participated in a private securities transaction and failed to provide prior notification to his member firm of his participation, and did not cause the transaction to be carried on the books and records of the firm.

Ballinger's suspension began May 21, 2001, and will conclude at the close of business June 19, 2001. **(NASD Case #C07010018)**

**James Ralph Betts, Jr. (CRD #20678, Registered Principal, San Rafael, California)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Betts consented to the described sanction and to the entry of findings that he participated in private securities transactions without providing prior written or oral notification to his member firm. **(NASD Case #C02010017)**

**Scott Joseph Brennan (CRD #1415232, Registered Representative, Manilus, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Brennan consented to the described sanction and to the entry of findings that he withdrew \$30,789.32 from a public customer's variable annuity and converted the funds for his own use and benefit. **(NASD Case #C11010018)**

**John Francis Brown (CRD #2692039, Registered Representative, Lake Mary, Florida)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Brown failed to respond to NASD requests for information. **(NASD Case #C07000013)**

**Michael John Brown (CRD #1228489, Registered Representative, Burlington, New Jersey)** submitted a Letter

of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Brown consented to the described sanction and to the entry of findings that he participated in private securities transactions and failed to provide his member firm with prior written notice describing the transactions, his proposed role therein, and stating whether he had received, or might receive, selling compensation in connection with the transactions. **(NASD Case #C9A010009)**

**Scott Robert Brown (CRD #2822289, Registered Representative, Provo, Utah)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Brown consented to the described sanction and to the entry of findings that he falsified information and forged the signatures of public customers on retirement contribution forms and submitted them on behalf of the customers to his member firm without the authorization of the customers. The findings also stated that Brown submitted to his member firm a false variable annuity application for a voluntary 403(b) contribution on behalf of a new employee who was a fictitious person. **(NASD Case #C3A010013)**

**Bradford Lee Buckler (CRD #2250998, Registered Representative, Kansas City, Missouri)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$7,500, which includes disgorgement of the balance of unlawful profits of \$2,315.83, and suspended from

association with any NASD member in any capacity for 60 days. The fine must be paid before reassociating with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Buckler consented to the described sanctions and to the entry of findings that he engaged in private securities transactions without prior written notice to, and approval from, his member firm.

Buckler's suspension began June 4, 2001, and will conclude at the close of business August 8, 2001. **(NASD Case #C04010018)**

**William Lawson Campbell (CRD #2821539, Registered Principal, Auburn, California)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Campbell consented to the described sanction and to the entry of findings that he solicited and received \$10,000 from a public customer to be invested in mutual funds and other securities through an investment club and promised a return of 18% per annum on the investments. The findings also stated that no investment club existed and, instead, Campbell deposited the funds into his personal bank account, converting some or all of it to his own use and benefit. **(NASD Case #C3B010008)**

**Frank Anthony Cardia, Jr. (CRD #2808582, Registered Representative, Bogota, New Jersey)** was barred from association with any NASD member in any capacity, and fined \$50,000 for falsifying records concerning a customer's account and for providing false information to the NASD. Cardia was also

suspended from association with any NASD member in any capacity for six months, fined \$30,000 for pre-selling the aftermarket in a stock, and ordered to pay \$8,637.95, plus interest, in restitution to a customer for failing to execute a limit order. The sanctions were based on findings that Cardia intentionally falsified a public customer's account records by falsely representing that another individual was the account executive on the customer's account and providing false testimony to the NASD during an on-the-record interview. Cardia also violated the antifraud provisions of the securities laws by utilizing a tie-in arrangement in which the customer had to agree to purchase aftermarket shares of stock in order to purchase shares in an initial public offering (IPO), and failed to follow a customer's instruction to sell a security. In addition, the NASD found that Cardia falsely stated in a written response to an NASD request for information that no customer had complained that he failed to place a sell limit order.

The bar became effective April 23, 2001. **(NASD Case #C9B000007)**

**Marco Louis Carucci (CRD #1951639, Registered Representative, Brooklyn, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Carucci consented to the described sanction and to the entry of findings that he failed to respond to NASD requests to appear for an on-the-record interview. The findings also stated that Carucci engaged in outside business activities and private securities transactions without prior written notice to, or approval

from, his member firm. **(NASD Case #C9B010028)**

**Joseph Matthew Chelales (CRD #2720791, Associated Person, Brooklyn, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity, including clerical or ministerial functions. Without admitting or denying the allegations, Chelales consented to the described sanction and to the entry of findings that he failed to respond to an NASD request to appear for an on-the-record interview. **(NASD Case #C10010048)**

**Stephen Walter Cline (CRD #2623218, Registered Representative, Windsor, Colorado)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Cline consented to the described sanction and to the entry of findings that he applied for loans in the names of public customers who were clients of other agents, using identification he created from information in the files of his member firm. **(NASD Case #C3A010012)**

**Cyril Joseph Denn (CRD #1045129, Registered Representative, Mankato, Minnesota)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$4,000 and suspended from association with any NASD member in any capacity for 20 business days. The fine must be paid before reassociating with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Denn consented to the described

sanctions and to the entry of findings that he received a \$200,000 check from a public customer intended for the purchase of an annuity and, without the customer's knowledge or consent, misused \$4,000 of the funds.

Denn's suspension began June 4, 2001, and will conclude at the close of business June 29, 2001. **(NASD Case #C04010019)**

**Anura Mohan DeSilva (CRD #1438319, Registered Representative, Simi Valley, California)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, DeSilva consented to the described sanction and to the entry of findings that, in connection with the purchase and sale of variable annuity products through his member firm, DeSilva induced customers to render payment of unearned fees in the amount of at least \$32,600, directly to him. According to the findings, DeSilva misled the customers to believe that the unearned fees were his sole source of compensation for the transaction when, in fact, the unearned fees were in addition to commissions paid to him by the issuers, which reduced the market value of the customers' investments. In addition, the NASD found that DeSilva failed to inform his member firm that he was charging and receiving fees directly from customers in addition to commissions paid on the annuity transactions. **(NASD Case #C02010007)**

**Michael DiFrancesca (CRD #2315616, Registered Representative, East Northport, New York)** was fined \$25,000, barred from association with any

NASD member in any capacity, and ordered to pay \$386,114.78, plus interest, in restitution to public customers. The sanctions were based on findings that DiFrancesca effected transactions in the accounts of public customers without their authorization. The findings also stated that DiFrancesca actively solicited public customers to purchase securities without disclosing that the issuers had received going concern opinions from their auditors. The NASD also found that DiFrancesca made specific price predictions without having a reasonable basis for making such representations. **(NASD Case #CAF000038)**

**John Doukas (CRD #862177, Registered Representative, North Salem, New York)** submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Doukas consented to the described sanction and to the entry of findings that he permitted a person subject to statutory disqualification to engage in the activities of his member firm. The findings also stated that Doukas engaged in manipulative, deceptive, and fraudulent practices in connection with the purchase and sale of securities by implementing and enforcing a "no net selling" policy and failed to communicate this policy to the firm's customers. The NASD also found that Doukas failed to carry out his supervisory duties, and failed to establish, maintain, and enforce a supervisory system reasonably designed to achieve compliance with applicable securities laws, regulations, and NASD rules. Doukas ignored "red flag" warnings of problematic conduct committed by registered

representatives and failed to take appropriate action designed to prevent future violations or to properly discipline the registered representatives. Moreover, the NASD found that Doukas failed to establish, maintain, and enforce written supervisory procedures that assigned registered representatives to a designated principal for supervision and designated certain persons as supervisors or principals who did not function in those capacities. In addition, the NASD found that Doukas failed to file any customer complaint information with the NASD despite the fact that numerous customer complaints were received by his firm. **(NASD Case #C1000026)**

**Claude Anthony Eatman, Jr. (CRD #1899070, Registered Principal, Jersey City, New Jersey)** submitted an Offer of Settlement in which he was fined \$10,000, suspended from association with any NASD member in any registered capacity for two years, and suspended from association with any NASD member in any capacity for 20 business days. Without admitting or denying the allegations, Eatman consented to the described sanctions and to the entry of findings that he executed unauthorized trades in the account of a public customer. The findings also stated that Eatman submitted change of address forms in regard to the accounts of public customers to his member firm, without the customers' knowledge or consent, so that the firm's records reflected fictitious addresses. The NASD also found that Eatman opened the account of one public customer and used an address at which the customer did not live.

Eatman's suspensions began May 21, 2001, and the suspension in any registered capacity will conclude at the close of business May 20, 2003. The suspension in any capacity will conclude at the close of business June 18, 2001. **(NASD Case #C10000185)**

**Herbert Ernest Ellis (CRD #2783564, Registered Representative, Des Moines, Iowa)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$3,500, which includes disgorgement of \$1,000 in commissions earned, and suspended from association with any NASD member in any capacity for 30 days. The fine and disgorgement must be paid before reassociating with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Ellis consented to the described sanctions and to the entry of findings that he engaged in outside business activities without providing prior written notice to, and receiving approval from, his member firm.

Ellis' suspension began May 21, 2001, and will conclude at the close of business June 19, 2001. **(NASD Case #C04010015)**

**Scott Darren Fessler (CRD #2689471, Registered Representative, Valley Stream, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$7,500, suspended from association with any NASD member in any capacity for 15 days, and ordered to pay \$5,117.91, plus interest, in restitution to a public customer. Without admitting or denying the allegations, Fessler consented to the described sanctions and to the entry of findings that he sold shares of stock from a public

customer's account without the customer's knowledge and consent and used the proceeds to purchase other shares of stock for the customer's account, without the customer's knowledge or consent.

Fessler's suspension began June 4, 2001, and will conclude at the close of business June 18, 2001. **(NASD Case #C10010055)**

**David Lloyd Foran (CRD #861746, Registered Principal, Royal Oak, Michigan)** was fined \$35,000, suspended from association with any NASD member in any capacity for two years, and required to requalify before acting in any capacity requiring qualification. The fine must be paid before any application for reentry into the securities industry will be considered. The National Adjudicatory Council (NAC) imposed the sanctions following an appeal of a December 1999 Office of Hearing Officers decision. The sanctions are based on findings that Foran misappropriated more than \$5,000 in commissions from his firm's commission account and misapplied the funds, thereby converting the funds to his own use and benefit.

Foran's suspension began June 4, 2001, and will conclude at the close of business June 3, 2003. **(NASD Case #C8A990017)**

**Emanuel Richard Giglio (CRD #2457836, Registered Representative, Coronado, California)** submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for 90 days. Without admitting or denying the allegations, Giglio consented to the described sanction and to the entry of findings that he

engaged in private securities transactions without prior written notice to, and approval from, his member firm.

Giglio's suspension began June 4, 2001, and will conclude September 1, 2001. **(NASD Case #C02010016)**

**Perry Andrew Groves (CRD #1274576, Registered Principal, Troy, Ohio)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity and ordered to disgorge \$8,764.41, plus interest, in commissions to public customers. Satisfactory proof of payment of the disgorgement, with interest, must be provided before reassociating with any NASD member or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Groves consented to the described sanctions and to the entry of findings that he sold promissory notes to public customers away from his member firm and failed to provide his firm with detailed written notice of the transactions, his role therein, and to receive permission from the firm to engage in the transactions. **(NASD Case #C8B010009)**

**Maximo Justo Guevara (CRD #1205879, Registered Representative, Philadelphia, Pennsylvania)** was censured, fined \$100,000, barred from association with any NASD member in any capacity, and ordered to pay \$13,992, plus interest, in restitution to a public customer. The SEC affirmed the sanctions following appeal of a January 1999 NAC decision. The sanctions were based on findings that Guevara made unsuitable recommendations in connection with sales of partnership interests

to retail customers. Guevara also engaged in private securities transactions outside the regular course or scope of his employment without providing written notice to his member firm.

Guevara has appealed this action to the Third U.S. Court of Appeals and the sanctions, other than the bar, are not in effect pending consideration of the appeal. **(NASD Case #C9A970018)**

**Kevin Koehler Handley (CRD #1920007, Registered Representative, Bristol, Rhode Island)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$35,000, which includes the disgorgement of \$30,000 in commissions earned, and suspended from association with any NASD member in any capacity for 90 days. Without admitting or denying the allegations, Handley consented to the described sanctions and to the entry of findings that, while registered with a member firm, he entered into an arrangement with another registered representative at another member firm involving the transfer of customer accounts to the other firm. The representative paid Handley in excess of \$30,000 in commissions for mutual fund transactions executed by the customers that were recommended by Handley. The findings also stated that in connection with the aforementioned activity, Handley engaged in private securities transactions without prior written notice to, or approval from, his member firm.

Handley's suspension began May 21, 2001, and will conclude at the close of business August 21, 2001. **(NASD Case #C11010016)**

**Kenneth Edward Hetlinger (CRD #1260242, Registered Representative, Mundelein,**

**Illinois)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Hetlinger caused over \$74,000 to be wire-transferred from the account of a public customer to his attorney's account and used the funds for either his own benefit or for some purpose other than the benefit of the customer, without the customer's knowledge or consent. Hetlinger also failed to respond to NASD requests for documents and information. **(NASD Case #C8A000072)**

**Terrence Louis Killea (CRD #2310356, Registered Representative, Coventry, Rhode Island)** was barred from association with any NASD member in any capacity and ordered to pay \$84,500, plus interest, in restitution to public customers. The sanctions were based on findings that Killea received \$84,500 in checks from public customers to invest in a high yield investment or an IPO, failed to invest the funds as directed, and used the money for his own use and benefit. **(NASD Case #C11000001)**

**Kenneth Craig Krull (CRD #730915, Registered Representative, Bellingham, Washington)** was censured, fined \$20,000, barred from association with any NASD member in any principal or supervisory capacity, and suspended from association with any NASD member in any capacity for one year. In addition, Krull was required to requalify as a general securities representative prior to reassociating with any NASD member and ordered to pay \$81,705 in restitution to public customers. The Ninth U.S. Court of Appeals affirmed the sanctions following appeal of a December 1998 SEC decision. The sanctions

were based on findings that Krull recommended unsuitable mutual fund switches in the accounts of public customers without having reasonable grounds for believing that such transactions were suitable for the customers in view of the frequency of the transactions, the type of transaction being recommended, and the customers' financial situations, circumstances, and needs.

Krull's bar in any principal or supervisory capacity became effective July 25, 1997. Krull's suspension in any capacity began June 4, 2001, and will conclude at the close of business June 3, 2002. **(NASD Case #C3B940028)**

**Peter Aristides Ladas (CRD #2145234, Registered Representative, Branchburg, New Jersey)** submitted an Offer of Settlement in which he was suspended from association with any NASD member in any capacity for six months. In light of the financial status of Ladas, no monetary sanction has been imposed. Without admitting or denying the allegations, Ladas consented to the described sanction and to the entry of findings that he completed, signed, and submitted to his member firm a life insurance policy reinstatement form that contained false information.

Ladas' suspension began May 21, 2001, and will conclude at the close of business November 20, 2001. **(NASD Case #C9B010012)**

**Mark Chengpin Lee (CRD #2543839, Registered Principal, Rowland Heights, California)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$10,000, suspended from association with any NASD member in any principal capacity for one and a half years, and as a

condition to re-entering the securities business in any principal capacity, must requalify by exam as a general securities principal. Without admitting or denying the allegations, Lee consented to the described sanctions and to the entry of finding that a former member firm, acting through Lee, failed to supervise a registered representative adequately and properly to assure compliance with applicable rules and regulations, and failed to adopt, implement, and maintain adequate written supervisory procedures reasonably designed to detect and prevent unauthorized trading.

Lee's suspension began May 21, 2001, and will conclude at the close of business November 20, 2002. **(NASD Case #C02010008)**

**Everton Clyde Lewis (CRD #2548000, Registered Representative, Brooklyn, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for five days. Without admitting or denying the allegations, Lewis consented to the described sanctions and to the entry of findings that he failed to execute a limit sell order from a public customer in a timely manner pursuant to the customer's instructions, resulting in the customer receiving a less favorable price for his order.

Lewis' suspension began June 4, 2001, and concluded at the close of business June 8, 2001. **(NASD Case #C10010057)**

**Robert J. Lewis, Jr. (CRD #2530590, Registered Representative, Rego Park, New York)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Lewis willfully

failed to disclose material information on a Form U-4. **(NASD Case #C10000197)**

**James Edgar Lingo (CRD #2889448, Registered Principal, Staten Island, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity and ordered to cooperate fully with the NASD in regard to matters relating to the offer and sale of shares of a private placement. Without admitting or denying the allegations, Lingo consented to the described sanctions and to the entry of findings that he made baseless price predictions, other material misrepresentations, and material omissions of adverse business facts to public customers in the offer and sale of a private placement. The findings also stated that Lingo effected securities transactions for public customers away from his member firm and failed to provide prior written notification to, or to receive written approval from, his member firm before effecting the transactions. **(NASD Case #C10010050)**

**Steven John Manocchia (CRD #1010935, Registered Representative, Smithfield, Rhode Island)** submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Manocchia consented to the described sanction and to the entry of findings that he misappropriated funds totaling \$8,198.44 in proceeds from a loan taken on a variable life insurance policy held in the name of a public customer and caused the loan check to be issued and sent to his address. The findings also stated that Manocchia forged the customer's signature on the check,

added his own signature, and deposited the check into his own bank account, converting and misappropriating \$8,198.44 for his own use and benefit. **(NASD Case #C11010007)**

**Erik Joseph Matz (CRD #2715303, Registered Representative, Hicksville, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 30 days. The fine must be paid before reassociating with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Matz consented to the described sanctions and to the entry of findings that he exercised discretionary authority in the account of a public customer without the customer's prior written authorization and his member firm's written acceptance of the account as discretionary.

Matz's suspension began May 21, 2001, and will conclude at the close of business June 19, 2001. **(NASD Case #C10010052)**

**Maureen Ann McGowan (CRD #2274365, Registered Representative, Seattle, Washington)** submitted a Letter of Acceptance, Waiver, and Consent in which she was barred from association with any NASD member in any capacity and ordered to pay \$40,866.46, plus interest, in restitution to a public customer. Satisfactory proof of restitution, with interest, must be provided before reassociating with any NASD member or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, McGowan consented to the

described sanctions and to the entry of findings that she obtained \$335,000 from a public customer and converted the funds to her own use and falsely represented to the customer that she had purchased municipal bonds for the customer's account. The findings also stated that, in order to conceal her conversion, McGowan caused checks totaling \$27,556 to be issued to the customer, falsely representing to the customer that the checks represented interest on the bonds she had purchased when, in fact, the checks were drawn on the customer's margin account. In addition, the NASD found that McGowan, in order to conceal her conversion and to impede an NASD investigation, falsely stated to NASD Regulation staff members that she had used funds from sources, other than the public customer, to repay certain debts. The NASD also found that McGowan created and delivered to the NASD false documents purporting to be bank statements and checks. **(NASD Case #3B010009)**

**Andrew Benson Melville (CRD #1427201, Registered Principal, Altamonte Springs, Florida)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Melville failed to respond to NASD requests for information. **(NASD Case #C07000088)**

**Russell Eric Montgomery, Jr. (CRD #1012980, Registered Representative, Tampa, Florida)** was fined \$24,147.65 (including \$4,147.65 in ill-gotten commissions) and suspended from association with any NASD member in any capacity for one year. The sanctions were based on findings that Montgomery engaged in private securities

transactions, for compensation, without giving his member firm prior written notice and without receiving prior written approval from the firm.

Montgomery's suspension began May 21, 2001, and will conclude at the close of business May 21, 2002. **(NASD Case #C07000058)**

**Petra Moreno (CRD #1738689, Registered Representative, El Paso, Texas)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Moreno received checks totaling \$427.46 representing payments for a life insurance policy the customer purchased, cashed the checks, and used the funds for her own use and benefit without the authorization, knowledge, or consent of the customer. Moreno also failed to respond to NASD requests for information. **(NASD Case #C06000032)**

**Luis Valente Orozco (CRD #3052545, Registered Representative, Chula Vista, California)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. The sanction was based on findings that Orozco engaged in an intentional and premeditated course of improper conduct in that he submitted false annuity applications and misused customer funds to settle the bogus transactions in order to inflate artificially his sales production statistics and to receive unearned commissions. According to the findings, to conceal his wrongdoing, Orozco misused and co-mingled funds in customers' accounts, forged a branch manager's signature on official checks, improperly obtained his

employer's signature guarantee stamp, and used it to provide false signature guarantees. The findings also stated that, to further conceal his wrongdoing, Orozco opened an annuity account under a fictitious name, signed the false name to account documents, and funded the account by withdrawing funds, without authorization, from a certificate of deposit owned by a bona fide customer, and attempted to convert official checks and a check from an insurance company, all referencing the fictitious customer, into two separate official checks with a remitter to a bona fide customer. Moreover, the NASD determined that Orozco persisted in his scheme and attempted to thwart its detection by using multiple branch offices after facing questions from a branch manager. **(NASD Case #C02010014)**

**Cery Bradley Perle (CRD #2306492, Registered Principal, Corona Del Mar, California)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Perle received checks from public customers totaling \$30,000 for the purchase of stock in an IPO prior to the registration statement for the offering becoming effective. Furthermore, Perle began aftermarket trading in the stock before completing the distribution of the IPO in violation of the NASD's Free-Riding and Withholding Interpretation. **(NASD Case #C01000020)**

**Jason Earl Pleggenkuhle (CRD #2706402, Registered Representative, Urbandale, Iowa)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Pleggenkuhle

consented to the described sanction and to the entry of findings that he received a \$125 check representing a refund for an overpayment by a public customer for her Individual Retirement Account (IRA), and executed redemption orders totaling \$5,000 in the account of a public customer. The NASD found that, without the knowledge or consent of the customer, Pleggenkuhle affixed her signature to the checks, cashed the checks, and converted the funds to his own use and benefit. The findings also stated that Pleggenkuhle initiated a \$1,000 withdrawal from a public customer's bank account, and without the customer's knowledge or consent, affixed the customer's signature to the check, and by cashing the check, misused the funds. **(NASD Case #C04010016)**

**Eric Riedman (CRD #833344, Registered Representative, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity and required to pay \$55,000 in restitution to a public customer. Proof of restitution shall be a prerequisite before reassociating with a member firm or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Riedman consented to the described sanctions and to the entry of findings that he received \$55,000 in funds from a public customer with instructions to place the funds in limited partnerships. The NASD found that Riedman instead placed the funds in his bank account, provided the customer with interest on the funds over the course of the following two years, and then placed the funds into limited partnerships. Riedman also failed to respond to

NASD requests for information. **(NASD Case #C9B010033)**

**Kenneth Rivera (CRD #4047245, Associated Person, Cos Cob, Connecticut)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Rivera willfully failed to disclose a material fact on his Form U-4 and failed to respond to NASD requests for information. **(NASD Case #C10000209)**

**James Ernest Ross (CRD #2350497, Registered Representative, Longwood, Florida)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$7,250, which includes disgorgement of \$2,250 in commissions, and suspended from association with any NASD member in any capacity for 30 days. The fine must be paid before reassociating with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Ross consented to the described sanctions and to the entry of findings that he participated in a private securities transaction and failed to provide prior notification to his member firm of his participation, and did not cause the transaction to be approved and carried on the books and records of the firm.

Ross' suspension began May 21, 2001, and will conclude at the close of business June 19, 2001. **(NASD Case #C07010019)**

**Gerard Mauro Roth (CRD #2498720, Registered Representative, New York, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD

member in any capacity and ordered to cooperate fully with the NASD in regard to matters relating to the offer and sale of shares in a private placement. Without admitting or denying the allegations, Roth consented to the described sanctions and to the entry of findings that he made material misrepresentations including baseless price predictions and material omissions of adverse business facts to public customers in the offer and sale of a private placement. The findings also stated that Roth effected securities transactions for public customers away from his member firm and failed to provide written notification to, or to obtain written approval from, his member firm prior to effecting the transactions. The NASD also found that Roth failed to respond to NASD requests for information and documentation and to appear for an on-the-record interview. **(NASD Case #C10010049)**

**James Walter Rulison (CRD #1313251, Registered Representative, Canandaigua, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Rulison consented to the described sanction and to the entry of findings that he misappropriated approximately \$2,101,000 belonging to public customers. **(NASD Case #C11010019)**

**Larry Scott Savage (CRD #1322718, Registered Representative, Sandy, Utah)** submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity. In light of the financial status of Savage, no monetary sanction has been

imposed. Without admitting or denying the allegations, Savage consented to the described sanction and to the entry of findings that he participated in private securities transactions, for compensation, without providing his member firm with prior written notice and without seeking, or receiving, permission from his member firm. The findings also stated that Savage participated in outside business activities without providing prompt written notice to his member firm. **(NASD Case #C3A010008)**

**Francesco Anthony Scarso (CRD #2679981, Registered Representative, Brooklyn, New York)** submitted an Offer of Settlement in which he was fined \$8,000, suspended from association with any NASD member in any capacity for 30 business days, and ordered to requalify by exam as a general securities representative. If Scarso fails to requalify within 90 days from the date of the Order Accepting the Offer of Settlement, he may not thereafter be associated with any NASD member as a general securities representative until he passes the exam. Scarso was also required to pay \$27,000 in restitution to public customers. Without admitting or denying the allegations, Scarso consented to the described sanctions and to the entry of findings that he effected transactions in the accounts of public customers without their authorization.

Scarso's suspension will begin June 18, 2001, and will conclude at the close of business July 30, 2001. **(NASD Case #C10000135)**

**Wayne Norman Schwartz (CRD #2580456, Registered Representative, Austin, Texas)** submitted a Letter of Acceptance,

Waiver, and Consent in which he was fined \$7,500 and suspended from association with any NASD member in any capacity for 30 business days. Without admitting or denying the allegations, Schwartz consented to the described sanctions and to the entry of findings that he caused the signatures of public customers in a single group plan to be applied on policy delivery receipts for life insurance policies without the customers' knowledge or consent. The NASD found that Schwartz submitted these receipts to his member firm in connection with the processing of these insurance policies.

Schwartz's suspension began May 21, 2001, and will conclude at the close of business July 2, 2001. **(NASD Case #C06010009)**

**Robert Edmund Serio (CRD #1224555, Registered Representative, Boston, Massachusetts)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity and ordered to pay \$170,000, plus interest, in restitution to a family trust and individual members of the family. Satisfactory proof of payment of the restitution, with interest, must be provided before reassociating with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Serio consented to the described sanctions and to the entry of findings that he made unauthorized transfers from the accounts of a family trust and individual members of the family totaling at least \$170,000 and misappropriated the proceeds for his own personal use and benefit. **(NASD Case #C11010015)**

**James Raymond Sickler (CRD #2656670, Registered Representative, Miami, Florida)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Sickler failed to respond to NASD requests to appear for an on-the-record interview. **(NASD Case #CMS000213)**

**Bayard William Spector (CRD #2931747, Registered Principal, Miami, Florida)** submitted an Offer of Settlement in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Spector consented to the described sanction and to the entry of findings that he arranged to have an impostor take the Series 7 exam on his behalf. Spector also failed to appear before the NASD and give testimony in connection with an ongoing investigation. **(NASD Case #C07000095)**

**Gretchen States (CRD #2832705, Registered Representative, Baton Rouge, Louisiana)** submitted a Letter of Acceptance, Waiver, and Consent in which she was suspended from association with any NASD member in any capacity for six weeks. In light of the financial status of States, no monetary sanction has been imposed. Without admitting or denying the allegations, States consented to the described sanction and to the entry of findings that she signed the names of public customers on an account application form, without the knowledge or consent of the customers.

States' suspension began May 7, 2001, and concluded at the close of business June 15, 2001. **(NASD Case #C05010023)**

**Edward James Stock, Jr. (CRD #2379991, Registered Representative, Nesconset, New York)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Stock consented to the described sanction and to the entry of findings that he signed his name on customers' new account forms falsely representing that he was the customers' account executive when, in fact, another registered representative had introduced the customers' accounts to the member firm, thereby causing his firm to maintain inaccurate books and records. The findings also stated that Stock knowingly and improperly permitted the registered representative to use his account executive number for entering transactions in the customers' accounts, thereby causing his member firm to maintain inaccurate books and records. Stock also failed to respond to NASD requests for information. **(NASD Case #C9B010029)**

**Todd Richard Stone (CRD #1923863, Registered Principal, Boca Raton, Florida)** was barred from association with any NASD member in any capacity. The sanction was based on findings that Stone failed to respond to NASD requests for information. **(NASD Case #C07000085)**

**Todd Richard Stone (CRD #1923863, Registered Principal, Boca Raton, Florida)** was fined \$10,000 and suspended from association with any NASD member in all supervisory capacities for 30 business days for failing to amend a Form BD and for failing to designate an office of supervisory jurisdiction (OSJ); fined \$5,000 for failing to maintain

adequate written supervisory procedures; and barred from association with any NASD member in any capacity for failing to respond to NASD requests for information. The sanctions were based on findings that Stone, as his member firm's compliance officer, failed to amend the firm's Form BD and failed to designate an OSJ when his firm opened new branch offices or other business locations. The findings also stated that Stone failed to ensure that his firm amended its written supervisory procedures to designate as an OSJ each location that met the NASD definition, to designate appropriately registered principals in each OSJ, and to designate appropriately registered representatives or principals in each non-OSJ branch office with authority to carry out the supervisory responsibilities assigned to that office. The NASD also found that Stone failed to respond to NASD requests for information.

Stone's bar was effective April 27, 2001. **(NASD Case #C10000211)**

**Hong Yi Sun (CRD #2286083, Registered Principal, Monterey Park, California)** submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any principal capacity for one and a half years and, as a condition to re-entering the securities business in any principal capacity, Sun must requalify by exam as a general securities principal. In light of the financial status of Sun, no monetary sanction has been imposed. Without admitting or denying the allegations, Sun consented to the described sanctions and to the entry of findings that a former member firm, acting through Sun, conducted a securities business

while failing to maintain its minimum required net capital. The findings also stated that Sun failed to supervise a registered representative adequately and properly to assure compliance with applicable rules and regulations, and failed to adopt, implement, and maintain adequate written supervisory procedures reasonably designed to detect and prevent unauthorized trading.

Sun's suspension began June 4, 2001, and will conclude at the close of business December 3, 2002. **(NASD Case # C02010009)**

**John Anthony Thomas (CRD #2064972, Registered Representative, Charleston, West Virginia)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Thomas consented to the described sanction and to the entry of findings that he submitted to his member firm requests for loans against insurance policies owned by public customers, without the customers' knowledge or authorization. The findings also stated that Thomas obtained possession of loan checks issued to the customers totaling \$15,200, deposited the checks into a personal bank account, and used the funds for his own benefit. **(NASD Case #C9A010010)**

**Thomas Nicholas Tillman (CRD #2618019, Registered Representative, Cincinnati, Ohio)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$5,000, suspended from association with any NASD member in any capacity for 60 days, and ordered to disgorge \$2,200, plus interest, in commissions to public customers. The fine payment and satisfactory

proof of payment of the disgorgement, plus interest, must be provided before reassociating with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Tillman consented to the described sanctions and to the entry of findings that he sold or participated in the sale of promissory notes, for compensation, away from his member firm, and failed to provide his member firm with detailed written notice of the transactions, his role therein, and to receive permission from the firm to engage in the transactions.

Tillman's suspension began May 21, 2001, and will conclude at the close of business July 19, 2001. **(NASD Case #C8B010006)**

**Kenneth William Wagner (CRD #1583652, Registered Principal, Alpine, Utah)** submitted a Letter of Acceptance, Waiver, and Consent in which he was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Wagner consented to the described sanction and to the entry of findings that a member firm, acting through Wagner, failed to maintain and preserve accurate books and records. The findings also stated that Wagner prepared and filed false quarterly reports with the NASD knowing that the reports were based on inadequate information and that the information contained in them was probably false. In addition, a member firm, acting through Wagner, failed to give telegraphic notice to the SEC or the NASD that the firm's net capital was less than what was required and that the firm failed to make and keep current its books and records. The NASD also found that Wagner engaged in a course of conduct

with the intent to delay discovery by the NASD of his firm's failure to maintain accurate books and records, its filing of inaccurate reports pursuant to SEC Rule 17a-5, and its operation with insufficient net capital. **(NASD Case #C3B010007)**

**Richard Gerald Watkins (CRD #2176818, Registered Principal, Norcross, Georgia)** submitted a Letter of Acceptance, Waiver, and Consent in which he was suspended from association with any NASD member in any capacity for two years. In light of the financial status of Watkins, no monetary sanction has been imposed. Without admitting or denying the allegations, Watkins consented to the described sanction and to the entry of findings that he engaged in private securities transactions and an outside business activity, without providing prior written notice to, and receiving written approval from, his member firm.

Watkins' suspension began June 4, 2001, and will conclude at the close of business June 3, 2003. **(NASD Case #C07010024)**

**Troy Victor Wren (CRD #2542185, Registered Representative, Seaford, New York)** submitted an Offer of Settlement in which he was fined \$10,000, suspended from association with any NASD member in any capacity for 30 days, and ordered to pay \$42,604.38, plus interest, in restitution to public customers. The fine payment and satisfactory proof of payment of the restitution, plus interest, must be provided before reassociating with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Wren

consented to the described sanctions and to the entry of findings that he engaged in fraudulent sales practices in disregard of his obligation of fair dealing and commercial honor with respect to customers. The NASD found that Wren made a specific price prediction about a speculative security being sold without an adequate, accurate, or reasonable basis in fact. The findings also stated that Wren refused to execute a customer's sell orders.

Wren's suspension began May 21, 2001, and will conclude at the close of business June 19, 2001. **(NASD Case #CAF000043)**

**Peter Murphy Wright (CRD #814040, Registered Principal, Vancouver, Washington)** submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$20,000 and suspended from association with any NASD member in any capacity for one year. The fine must be paid before reassociating with any NASD member following the suspension or before requesting relief from any statutory disqualification. Without admitting or denying the allegations, Wright consented to the described sanctions and to the entry of findings that he recommended that public customers purchase shares of stock, on margin, without having reasonable grounds for believing that such recommendations were suitable for the customers upon the basis of the facts disclosed by the customers as to their other security holdings, financial situation, and needs.

Wright's suspension began May 21, 2001, and will conclude at the close of business May 20, 2002. **(NASD Case #C3B010006)**

**Martel Pauline Zeeff (CRD #4140700, Associated Person, Sarasota, Florida)** submitted a Letter of Acceptance, Waiver, and Consent in which she was barred from association with any NASD member in any capacity. Without admitting or denying the allegations, Zeeff consented to the described sanction and to the entry of findings that she provided a member firm with a falsified test score report, incorrectly showing that she had successfully qualified as a general securities representative. **(NASD Case #C07010021)**

### Decision Issued

The following decision has been issued by the DBCC or the Office of Hearing Officers and has been appealed to or called for review by the NAC as of May 11, 2001. The findings and sanctions imposed in the decision may be increased, decreased, modified, or reversed by the NAC. Initial decisions whose time for appeal has not yet expired will be reported in the next *Notices to Members*.

**Stephen Daniel Carcaterra (CRD #2674226, Registered Representative, Seabright, New Jersey)** was fined \$5,000 and suspended from association with any NASD member in any capacity for 30 business days for engaging in private securities transactions, and barred from association with any NASD member in any capacity for failing to appear for an NASD on-the-record interview. The fine must be paid if Carcaterra seeks to reenter the securities industry. The sanctions were based on findings that Carcaterra engaged in private securities transactions, for compensation, and failed to provide his member firm with prior written notification describing in detail the proposed transaction,

his role therein, and stating whether he received, or might receive, compensation. The findings also stated that Carcaterra failed to receive written approval from his member firm prior to the transactions. In addition, the NASD found that Carcaterra failed to respond to NASD requests to appear for an on-the-record interview.

Carcaterra has appealed this action to the NAC and the sanctions are not in effect pending consideration of the appeal. **(NASD Case #C10000165)**

### Complaints Filed

The following complaints were issued by the NASD. Issuance of a disciplinary complaint represents the initiation of a formal proceeding by the NASD in which findings as to the allegations in the complaint have not been made, and does not represent a decision as to any of the allegations contained in the complaint. Because these complaints are unadjudicated, you may wish to contact the respondents before drawing any conclusions regarding the allegations in the complaint.

**Ronald Duane Brouillette (CRD #1689348, Registered Representative, La Jolla, California)** was named as a respondent in an NASD complaint alleging that he engaged in unauthorized trading in the accounts of public customers. The complaint also alleges that Brouillette failed to respond to NASD requests for information. **(NASD Case #C02010015)**

**Glenmore F. Diaz (CRD #11015945, Associated Person, Northridge, California)** was named as a respondent in an NASD complaint alleging that he received a \$10,283.15 check from

a public customer to purchase bonds on the customer's behalf. The NASD also alleges that Diaz cashed the check and converted the funds for his personal benefit. **(NASD Case #C02010026)**

**Joseph Doria (CRD #2356685, Registered Representative, Franklin Square, New York)** was named as a respondent in an NASD complaint alleging that he received \$60,000 from a public customer to invest in the stock market and, instead, converted the funds to his own use and benefit, without the customer's prior knowledge, authorization, or consent. **(NASD Case #C10010060)**

**Elliott George Charles Downs (CRD #2795169, Registered Representative, Derry, Pennsylvania)** was named as a respondent in an NASD complaint alleging that he recommended to public customers the purchase of stock without having a reasonable basis for the recommendations, and in connection with their decisions to purchase stock, Downs made predictions, misrepresentations, and omissions regarding the stock. The complaint also alleges that Downs purchased stock for public customers without their knowledge or authorization, and recommended and implemented a course of trading that was unsuitable for a customer based upon the customer's net worth, financial needs, lack of investment experience, and the customer's use of borrowed funds. Furthermore, the NASD alleges that Downs failed to respond to NASD requests to provide documents and to provide on-the-record testimony. **(NASD Case #C07010031)**

**Robert Arthur McDuffie (CRD 3128686, Registered Representative, Port Charlotte,**

**Florida)** was named as a respondent in an NASD complaint alleging that he received a \$2,000 check from a public customer for investment purposes, and instead of making an investment for the customer, he endorsed the check and cashed it, thereby converting the funds to his own use and benefit. The complaint also alleges that McDuffie failed to respond to NASD requests for information. **(NASD Case #C07010022)**

**Richard William Stopa (CRD #2368388, Registered Principal, New York, New York)** was named as a respondent in an NASD complaint alleging that he executed unauthorized transactions in the accounts of public customers. The complaint also alleges that Stopa improperly charged a five percent markup by selling stock from a public customer's regular account and subsequently purchasing shares of the same stock for the customer's IRA. **(NASD Case #C9B010040)**

**VTR Capital, Inc. n.k.a Fairchild Financial Group, Inc. (CRD #21404, New York, New York) and Edward Joseph McCune (CRD #1316826, Registered Principal, Haines City, Florida)** were named as respondents in an NASD complaint alleging that the respondents failed to disclose, or caused the firm's registered representatives to fail to disclose, to public customers material information in connection with the offer, sale, or recommendation of common stock including that they had purchased a very large quantity of shelf-registered shares from the selling security holders at a low price and that they were recommending and reselling the shares to the firm's customers at much higher prices. The complaint also alleges that as a result of the respondents' actions, the available public float was increased

substantially, the resales presented an immediate and substantial risk of dilution, and the resales constituted a separate or secondary offering requiring an amended or supplemental prospectus. The complaint alleges that by virtue of this conduct, the firm and McCune knowingly or recklessly employed devices, schemes, or artifices to defraud; made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or engaged in acts, practices, or courses of business that operated, or would have operated, as a fraud or receipt upon any persons in connection with the purchase or sale of securities. In addition, the complaint alleges that the firm, acting through McCune, failed to file information and documents regarding the proposed terms of the secondary offering of the shares with the NASD. Furthermore, the complaint alleges that the firm, acting through McCune, participated in the secondary offering of the shares in which the underwriting compensation exceeded the maximum permissible under NASD guidelines. **(NASD Case #CAF010010)**

**William Scott & Co., LLC (CRD #14979), Anthony Joe Radicone (CRD #2461173, Registered Representative, Staten Island, New York), Yakov (Jack) Shulm Koppel (CRD #2448735, Registered Representative, Monroe, New York) and Vinson Foresta (CRD #2567149, Registered Representative, Edison, New Jersey)** were named as respondents in an NASD complaint alleging that the firm, acting through Radicone, Koppel, Foresta, and other individuals,

employed or induced the firm's associated persons to engage in acts and practices in connection with accounts of public customers, including the use of high-pressure telephone sales pitches in an effort to sell low-priced, speculative securities; the use of baseless price and performance predictions; the use of material, false, misleading, and inaccurate representations; the failure to disclose material information including the financial condition of securities; the effecting of unauthorized transactions in the accounts of public customers; and the failure or refusal to sell securities from the accounts of public customers despite their instructions to do so. The complaint also alleges that Radicone advised public customers that in order to purchase securities in an IPO, they had to agree to purchase securities in the secondary market. In addition, the complaint alleges that Radicone performed duties as a registered person while his registration status was inactive due to his failure to timely complete the Regulatory Element of the NASD's Continuing Education Rule. Moreover, the complaint alleges that Koppel accepted payment for IPO securities prior to the effective date of the issuer's registration statement. **(NASD Case #C10010004)**

**Thomas Andrew Winnicki, Sr. (CRD #1513199, Registered Representative, Dickson City, Pennsylvania)** was named as a respondent in an NASD complaint alleging that he engaged in private securities transactions without prior written notice to, and approval from, his member firm. The complaint also alleges that

Winnicki offered and sold promissory notes to public customers without a reasonable basis for believing that such transactions were suitable for the customers based upon their financial situation, investment objectives, and needs. **(NASD Case #C9A010011)**

### **Firms Suspended For Failure To Supply Financial Information**

The following firms were suspended from membership in the NASD for failure to comply with formal written requests to submit financial information to the NASD. The actions were based on the provisions of NASD Rule 8210 and Article VII, Section 2 of the NASD By-Laws. The date the suspension commenced is listed after the entry. If the firm has complied with the requests for information, the listing also includes the date the suspension concluded.

**Caribbean Securities LLC**  
New York, New York  
(May 14, 2001)

**Clements Company Investment Advisors, Inc.**  
San Diego, California  
(April 20, 2001)

**D.E. Frey & Company, Inc.**  
Denver, Colorado  
(May 4, 2001)

**Ebondusa.com, Inc.**  
Greenwich, Connecticut  
(May 8, 2001)

**Equity Trust Advisors, Inc.**  
Irvine, California  
(May 1, 2001)

**I.D.A. Financial Services, Inc.**  
Costa Mesa, California  
(April 20, 2001)

**Legacy Trading Co., LLC**  
Edmond, Texas  
(April 20, 2001–May 11, 2001 )

**Northridge Capital Corporation**  
Melville, New York  
(May 14, 2001)

**One Financial Securities, Inc.**  
Sugar Land, Texas  
(April 20, 2001)

**Sintra Financial Services, Inc.**  
San Diego, California  
(April 23, 2001)

**Travis Morgan Securities, Inc.**  
Dallas, Texas  
(April 30, 2001)

**Vonfeldt & Associates, Inc.**  
Oklahoma City, Oklahoma  
(May 8, 2001)

### **Individuals Barred Pursuant To NASD Rule 9540 Series For Failure To Provide Information Requested Under NASD Rule 8210. (The date the bar became effective is listed after the entry.)**

**Bell, Timothy E.**  
Wintersville, Ohio  
(May 2, 2001)

**Coleman, Monica L.**  
Pasadena, Maryland  
(May 1, 2001)

**Crookshank, Richard**  
Las Vegas, Nevada  
(May 15, 2001)

**Lewis, Gregory**  
Milwaukee, Wisconsin  
(May 2, 2001)

**Taylor, Phuong Binh**  
Seattle, Washington  
(April 18, 2001)

**Individuals Suspended Pursuant To NASD Rule 9540 Series For Failure To Provide Information Requested Under NASD Rule 8210. (The date the suspension began is listed after the entry.)**

**Bevacqua, Thomas P.**  
Brick, New Jersey  
(April 24, 2001)

**Cavanaugh, David. B.**  
Provo, Utah  
(April 30, 2001)

**Heyne, Donald L.**  
Omaha, Nebraska  
(April 27, 2001)

**Kessler, Anthony J.**  
Stephens City, Virginia  
(May 2, 2001)

**Moran, Timothy J.**  
Buffalo, New York  
(April 24, 2001)

**Reyes-Rivera, Dilean**  
Carolina, Puerto Rico  
(April 19, 2001)

**Rodriguez, Claus H.**  
Union City, New Jersey  
(April 27, 2001)

**Sanders, Mary L.**  
Mishawaka, Indiana  
(May 4, 2001)

**Winer, Maico I.**  
N. Miami Beach, Florida  
(April 23, 2001)

**Individuals Suspended Pursuant To NASD Rule Series 9510 For Failure To Comply With An Arbitration Award Or A Settlement Agreement**

The date the registration was suspended is included after the entry. If the individual has complied, the listing also includes the date the suspension was lifted.

**Chambers, Eton B.**  
Roosevelt Island, New York  
(April 17, 2001)

**Feder, Jacob**  
Brooklyn, New York  
(April 16, 2001–April 20, 2001)

**NASD Regulation Hearing Panel Orders Josephthal & Co, Inc., Two Execs To Pay \$3.3 Million In Fines And Restitution For Fraud And Unfair Dealing With Customers**

An NASD Regulation Hearing Panel has ordered Josephthal & Co., Inc. of New York City and its two top executives to pay \$3.3 million in fines, restitution, and interest to more than 360 customers defrauded in a scheme using what the Panel called “tactics typically associated with ‘boiler room’ operations.” The Panel ruled Josephthal violated federal securities laws and NASD conduct rules during a massive sales effort in 1996 aimed at selling the firm’s position of approximately one million common shares of VictorMaxx Technologies, Inc.

Josephthal and its then-CEO, Daniel D. Purjes, were ordered to pay close to \$1.5 million in restitution plus interest, currently more than \$750,000, to defrauded customers. Josephthal, Purjes, and Josephthal’s President, Paul H. Fitzgerald, also were fined \$500,000, \$500,000, and

\$100,000, respectively. Together with the accrued interest on restitution, which will also be paid to investors, the total monetary sanctions exceed \$3.3 million.

Purjes was suspended in all capacities until he requalifies as a General Securities Representative and a General Securities Principal. If he fails to requalify within two years from the date the decision becomes final, his suspension will be converted into a permanent bar from the industry.

The Hearing Panel said Josephthal engaged in the massive sales effort aimed at selling its VictorMaxx position in May 1996. As the underwriter of VictorMaxx’s initial public offering and dominant market maker for the stock, Josephthal supported the stock from August 1995 until the beginning of May 1996 by continuing to buy up available amounts in the marketplace. By mid-May 1996, however, the firm had suffered actual losses trading the stock of more than \$2.5 million, with another \$1.3 million in unrealized losses on huge positions held by the firm and its holding company.

In an effort to cut its losses, Josephthal—acting through Purjes and Fitzgerald—decided to sell the position to the firm’s customers. However, the firm’s representatives had shown little interest in retailing the stock until mid-May. To induce the sales force to move the stock, Purjes and Fitzgerald made the stock available to them at a quarter-point below the then-current bid of \$1.75. This “special” resulted in gross commissions of about 29 percent of an investor’s total purchase price for the stock—substantially more than the sales force stood to make selling any other product. The result of this

“selling blitz” was “immediate and dramatic” according to the Panel, and created a “stampede” on the part of the sales force. As a result, from May 17 to May 31, 1996, Josephthal’s sales force aggressively recommended VictorMaxx stock to its customers using “tactics typically associated with ‘boiler room’ operations,” including baseless price predictions, failing to disclose their huge compensation arrangement, unauthorized trades, and other sales practice abuses. In fact, confirmations received by customers indicated that the stock was being sold without any markup.

During these 10 business days, Josephthal brokers sold almost one million shares in over 400 transactions at an average price of \$2.10 per share. Sales during this 10-day effort represented nearly 36 percent of the tradable shares of the common stock. Josephthal remained a market maker in the security throughout the fraudulent sales effort. After exhausting its entire inventory, Josephthal’s sales force continued selling, going short another 277,000 shares, which it covered with shares held by Josephthal’s holding company.

Shortly after Josephthal sold its position, the market price of VictorMaxx tumbled. Within a month, it was below \$1, and continued to fall even more as additional time passed. On October 24, 1996, the stock failed to meet minimum listing criteria and was delisted from the Nasdaq SmallCap Market. Thus, an investor who purchased during the May sales effort and held onto that stock for no more than 45 days would have incurred more than a 50 percent loss. The Panel found that Josephthal, Purjes, and

Fitzgerald violated their obligation of fair dealing by neglecting to disclose to their customers that they planned to quickly dispose of their losing inventory position through a massive retail sales effort.

NASD Regulation did not allege that VictorMaxx knew that Josephthal was selling off its stock in the marketplace or engaged in any wrongdoing.

In assessing the sanctions it imposed, the Hearing Panel expressly found that the Josephthal’s, Purjes’, and Fitzgerald’s misconduct was egregious, resulting in considerable harm to more than 360 individual investors. The seriousness of the violations was compounded by false testimony given by Purjes and Fitzgerald at the hearing concerning, among other things, their knowledge of and involvement in the fraud. Moreover, just days before the start of the VictorMaxx sales effort, Josephthal and Purjes had settled with the NASD a case involving similar violations. The Panel also found that Josephthal’s disciplinary history and Purjes’ failure to comply with promises he made in connection with the earlier settlement reflected “a grave disregard for their compliance obligations, which warrant[ed] the imposition of more severe sanctions than the maximum suggested by the [NASD Sanction] Guideline[s].”

Josephthal was ordered in the most recent decision to hire a qualified independent consultant, approved by NASD Regulation, to review the firm’s policies, practices, and procedures with particular attention to its procedures regarding compliance with Regulation M, the federal

anti-manipulation statute, and to adopt and implement any proposed changes.

In this instance, the complaint against Josephthal was filed in December of 1999. In general, after a complaint is filed and served, a Hearing Panel, appointed by the Chief Hearing Officer, conducts the hearing(s) and issues a decision. Hearings in formal disciplinary proceedings are held before a three-member Hearing Panel. The Panel is chaired by a professional Hearing Officer from Office of Hearing Officers, an independent office within NASD Regulation, which is responsible for adjudicating disciplinary proceedings. The Hearing Officer ensures that the proceedings are conducted fairly and efficiently. Respondents have rights of appeal to the National Adjudicatory Council (NAC), then to the U.S. Securities and Exchange Commission (SEC), and then to an appropriate U.S. Court of Appeals.

Unless the matter is appealed to the NAC, or called for review by the NAC, the Hearing Panel’s decision becomes final after 45 days. The sanctions imposed by the Hearing Panel are not effective during this period. If the decision is appealed or called for review, the sanctions may be increased, decreased, modified, or reversed. **(NASD Case # C3A990071)**

## For Your Information

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### **International Testing Delivery**

NASD Regulation is now offering delivery of computerized testing and Continuing Education Session 2-101 (the General Securities Representative Program) in Europe and the Pacific Rim.

Computerized delivery is offered in the following countries:

Sydney, Australia  
Hong Kong, China  
Paris, France  
Frankfurt, Germany  
Tokyo, Japan  
Seoul, South Korea  
London, United Kingdom

For information about location addresses, appointment scheduling, and foreign testing policies/procedures, visit the NASD Regulation Web Site at [www.nasdr.com/2634.htm](http://www.nasdr.com/2634.htm).

### **Important Information About Advertising Filing Fees**

Members now have several payment options with respect to the Advertising Regulation filing fees charged in accordance with Section 13, Schedule A of the NASD By-Laws. Firms can use any of these options to establish an Advertising Filing Fee Account:

#### **A. CRD Account Payment Transfer**

Member firms may have NASD Regulation deduct filing fees from the firm's existing CRD account by providing NASD Regulation with written authorization. Please mail your written authorization to the address noted on the next page or fax it to Suprina Hicks at (240) 386-4568.

#### **B. Credit Card Payment**

NASD Regulation accepts credit cards for payment of the firm's filing fees (Visa, MasterCard, or American Express). To request a credit card form, please contact Suprina Hicks at (240) 386-4537.

#### **C. Check Payment**

Effective June 15, 2001, the NASD Regulation, Inc. Advertising Regulation Department will be changing the address for check remittances. All checks must be sent to the new P.O. Box address provided on the next page. Please use the P.O. Box address except in cases when you must use courier or overnight delivery. Please note the alternative address provided for these situations, as the P.O. Box address will not accept courier or overnight deliveries. We encourage the use of the P.O. Box address as it facilitates more timely automated processing of the firm's remittance.

**Please send filing fee checks to:**

NASD Regulation, Inc.  
Advertising Regulation  
P.O. Box 7777-W9075  
Philadelphia, PA 19175-9075

*(Note: P.O. Box does not accept overnight/courier deliveries)*

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**For courier/overnight checks only:**

NASD Regulation, Inc.  
Advertising Regulation  
W9075  
c/o Mellon Bank, Room 3490  
701 Market Street  
Philadelphia, PA 19106

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**Please continue to submit all correspondence,  
sales literature, and advertisements for review to:**

NASD Regulation, Inc.  
Advertising Regulation  
9509 Key West Avenue, 5th Floor  
Rockville, MD 20850-3389

Regardless of the method of payment, we will continue to provide monthly Filing Fee Statements.

Questions may be directed to the Advertising Regulation Department at (240) 386-4500.

## INFORMATIONAL

# NASD Board Of Governors Nominees

## Nominees For NASD Board Of Governors

## SUGGESTED ROUTING

*The Suggested Routing function is meant to aid the reader of this document. Each NASD member firm should consider the appropriate distribution in the context of its own organizational structure.*

- Legal & Compliance
- Senior Management

## KEY TOPICS

- NASD Board Of Governors

## National Association of Securities Dealers, Inc. Notice Of Nominees

The Annual Meeting of members of the National Association of Securities Dealers, Inc. (NASD<sup>®</sup>) will be held on September 13, 2001. The formal notice of the meeting, including the precise date, time, and location of the Annual Meeting, will be mailed on or about August 10, 2001.

The individuals nominated by the NASD National Nominating Committee (NNC) for election to the NASD Board of Governors are identified in this *Special Notice*. Pursuant to Section 10 of Article VII of the NASD By-Laws, a person who has not been so nominated for election to the Board of Governors may be included on the ballot for the election of Governors if:

- (a) within 45 days of the date of this *Special Notice* such person presents to the Secretary of the NASD petitions in support of such nomination duly executed by at least 3 percent of the members of the NASD. As of the date of this *Special Notice*, the NASD has 5,575 voting members; therefore, the applicable 3 percent threshold is 167 members. *Please note, however, that as a result of recent amendments to the NASD By-Laws, if a candidate's name appears on a slate of nominees, the slate must be endorsed by 10 percent of the NASD's voting members. The applicable 10 percent threshold is 557 members; and*
- (b) the Secretary certifies that such petitions have been duly executed by the Executive Representatives of the requisite number of members of the NASD and the person being nominated satisfies the classification of the governorship to be filled based on the information provided by the person as is reasonably necessary for the Secretary to make the certification. *Please note that as a result of recent amendments to the NASD By-Laws, the composition of the NASD Board has changed.<sup>1</sup> The size of the NASD Board has been reduced to a maximum of 27 board members. Board member positions have been dedicated to the following three Industry segments: a national retail firm, a regional retail or independent financial planning member firm, and a clearing firm. Members may vote at the Annual Meeting for nominees to fill four Industry vacancies and four Non-Industry vacancies. The NNC nominees for these positions are attached.*

<sup>1</sup> NASD member vote was solicited in *Special NASD Notice to Members 00-90*. The membership approved the proposed amendment in voting that closed on January 22, 2001.

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## Special NASD Notice to Members 01-42

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Questions regarding this *Special Notice* may be directed to:

*Barbara Z. Sweeney*  
Senior Vice President and Corporate Secretary  
National Association of Securities Dealers, Inc.  
1735 K Street, NW  
Washington, DC 20006-1500  
(202) 728-8062

**or**

*T. Grant Callery*  
Senior Vice President and General Counsel  
National Association of Securities Dealers, Inc.  
1735 K Street, NW  
Washington, DC 20006-1500  
(202) 728-8285

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The following persons (see attached profiles) have been nominated by the National Nominating Committee to serve on the Board of Governors of the NASD for a term noted or until their successors are duly elected or qualified. Terms of office run from September 13, 2001 to September 2004.

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### **INDUSTRY**                      **Terms of Office 2001-2004**

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<b>John W. Bachmann</b>	<i>Managing Partner, Edward Jones</i>
<b>Richard F. Brueckner</b>	<i>Chief Operating Officer, Pershing Division of Credit Suisse First Boston (Clearing Firm Candidate)</i>
<b>Stephen L. Hammerman</b>	<i>Vice Chairman of the Board, Merrill Lynch &amp; Co., Inc. (National Retail Firm Candidate)</i>
<b>Raymond A. Mason</b>	<i>Chairman of the Board and Chief Executive Officer, Legg Mason Wood Walker, Inc. (Regional Retail Firm Candidate)</i>

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### **NON-INDUSTRY**                      **Terms of Office 2001-2004**

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<b>James E. Burton</b>	<i>Chief Executive Officer, California Public Employees' Retirement System</i>
<b>Sir Brian Corby</b>	<i>Chairman, Prudential Assurance Company (Retired)</i>
<b>Harry P. Kamen</b>	<i>Chairman of the Board and Chief Executive Officer, Metropolitan Life Insurance Company (Retired)</i>
<b>John Rutherford</b>	<i>President and Chief Executive Officer, Moody's Corporation</i>

**National Association of Securities Dealers, Inc.****Profiles Of Board Nominees For Industry Governors**

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**Industry**

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**John W. Bachmann**

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John W. Bachmann is Managing Partner of Edward Jones. Mr. Bachmann began his career at Jones as a part-time college intern, eventually succeeding Edward D. Jones, Jr. as Managing Partner in 1980. During Mr. Bachmann's tenure, Edward Jones has grown from 200 to 7,000-plus offices in the United States, and it has expanded to Canada and the United Kingdom. Mr. Bachmann has also served two terms as Chairman of the Securities Industry Association, as a member of the board of governors of the Chicago Stock Exchange, and as Chairman of District 4 for the NASD. Currently, Mr. Bachmann is Chairman of the Regional Chamber and Growth Association, and a Director of the U.S. Chamber of Commerce. He holds a BA degree in Economics from Wabash College, an MA degree in Finance from Northwestern University, two honorary degrees, and is a graduate of the Institute of Investment Banking at the Wharton School of Business.

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**Richard F. Brueckner**

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Richard F. Brueckner is Chief Operating Officer of the Pershing Division of Credit Suisse First Boston (formerly DLJ Securities Corporation) and Managing Director of its Financial Services Group. He previously was Treasurer of DLJ Securities and Chief Financial Officer of Pershing. Mr. Brueckner is Chairman of the Board of Trustees and CEO of the Securities Industry Foundation for Economic Education, and has served as a Governor of the NASD, Chairman of the NASD's National Adjudicatory Council, and Chairman of the NASD's New York District Committee. Mr. Brueckner graduated from Muhlenberg College with a BA degree in Economics and is a Certified Public Accountant.

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**Stephen L. Hammerman**

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Stephen L. Hammerman is Vice Chairman of the Board of Merrill Lynch & Co., Inc., serves on the corporation's Board of Directors, and is a member of the firm's Executive Committee. He has served as a Director of the New York Stock Exchange, as Chairman of the NASD, and as Director of the Securities Investors Protection Corporation. In addition to having served the government as New York Regional Administrator for the SEC and as an Assistant US Attorney in the Criminal Division for the southern district of New York, Mr. Hammerman is active in philanthropic, educational, and community affairs. Mr. Hammerman is a graduate of the University of Pennsylvania's Wharton School and received his law degree from New York University.

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## **Special NASD Notice to Members 01-42**

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### **Raymond A. Mason**

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Raymond A. Mason founded Mason and Company in 1962 and has spent his career building the financial services organization, Legg Mason, Inc. He serves as Chairman of the Board and Chief Executive Officer of its principal subsidiary, Legg Mason Wood Walker, Inc. Mr. Mason has served as Chairman and as a board member of the Securities Industry Association, Chairman of the Board of Governors of the NASD, and Chairman of the Regional Firms Committee of the New York Stock Exchange. Mr. Mason has many civic interests and is a trustee or board member of many educational and philanthropic institutions. Mr. Mason is Chairman-elect of the Johns Hopkins University Board of Trustees. He holds a BA degree in Economics from the College of William and Mary, and has received honorary Doctorate degrees from his alma mater, Loyola College, and Mount St. Mary's College.

**National Association of Securities Dealers, Inc.****Profiles Of Board Nominees For Non-Industry Governors**

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**Non-Industry**

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**James E. Burton**

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James E. Burton is Chief Executive Officer of the California Public Employees' Retirement System, the nation's largest public pension fund. Previously, Mr. Burton served as Assistant Executive Officer of CalPERS investment operations, supervising investment operations in all asset classes. Prior to this position, Mr. Burton was Deputy State Controller. He has also served on a number of boards, commissions, and committees, and currently is Second Vice President and member of the Executive Committee of the National Association of State Retirement Administrators. He is also currently a member of the Executive Committee of the Council of Institutional Investors. Mr. Burton is a graduate of the University of San Francisco.

**Sir Brian Corby**

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Sir Brian Corby spent many years working for the Prudential Assurance Company in London where he held a number of positions—apart from working in its branch in South Africa—including Chief Actuary, Group Chief Executive, and Chairman. Sir Brian has held positions with advisory groups, art and educational institutions, and industry associations, including the Institute of Actuaries, where he qualified as a Fellow. He was a Director of the Bank of England from 1985 to 1993. Following his retirement from full-time executive employment, Sir Brian became President of the Confederation of British Industry from 1990 to 1992, the first such appointment from the insurance industry and he was Chancellor of the University of Hertfordshire from 1992 to 1996. Recently, Sir Brian has chaired a number of study groups for the Federal Trust on the subjects of European pension reform and venture capital and public-private partnerships in Europe. Sir Brian holds an honors degree in Mathematics from St. John's College, Cambridge, as well as three honorary degrees.

**Harry P. Kamen**

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Harry P. Kamen is former Chairman of the Board and Chief Executive Officer of Metropolitan Life Insurance Company. Mr. Kamen served in that capacity from 1993 to 1998, having joined the organization in 1959. He serves as a Director of the following corporate Boards: Banco Santander Central Hispano, Bethlehem Steel Corporation, Metropolitan Life, Pfizer Inc., and B-Direct Capital. Mr. Kamen holds an AB from the University of Pennsylvania and an LLB from Harvard University Law School.

**John Rutherford, Jr.**

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John Rutherford is President and Chief Executive Officer of Moody's Corporation. Mr. Rutherford joined Moody's in 1995 to develop new business activities with the title of Managing Director, Moody's Holdings. He was appointed Chief Administrative Officer in 1996 and President in January 1998. Mr. Rutherford is a graduate of Princeton University and Harvard Law School.

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## Special NASD Notice to Members 01-42

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### Governors With Terms Expiring In 2001

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<u>Industry</u>	<u>Non-Industry</u>	<u>Public</u>
<b>Frank E. Baxter</b> Chairman and CEO Jefferies Group, Inc.	<b>Michael W. Brown</b> Retired CFO Microsoft	
<b>Donald B. Marron</b> Chairman UBS PaineWebber Incorporated	<b>Harry P. Kamen</b> Retired Chairman and CEO Metropolitan Life Insurance Company	
<b>Kenneth D. Pasternak</b> President and CEO Knight Trading Group	<b>James S. Riepe</b> Vice Chairman T. Rowe Group, Inc.	
<b>Todd A. Robinson</b> Chairman and CEO LPL Financial Services		

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### Governors With Terms Expiring In 2002

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<u>Industry</u>	<u>Non-Industry</u>	<u>Public</u>
<b>M. LaRae Bakerink</b> First Vice President and Chief Compliance Officer Pacific American Securities, LLC	<b>H. Furlong Baldwin</b> Chairman Mercantile Bankshares Corporation	<b>Kenneth M. Duberstein</b> Chairman and CEO The Duberstein Group, Inc.
<b>David A. DeMuro</b> Lehman Brothers, Inc.	<b>Eugene M. Isenberg</b> Chairman and CEO Nabors Industries, Inc.	<b>Donald J. Kirk</b> Vice Chairman Public Oversight Board American Institute of Certified Public Accountants
<b>Richard C. Romano</b> President Romano Brothers & Co.	<b>Arthur Rock</b> Principal Arthur Rock & Co.	<b>John D. Markese</b> President American Association of Individual Investors
	<b>James F. Rothenberg</b> President Capital Research and Management Company	

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## **Special NASD Notice to Members 01-42**

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### **Governors With Terms Expiring In 2003**

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#### **Industry**

**William C. Alsover, Jr.**

Chairman  
Centennial Securities  
Company, Inc.

**Anthony J. Boglioli**

President  
Whitehall Brokerage Services, Ltd.

**David S. Pottruck**

President and  
Co-Chief Executive Officer  
The Charles Schwab Corporation

#### **Non-Industry**

**Arvind Sodhani**

Vice President and Treasurer  
Intel Corporation

#### **Public**

**Brian T. Borders, Esq.**

Association of Publicly  
Traded Companies  
Mayer, Brown & Platt

**Sharon P. Smith**

Dean, College of Business  
Administration  
Fordham University

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## Special NASD Notice to Members 01-42

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*Notices to Members* (December 1996 to current) are also available on the Internet at [www.nasdr.com](http://www.nasdr.com).

## INFORMATIONAL

# District Elections

## NASD Informs Members Of Upcoming District Committee And District Nominating Committee Elections

## SUGGESTED ROUTING

*The Suggested Routing function is meant to aid the reader of this document. Each NASD member firm should consider the appropriate distribution in the context of its own organizational structure.*

- Legal & Compliance
- Operations
- Registration
- Senior Management

## KEY TOPICS

- District Elections

## Executive Summary

The purpose of this *Special Notice to Members* is to inform members of the upcoming nomination and election process to fill forthcoming vacancies on the District Committees and the District Nominating Committees.

Information on District Committee and District Nominating Committee members serving through 2002, 2003, and 2004 is included in Attachment A. Information on District Election Procedures is included in Attachment B. A candidate profile sheet is included in Attachment C.

## Nomination Process

Individuals from member firms of all sizes and segments of the industry are encouraged to submit names for consideration for membership on the 11 District Committees and District Nominating Committees. Members are requested to submit candidates' names to the appropriate District Nominating Committee Chairman or to the District Director by submitting a cover letter and the candidate profile sheet (Attachment C) and returning it by **July 18, 2001**.

Completed forms will be provided to all District Nominating Committee members for review. It is anticipated that the District Nominating Committees will certify their nominees to the District Committees on or about **September 17, 2001**.

Members are reminded of the importance to accurately maintain their Executive Representative name and e-mail address information, as well as their firm's main postal address. This will ensure that member mailings, such as election information, will be properly directed. Failure to keep this information accurate may jeopardize the member's ability to participate in District elections as well as other member votes. To update the Executive Representative name and e-mail address, firms should access their National Association of Securities Dealers, Inc. (NASD) Member Firm Contact Questionnaire (NMFCQ) located on the NASD Regulation Web Site ([www.nasdr.com/disclaimer.asp](http://www.nasdr.com/disclaimer.asp)). To update postal address information, the firm must file a Form BD Amendment via the Web CRD system. For assistance updating either of these systems, you may contact the CRD/PD Gateway Call Center at (301) 590-6500.

## Questions/Further Information

Questions concerning this *Special Notice* may be directed to the District Director noted or to Barbara Z. Sweeney, Senior Vice President and Corporate Secretary, NASD, at (202) 728-8062 or via e-mail at [barbara.sweeney@nasd.com](mailto:barbara.sweeney@nasd.com).

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## Special NASD Notice to Members 01-43

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### ATTACHMENT A

#### District Committee And District Nominating Committee Members

##### District 1

Elisabeth P. Owens, District Director

525 Market Street, Suite 300, San Francisco, CA 94105

(415) 882-1200

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##### District 1 Committee

Members to be elected to terms expiring January 2005: 3

Chair: John H. Chung

##### Committee Members

###### *To Serve Until January 2002*

John H. Chung	Wells Fargo VanKasper	San Francisco, CA
Steven D. Piper	Epoch Securities, Inc.	San Francisco, CA

###### *To Serve Until January 2003*

Sally G. Aelion	Emmett A. Larkin Co., Inc.	San Francisco, CA
David A. Baylor	Thomas Weisel Partners LLC	San Francisco, CA
Henry W. Carter		Seaside, CA

###### *To Serve Until January 2004*

S. Katherine Campbell	Protected Investors of America	San Francisco, CA
William C. Pack	Salomon Smith Barney	Saratoga, CA
Carol A. Van Bruggen	Securities Service Network, Inc.	Sacramento, CA

##### District 1 Nominating Committee

Members to be elected to terms expiring January 2003: 5

Chair: Nicholas C. Cochran

##### Committee Members

Steven R. Aaron	J.P. Morgan, H & Q, Inc.	San Francisco, CA
Stephen R. Adams	Wells Fargo Van Kasper	San Francisco, CA
Nicholas C. Cochran	American Investors Company	Dublin, CA
John C. Helmer	Caldwell Securities, Inc.	Danville, CA
William A. Svoboda	Morgan Stanley Dean Witter	San Jose, CA

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## **Special NASD Notice to Members 01-43**

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### **District Committee And District Nominating Committee Members**

#### **District 2**

**Lani M. Woltmann, District Director**

300 South Grand Avenue, Suite 1600, Los Angeles, CA 90071

(213) 627-2122

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#### **District 2 Committee**

**Members to be elected to terms expiring January 2005: 4**

**Chair:** Dean A. Holmes

##### **Committee Members**

##### ***To Serve Until January 2002***

Margaret M. Black	Morgan Stanley Dean Witter	Beverly Hills, CA
Diane P. Blakeslee	Blakeslee & Blakeslee, Inc.	San Luis Obispo, CA
Jack R. Handy, Jr.	Financial Network Investment Corporation	Torrance, CA
Dean A. Holmes	American General Financial Group	Anaheim, CA

##### ***To Serve Until January 2003***

Kellen M. Flanigan	Wells Fargo Securities, Inc.	Beverly Hills, CA
William H. Howard, Jr.	Hagerty, Stewart & Associates	Irvine, CA
James R. Kruger	Dreyfus Brokerage Services, Inc.	Los Angeles, CA
Stephen P. Maguire	Maguire Investments, Inc.	Santa Maria, CA

##### ***To Serve Until January 2004***

James E. Biddle	The Securities Center, Incorporated	Chula Vista, CA
Chris M. Kanoff	Jefferies and Company, Inc.	Los Angeles, CA
Steven K. McGinnis	National Planning Corporation	Santa Monica, CA
Neal E. Nakagiri	Associated Planners Securities Corporation	Los Angeles, CA

#### **District 2 Nominating Committee**

**Members to be elected to terms expiring January 2003: 5**

**Chair:** Jerry M. Gluck

##### **Committee Members**

Murray L. Finebaum	Trading Edge, Inc.	Santa Monica, CA
Jerry M. Gluck	Jefferies and Company, Inc.	Los Angeles, CA
James B. Guillou, Sr.	Sutro & Co., Incorporated	LaJolla, CA
Joan B. Seidel	Morton Seidel & Company, Inc.	Los Angeles, CA
Kaye M. Woltman	Girard Securities, Inc.	San Diego, CA

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## Special NASD Notice to Members 01-43

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### District Committee And District Nominating Committee Members

#### District 3

##### Frank J. Birgfeld, District Director

Republic Plaza Building, 370 17th Street, Suite 2900, Denver, CO 80202-5629

(303) 446-3100

##### James G. Dawson, District Director

Two Union Square, 601 Union, Suite 1616, Seattle, WA 98101-2327

(206) 624-0790

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#### District 3 Committee

Members to be elected to terms expiring January 2005: 3

Chair: James E. Stark

##### Committee Members

###### *To Serve Until January 2002*

James Barnyak	Salomon Smith Barney, Inc.	Seattle, WA
David Griswold	Frank Russell Securities, Inc.	Tacoma, WA
James E. Stark	Charles Schwab & Co., Inc.	Phoenix, AZ

###### *To Serve Until January 2003*

Steven M. Fishbein	Auerbach, Pollack & Richardson Inc.	Denver, CO
Bruce Kramer	Prudential Securities Incorporated	Seattle, WA

###### *To Serve Until January 2004*

Richard B. Bequette	CUE Financial Group, Inc.	Phoenix, AZ
George T. Diachok	Multi-Financial Securities Corporation	Denver, CO
John M. Rose	Seattle-Northwest Securities Corporation	Seattle, WA
Kathryn A. Supko	Robert W. Baird & Co., Incorporated	Boise, ID

#### District 3 Nominating Committee

Members to be elected to terms expiring January 2003: 5

Chair: Douglas Strand

##### Committee Members

Tim Ganahl	Wells Fargo Investments LLC	Seattle, WA
Thomas R. Hislop	Peacock, Hislop, Staley & Given, Inc.	Phoenix, AZ
John Morton	Morton Clarke Fu & Metcalf, Inc.	Seattle, WA
Thomas Petrie	Petrie Parkman & Co., Inc.	Denver, CO
Douglas Strand	Strand, Atkinson, Williams & York, Inc.	Portland, OR

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## Special NASD Notice to Members 01-43

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### District Committee And District Nominating Committee Members

#### District 4

**Thomas D. Clough, District Director**

120 W. 12th Street, Suite 900, Kansas City, MO 64105

(816) 421-5700

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#### District 4 Committee

Members to be elected to terms expiring January 2005: 3

Chair: E. John Moloney

##### Committee Members

##### *To Serve Until January 2002*

Robert M. Chambers	Robert W. Baird & Co.	Des Moines, IA
John R. Lepley	Princor Financial Services Corp.	Des Moines, IA
William M. Lyons	American Century Investment Services, Inc.	Kansas City, MO

##### *To Serve Until January 2003*

E. John Moloney	Moloney Securities Company	St. Louis, MO
Rodger O. Riney	Scotttrade, Inc.	St. Louis, MO
Jeffrey A. Schuh	Marquette Financial Group, Inc.	Minneapolis, MN
Gail Werner-Robertson	GWR Investments, Inc.	Omaha, NE

##### *To Serve Until January 2004*

Gene M. Diedrich	A.G. Edwards & Sons, Inc.	Overland Park, KS
Jonathan M. Harris	Dain Rauscher, Inc.	Minneapolis, MN
Timothy J. Lyle	Trusted Securities Advisors Corp.	Minneapolis, MN
Pamela Kay Reintz Ziermann	Dougherty & Company	Minneapolis, MN

#### District 4 Nominating Committee

Members to be elected to terms expiring January 2003: 5

Chair: Wayne H. Peterson

##### Committee Members

John D. Cleland	Security Distributors, Inc.	Topeka, KS
Antonio J. Cecin	U.S. Bancorp Piper Jaffray, Inc.	Minneapolis, MN
Cheryl Cook-Schneider	Edward Jones	St. Louis, MO
Wayne H. Peterson	USALLIANZ Investor Services, LLC	Minneapolis, MN
Brent M. Weisenborn	Security Investment Company of Kansas City	Kansas City, MO

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## **Special NASD Notice to Members 01-43**

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### **District Committee And District Nominating Committee Members**

#### **District 5**

**Warren A. Butler, Jr., District Director**

1100 Poydras Street, Energy Centre, Suite 850, New Orleans, LA 70163-0802

(504) 522-6257

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#### **District 5 Committee**

**Members to be elected to terms expiring January 2005: 3**

**Chair:** Duncan F. Williams

##### **Committee Members**

##### ***To Serve Until January 2002***

James D. Hudgins	SouthTrust Securities, Inc.	Birmingham, AL
LeRoy H. Paris, II	Invest Linc Securities, Inc.	Jackson, MS
Duncan F. Williams	Duncan-Williams, Inc.	Memphis, TN

##### ***To Serve Until January 2003***

David A. Daugherty	James Baker & Associates, A Limited Partnership	Oklahoma City, OK
James M. Rogers	J.J.B. Hilliard, W.L. Lyons, Inc.	Louisville, KY
W. Lucas Simons	UBS PaineWebber Inc.	Nashville, TN

##### ***To Serve Until January 2004***

David A. Knight	Stephens Inc.	Little Rock, AR
Lawrence J. Sisung	Sisung Securities Corporation	New Orleans, LA
David W. Wiley, III	Wiley Bros., Aintree Capital, L.L.C.	Nashville, TN

#### **District 5 Nominating Committee**

**Members to be elected to terms expiring January 2003: 5**

**Chair:** Jerry Roberts

##### **Committee Members**

Benjamin D. Capshaw, III	Morgan Stanley Dean Witter	New Orleans, LA
V. Hugo Marx, III	Hugo Marx & Co., Inc.	Birmingham, AL
Colin A. P. McNease	UBS PaineWebber Inc.	Jackson, MS
Jerry Roberts	Sterne, Agee & Leach, Inc.	Little Rock, AR
Dene R. Shipp	SunTrust Equitable Securities, Inc.	Nashville, TN

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## Special NASD Notice to Members 01-43

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### District Committee And District Nominating Committee Members

#### District 6

**Bernerd E. Young, District Director**

12801 N. Central Expressway, Suite 1050, Dallas, TX 75243

(972) 701-8554

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#### District 6 Committee

Members to be elected to terms expiring January 2005: 3

Members to be elected to terms expiring January 2003: 1

**Chair:** Fredrick W. McGinnis

#### Committee Members

##### *To Serve Until January 2002*

Karen L. Banks	Frost Brokerage Services, Inc.	San Antonio, TX
Fredrick W. McGinnis	UBS PaineWebber, Inc.	Houston, TX
Joseph H. Storthz	Transamerica Financial Advisors, Inc.	Houston, TX

##### *To Serve Until January 2003*

G. Clyde Buck	Sanders Morris Harris, Inc.	Houston, TX
Bryan T. Forman	First Avantus Securities, Inc.	Austin, TX

##### *To Serve Until January 2004*

Christopher R. Allison	M.E. Allison & Co., Inc.	San Antonio, TX
David W. Turner	First Union Securities, Inc.	Ft. Worth, TX
R. Dwayne Whitehead	Coastal Securities L.P.	Houston, TX

#### District 6 Nominating Committee

Members to be elected to terms expiring January 2003: 5

**Chair:** William D. Connally

#### Committee Members

Jane E. Bates	Stanford Group Company	Houston, TX
William D. Connally	Greenman Parker Connally Greenman, Inc.	Ft. Worth, TX
Malcolm L. Cooper	Dain Rauscher, Inc.	Austin, TX
Daniel C. Dooley	Maplewood Investment Advisors, Inc.	Dallas, TX
William H. Lowell	Lowell & Company, Inc.	Lubbock, TX

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## Special NASD Notice to Members 01-43

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### District Committee And District Nominating Committee Members

#### District 7

Alan M. Wolper, District Director

One Securities Centre, Suite 500, 3490 Piedmont Road, N.E., Atlanta, GA 30305

(404) 239-6100

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#### District 7 Committee

Members to be elected to terms expiring January 2005: 3

Chair: Edward R. Hipp, III

##### Committee Members

##### *To Serve Until January 2002*

James W. Hamilton, Jr.	Morgan Keegan & Co.	Atlanta, GA
Edward R. Hipp, III	Centura Securities, Inc.	Rocky Mount, NC
Roark A. Young	Young, Stovall and Company	Miami, FL

##### *To Serve Until January 2003*

Michael D. Hearn, Esq.	Wachovia Securities, Inc.	Charlotte, NC
Collie W. Lehn	A.G. Edwards & Sons, Inc.	Laurens, SC
Charles E. Scarlett, Esq.	First Union Securities Financial Network, Inc.	Boca Raton, FL
John W. Waechter	William R. Hough & Co.	St. Petersburg, FL

##### *To Serve Until January 2004*

Kenneth W. McGrath	Popular Securities, Inc.	Hato Rey, Puerto Rico
Sharon K. Milligan	Morgan Stanley Dean Witter	Tampa, FL
C. John O'Bryant, III	Legg Mason Wood Walker, Inc.	Raleigh, NC
Charles R. Roberts	Branch, Cabell & Co., Inc.	Richmond, VA

#### District 7 Nominating Committee

Members to be elected to terms expiring January 2003: 5

Chair: R. Charles Shufeldt

##### Committee Members

Robert M. Balentine	Balentine & Company	Atlanta, GA
Robert J. Brietz	Bank of America	Charlotte, NC
M. Anthony Greene	Raymond James Financial Services, Inc.	Atlanta, GA
R. Charles Shufeldt	SunTrust Banks	Atlanta, GA
Raymond W. Snow	Merrill Lynch	West Palm Beach, FL

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## Special NASD Notice to Members 01-43

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### District Committee And District Nominating Committee Members

#### District 8

##### Carlotta A. Romano, District Director

55 West Monroe Street, Suite 2700, Chicago, IL 60603

(312) 899-4400

##### William H. Jackson, Jr., District Director

Renaissance on Playhouse Square, 1350 Euclid Avenue, Suite 650, Cleveland, OH 44115

(216) 592-2950

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#### District 8 Committee

Members to be elected to terms expiring January 2005: 5

Chair: Mary D. Esser

##### Committee Members

###### *To Serve Until January 2002*

R. Jack Conley

VESTAX Securities Corporation

Hudson, OH

Mary D. Esser

Cressman Esser Securities, Inc.

Naperville, IL

Glen Hackmann

Robert W. Baird & Co., Inc.

Milwaukee, WI

Robert A. Perrier

Butler, Wick & Co., Inc.

Cleveland, OH

Kathleen A. Wieland

William Blair & Company, L.L.C.

Chicago, IL

###### *To Serve Until January 2003*

Carol Podesta Foley

Podesta & Company

Chicago, IL

Renee M. Rombaut

Sage, Rutty & Co., Inc.

Rochester, NY

###### *To Serve Until January 2004*

George E. Bates

Bates Securities, Inc.

Rockford, IL

Gregory W. Goelzer

Goelzer Investment Management, Inc.

Indianapolis, IN

John A. Hawke

Howe Barnes Investments, Inc.

Chicago, IL

Jay B. Mackenzie

Prudential Securities Incorporated

Kalamazoo, MI

#### District 8 Nominating Committee

Members to be elected to terms expiring January 2003: 5

Chair: Leonard L. Anderson

##### Committee Members

Leonard L. Anderson

Stifel, Nicolaus & Co., Inc.

Grand Haven, MI

David L. Baker

Baker and Company, Inc.

Cleveland, OH

Thomas Harenburg

Carl M. Hennig, Inc.

Oshkosh, WI

David Slavik

Pershing Division of Donaldson, Lufkin & Jenrette  
Securities Corporation

Oak Brook, IL

G. Donald Steel

Planned Investment Co., Inc.

Indianapolis, IN

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## Special NASD Notice to Members 01-43

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### District Committee And District Nominating Committee Members

#### District 9

##### John P. Nocella, District Director

Eleven Penn Center, 1835 Market Street, Suite 1900, Philadelphia, PA 19103 (215) 665-1180

##### Gary K. Liebowitz, District Director

581 Main Street, 7th Floor, Woodbridge, NJ 07905 (732) 596-2000

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#### District 9 Committee

Members to be elected to terms expiring January 2005: 3

Chair: A. Louis Denton

##### Committee Members

###### *To Serve Until January 2002*

A. Louis Denton	Philadelphia Corporation for Investment Services	Philadelphia, PA
Joseph S. Rizzello	Pershing Trading Company, L.P.	Jersey City, NJ
Gregory R. Zappala	RRZ Public Markets, Inc.	Cranberry Township, PA

###### *To Serve Until January 2003*

James D. Lamke	Spear, Leeds & Kellogg Capital Markets, Inc.	Jersey City, NJ
John P. Meegan	Parker/Hunter Incorporated	Pittsburgh, PA
Lance A. Reihl	1717 Capital Management Co.	Newark, DE
Lenda P. Washington	GRW Capital Corporation	Washington, DC

###### *To Serve Until January 2004*

Jerry V. Duhovic	Datek OnLine Brokerage Services LLC	Jersey City, NJ
Kimberly Tillotson Fleming	Hefren-Tillotson, Inc.	Pittsburgh, PA
Howard B. Scherer	Janney Montgomery Scott LLC	Philadelphia, PA
Mark Thomas Whaley	Gibraltar Securities Co., a division of Tucker, Anthony Incorporated	Florham Park, NJ

#### District 9 Nominating Committee

Members to be elected to terms expiring January 2003: 5

Chair: James J. Malespina

##### Committee Members

Philip S. Cottone	Rutherford, Brown & Catherwood, LLC	Philadelphia, PA
Victor M. Frye	Calvert Distributors, Inc.	Bethesda, MD
Allen S. Jacobson	Gibraltar Securities Co., a division of Tucker, Anthony Incorporated	Florham Park, NJ
James J. Malespina	Herzog, Heine, Geduld, Inc.	Jersey City, NJ
Jerome J. Murphy	Janney Montgomery Scott, LLC	Philadelphia, PA

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# Special NASD Notice to Members 01-43

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## District Committee And District Nominating Committee Members

### District 10

**Joseph M. McCarthy, Deputy District Director**

One Liberty Plaza, 165 Broadway, New York, NY 10006

(212) 858-4265

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### District 10 Committee

**Members to be elected to terms expiring January 2005: 5**

**Chair:** Eugene A. Schlanger

#### Committee Members

##### *To Serve Until January 2002*

John Iachello	ABN ARMO Securities LLC	New York, NY
Philip V. Oppenheimer	Oppenheimer & Close Inc.	New York, NY
Gary Salamone	BNY Clearing Services, LLC	New York, NY
Eugene A. Schlanger	Nomura Securities International, Inc.	New York, NY
Tom M. Wirtshafter	Nathan & Lewis Securities Inc.	New York, NY

##### *To Serve Until January 2003*

Kevin J. Browne	Banc of America Securities	New York, NY
Judith R. MacDonald	Rothschild, Inc.	New York, NY
Stephen C. Strombelline	Barclays Capital Inc.	New York, NY

##### *To Serve Until January 2004*

Constantine Gus Economos	Sandler O'Neill & Partners LP	New York, NY
Ruth S. Goodstein	PaineWebber Inc.	New York, NY
Patrick Remmert	Credit Suisse First Boston Corporation	New York, NY
Charles V. Senatore	Merrill Lynch Pierce Fenner & Smith Inc.	New York, NY
Jeffrey R. Zuckerman	Salomon Smith Barney Inc.	New York, NY

### District 10 Nominating Committee

**Members to be elected to terms expiring January 2003: 5**

**Chair:** Laurence H. Bertan

#### Committee Members

William P. Behrens	Investec Ernst & Company	New York, NY
Laurence H. Bertan	Sanford C. Bernstein & Co., Inc.	New York, NY
Frank F. DiGregorio	Credit Suisse First Boston Corporation	New York, NY
Vicki Z. Holleman	Loeb Partners Corporation	New York, NY
Stuart L. Sindell	Datek Online Brokerage Services LLC	New York, NY

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## Special NASD Notice to Members 01-43

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### District Committee And District Nominating Committee Members

#### District 11

Fred McDonald, District Director

260 Franklin Street, 16th Floor, Boston, MA 02110

(617) 261-0800

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#### District 11 Committee

Members to be elected to terms expiring January 2005: 3

Chair: Stephen O. Buff

##### Committee Members

##### *To Serve Until January 2002*

Stephen O. Buff	Fleet Securities, Inc.	Boston, MA
Dennis R. Surprenant	Cantella & Co., Inc.	Boston, MA

##### *To Serve Until January 2003*

John D. Lane	Mercer Partners, Inc.	Southport, CT
Deborah G. Ullman	American Skandia Marketing, Inc.	Shelton, CT
Peter T. Wheeler	Commonwealth Financial Network	Waltham, MA

##### *To Serve Until January 2004*

Stephen Anikewich, Jr.	UBS Warburg LLC	Stamford, CT
John I. Fitzgerald	American General Funds Distributors, Inc.	Boston, MA
Robert V. Rodia	People's Securities, Inc.	Bridgeport, CT
Gregory D. Teese	Equity Services, Inc.	Montpelier, VT

#### District 11 Nominating Committee

Members to be elected to terms expiring January 2003: 5

Chair: Stephanie Brown

##### Committee Members

Harry H. Branning	Advest, Inc.	Hartford, CT
Stephanie Brown	Linsco/Private Ledger, Corp.	Boston, MA
Sheldon Fechter	Fechter, Detwiler & Co., Inc.	Boston, MA
Arthur F. Grant	Cadaret, Grant & Co., Inc.	Syracuse, NY
Frank V. Knox, Jr.	Fidelity Distributors Corporation	Boston, MA

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## Special NASD Notice to Members 01-43

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### ATTACHMENT B

#### District Election Procedures For District Committees And District Nominating Committees

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##### Regular Election

1. Each NASD Regulation District shall maintain a District Nominating Committee in the manner specified in Article VIII of the By-Laws of NASD Regulation, Inc.
2. The Secretary of NASD Regulation, Inc. ("the Corporation") will notify in writing the Chairman of each District Committee and the Chairman of the District Nominating Committee of the upcoming vacancies on both the District Committee and the District Nominating Committee, and the procedures to follow to fill the vacancies. A copy of these letters will be provided to the District Directors.  
  
The District Nominating Committee will be provided by Corporation staff with information considered relevant to the nominating process, including analytical data pertaining to the District membership.
3. The Secretary of NASD Regulation and the Membership Department will e-mail a reminder to all members of their responsibility and obligation to keep current and accurate information on their Executive Representatives and branch office addresses. The e-mail will contain a reference to the NASDR Web Site ([www.nasdr.com](http://www.nasdr.com)) and detail the process for changing a firm's Executive Representative. This e-mail will note that failure to keep this information accurate may jeopardize the member's ability to participate in District elections as well as other member votes.
4. The Secretary of the Corporation on behalf of the District Committee Chairman will send a *Notice to Members* announcing the forthcoming elections to the Executive Representative and each branch office of all members eligible to vote in that District. The *Notice to Members* will contain: a) the number of vacancies for each District; and b) the remaining members of each District Committee. Members interested in serving on the District Committee or District Nominating Committee will be requested to complete the candidate profile sheet and submit it to the District Nominating Committee Chairman or the District Director. The completed candidate profile sheet will be provided to all Nominating Committee members for review.
5. The District Nominating Committee will endeavor to secure appropriate and fair representation on the District Committee and on the District Nominating Committee of the various sections of the District and all classes and types of NASD members engaged in the investment banking or securities business within the District.
6. The District Nominating Committee will review the background and qualifications of the proposed candidates and the District profile information provided by Corporation staff, and will determine its slate of candidates for the election.
7. The District Nominating Committee will certify to the District Committee each candidate nominated by the District Nominating Committee.

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## **Special NASD Notice to Members 01-43**

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8. Within five (5) calendar days after this certification, a *Notice to Members* shall be sent to Executive Representatives, communicating the nominees for the vacancies on the District Committees.
9. If an officer, director, or employee of an NASD member is interested in being considered as an additional candidate, he/she must indicate his/her interest to the District Director within fourteen (14) calendar days of the date of the *Notice to Members* referenced in #8 above. The District Director shall make a written record of the time and date of such notification and the process will continue as described in #10 - #12.  
  
If an additional candidate does not come forward within 14 days, the election of committee members is complete.
10. Additional candidate(s) may be nominated if a petition signed by the Executive Representative of at least 10 percent of the members eligible to vote in the District is filed with the District Nominating Committee within 30 calendar days from the mailing date of the *Notice to Members* referenced in #8, unless the Secretary of NASD Regulation grants additional time for good cause shown.
11. If no additional candidate(s) are nominated within the 30-calendar day period, then the candidates nominated by the District Nominating Committee shall be considered duly elected, and the District Committee shall certify the election to the Board of Directors of NASD Regulation.
12. If any additional candidate(s) are nominated, the procedures outlined in the Contested Election Procedures will apply.

Additional information pertaining to the District Election Procedures can be found in Article VIII of the By-Laws of NASD Regulation.

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