

BrokerCheck Report

HERZOG, HEINE, GEDULD, LLC

CRD# 2186

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When communicating online or investing with any professional, make sure you know who you're dealing with. [Imposters](#) might link to sites like BrokerCheck from [phishing](#) or similar scam websites, or through [social media](#), trying to steal your personal information or your money.

Please contact FINRA with any concerns.

About BrokerCheck®



BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
 - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
 - information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

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Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

brokercheck.finra.org



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources.

[For more information about FINRA, visit www.finra.org.](http://www.finra.org)



HERZOG, HEINE, GEDULD, LLC
CRD# 2186
SEC# 8-10463

Main Office Location
4 WORLD FINANCIAL CENTER
NEW YORK, NY 10080

Mailing Address
ATTN: MARLA MOSKOWITZ-HESSE
222 BROADWAY, 16TH FLOOR
NEW YORK, NY 10038

Business Telephone Number
212-449-2755

Report Summary for this Firm

This report summary provides an overview of the brokerage firm. Additional information for this firm can be found in the detailed report.

Firm Profile
This firm is classified as a limited liability company.
This firm was formed in Delaware on 06/04/2001.
Its fiscal year ends in December.

Firm History
Information relating to the brokerage firm's history such as other business names and successions (e.g., mergers, acquisitions) can be found in the detailed report.

Firm Operations
This brokerage firm is no longer registered with FINRA or a national securities exchange.

Disclosure Events
Brokerage firms are required to disclose certain criminal matters, regulatory actions, civil judicial proceedings and financial matters in which the firm or one of its control affiliates has been involved.

Are there events disclosed about this firm? **Yes**

The following types of disclosures have been reported:

Type	Count
Regulatory Event	51
Civil Event	1
Arbitration	3

The number of disclosures from non-registered control affiliates is 4

Registration Withdrawal Information

This section provides information relating to the date the brokerage firm ceased doing business and the firm's financial obligations to customers or other brokerage firms.



Date firm ceased business: 10/31/2002

Does this brokerage firm owe any money or securities to any customer or brokerage firm? No



Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Delaware on 06/04/2001.

Its fiscal year ends in December.

Firm Names and Locations

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

HERZOG, HEINE, GEDULD, LLC

Doing business as HERZOG, HEINE, GEDULD, LLC

CRD# 2186

SEC# 8-10463

Main Office Location

4 WORLD FINANCIAL CENTER
NEW YORK, NY 10080

Mailing Address

ATTN: MARLA MOSKOWITZ-HESSE
222 BROADWAY, 16TH FLOOR
NEW YORK, NY 10038

Business Telephone Number

212-449-2755



Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.

Direct Owners and Executive Officers

Legal Name & CRD# (if any): MERRILL LYNCH & CO.,INC.

Is this a domestic or foreign entity or an individual? Domestic Entity

Position MEMBER

Position Start Date 07/2000

Percentage of Ownership 75% or more

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? Yes

Legal Name & CRD# (if any): BRADLEY, KENNETH O

2800591

Is this a domestic or foreign entity or an individual? Individual

Position SECRETARY AND TREASURER

Position Start Date 12/2002

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): LYNCH, MICHAEL JOHN

1100227

Is this a domestic or foreign entity or an individual? Individual

Position CHAIRMAN AND PRESIDENT

Position Start Date 02/2003

Firm Profile



Direct Owners and Executive Officers (continued)

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? No

Is this a public reporting company? No

Legal Name & CRD# (if any): MCDERMOTT, JOHN JEROME JR.
4025460

Is this a domestic or foreign entity or an individual? Individual

Position CHIEF COMPLIANCE OFFICER

Position Start Date 08/2006

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): POLLARO, MICHAEL

Is this a domestic or foreign entity or an individual? Individual

Position DIRECTOR

Position Start Date 01/2007

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Firm Profile

This section provides information relating to any indirect owners of the brokerage firm.

Indirect Owners

No information reported.





Firm History

This section provides information relating to any successions (e.g., mergers, acquisitions) involving the firm.

This firm was previously:	HERZOG, HEINE, GEDULD, INC.
Date of Succession:	08/31/2001
Predecessor CRD#:	2186
Predecessor SEC#:	8-10463
Description	ON AUGUST 31, 2001, HERZOG,HEINE,GEDULD,INC. MERGED WITH HERZOG,HEINE,GEDULD,LLC, WITH HERZOG,HEINE,GEDULD,LLC AS THE SURVIVING ENTITY. THE PURPOSE OF THE MERGER WAS TO CHANGE THE ORGANIZATIONAL FORM FROM A NEW YORK CORPORATION TO A DELAWARE LIMITED LIABILITY COMPANY. ALL OF THE ASSETS AND LIABILITIES OF HERZOG,HEINE,GEDULD,INC. WERE ACQUIRED BY HERZOG,HEINE,GEDULD,LLC BY OPERATION OF LAW.
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This firm was previously:	HERZOG, HEINE, GEDULD, INC.
Date of Succession:	08/31/2001
Predecessor CRD#:	2186
Predecessor SEC#:	8-10463
Description	ON AUGUST 31, 2001, HERZOG,HEINE,GEDULD,INC. MERGED WITH HERZOG,HEINE,GEDULD,LLC, WITH HEZOG,HEINE,GEDULD,LLC AS THE SURVIVING ENTITY. THE PURPOSE OF THE MERGER WAS TO CHANGE THE ORGANIZATIONAL FORM FROM A NEW YORK CORPORATION TO A DELAWARE LIMITED LIABILITY COMPANY. ALL OF THE ASSETS AND LIABILITIES OF HERZOG,HEINE,GEDULD,INC. WERE ACQUIRED BY HERZOG,HEINE,GEDULD,LLC BY OPERATION OF LAW.
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Firm Operations

Registrations

This section provides information about the regulators (Securities and Exchange Commission (SEC), self-regulatory organizations (SROs), and U.S. states and territories) with which the brokerage firm is currently registered and licensed, the date the license became effective, and certain information about the firm's SEC registration.

This firm is no longer registered.

The firm's registration was from 02/28/1940 to 03/20/2007.



Firm Operations



Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

This firm currently conducts 4 types of businesses.

Types of Business

Exchange member engaged in exchange commission business other than floor activities

Exchange member engaged in floor activities

Broker or dealer making inter-dealer markets in corporation securities over-the-counter

Trading securities for own account



Firm Operations

Clearing Arrangements

This firm does hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

Introducing Arrangements

This firm does refer or introduce customers to other brokers and dealers.

Name:	BROADCORT CAPITAL CORP.
CRD #:	13456
Business Address:	222 BROADWAY 6TH FLOOR NEW YORK, NY 10038
Effective Date:	02/01/2001
Description:	BROADCORT CAPITAL CORP IS THE CLEARING AGENT FOR HERZOG, HEINE, GEDULD, LLC, THE SUCCESSOR ENTITY TO HERZOG, HEINE, GEDULD, INC, PURSUANT TO A WRITTEN AGREEMENT DATED FEBRUARY 1, 2001, AS AMENDED.

Firm Operations

Industry Arrangements



This firm does have books or records maintained by a third party.

Name: BROADCAST CAPITAL CORP.

CRD #: 13456

Business Address: 222 BROADWAY
6TH FLOOR
NEW YORK, NY 10038

Effective Date: 02/01/2001

Description: BROADCAST CAPITAL CORP IS THE CLEARING AGENT FOR HERZOG, HEINE, GEDULD, LLC, THE SUCCESSOR ENTITY TO HERZOG, HEINE, GEDULD, INC, PURSUANT TO A WRITTEN AGREEMENT DATED FEBRUARY 1, 2001, AS AMENDED.

This firm does have accounts, funds, or securities maintained by a third party.

Name: BROADCAST CAPITAL CORP.

CRD #: 13456

Business Address: 222 BROADWAY
6TH FLOOR
NEW YORK, NY 10038

Effective Date: 02/01/2001

Description: BROADCAST CAPITAL CORP IS THE CLEARING AGENT FOR HERZOG, HEINE, GEDULD, LLC, THE SUCCESSOR ENTITY TO HERZOG, HEINE, GEDULD, INC, PURSUANT TO A WRITTEN AGREEMENT DATED FEBRUARY 1, 2001, AS AMENDED.

This firm does have customer accounts, funds, or securities maintained by a third party.

Name: BROADCAST CAPITAL CORP.

CRD #: 13456

Business Address: 222 BROADWAY
6TH FLOOR
NEW YORK, NY 10038

Effective Date: 02/01/2001

Description: BROADCAST CAPITAL CORP IS THE CLEARING AGENT FOR HERZOG, HEINE, GEDULD, LLC, THE SUCCESSOR ENTITY TO HERZOG, HEINE, GEDULD, INC, PURSUANT TO A WRITTEN AGREEMENT DATED FEBRUARY 1, 2001, AS AMENDED.

Firm Operations

Industry Arrangements (continued)

Control Persons/Financing

This firm does not have individuals who control its management or policies through agreement.

This firm does not have individuals who wholly or partly finance the firm's business.





Firm Operations

Organization Affiliates

This section provides information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.

This firm is, directly or indirectly:

- in control of
 - controlled by
 - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.

PETRIE PARKMAN & CO., INC. is under common control with the firm.

CRD #:	25894
Business Address:	475 17TH ST - STE 1100 DENVER, CO 80202
Effective Date:	12/11/2006
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO., APPLICANT'S PARENT COMPANY.

INDEPENDENT PORTFOLIO CONSULTANTS, INC. is under common control with the firm.

CRD #:	120420
Business Address:	777 YAMATO ROAD BOCA RATON, FL 33431
Effective Date:	12/02/2005
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO., INC., APPLICANT'S PARENT COMPANY.

Firm Operations



Organization Affiliates (continued)

BOSTON ADVISORS, INC. is under common control with the firm.

CRD #:	110981
Business Address:	ONE FEDERAL STREET BOSTON, MA 02110
Effective Date:	12/02/2005
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO., INC., APPLICANT'S PARENT COMPANY.

IQ INVESTMENT ADVISORS LLC is under common control with the firm.

CRD #:	131526
Business Address:	4 WORLD FINANCIAL CENTER 5TH FLOOR NEW YORK, NY 10080
Effective Date:	06/15/2004
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	THE ULTIMATE PARENT COMPANY OF THIS AFFILIATE, MERRILL LYNCH & CO., INC., IS THE ULTIMATE PARENT COMPANY OF THE REGISTRANT

MERRILL LYNCH FINANCIAL MARKETS, INC. is under common control with the firm.

CRD #:	131322
Business Address:	4 WORLD FINANCIAL CENTER NEW YORK, NY 10080
Effective Date:	07/14/2004

Firm Operations



Organization Affiliates (continued)

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT COMPANY OF THIS AFFILIATE, MERRILL LYNCH & CO., INC., IS THE ULTIMATE PARENT COMPANY OF THE REGISTRANT

GPC SECURITIES, INC. is under common control with the firm.

CRD #: 14007

Business Address: 1201 PEACHTREE STREET, 22ND FLOOR
ATLANTA, GA 30361

Effective Date: 07/16/2005

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT COMPANY OF THIS AFFILIATE, MERRILL LYNCH & CO., INC., IS THE ULTIMATE PARENT COMPANY OF THE REGISTRANT

THEMUNICENTER.COM is under common control with the firm.

CRD #: 104507

Business Address: 540 MADISON AVENUE, 4TH FLOOR
NEW YORK, NY 10022

Effective Date: 05/08/2000

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE MEMBERS OF THE MUNICENTER (MLPF&S, MORGAN STANLEY DEAN WITTER, SALOMON SMITH BARNEY, INC, CHAPDELAINE & CO, LEHMAN

Firm Operations



Organization Affiliates (continued)

BROTHERS, AND FSA PORTFOLIO MANAGEMENT INC) AGREED TO "JOINTLY OWN AND OPERATE THE MUNICENTER'S ELECTRONIC FACILITY FOR THE DISTRIBUTION OF SECURITIES INVENTORY AMONG AND BETWEEN BROKER-DEALERS AND SUCH OTHER PARTICIPANTS AS THE MUNICENTER MAY DETERMINE FROM TIME TO TIME AND TO FOSTER THE GROWTH AND SUCCESS OF SUCH FACILITY IN ACCORDANCE WITH THE TERMS OF THE (MUNICENTER) AGREEMENT."

FAM DISTRIBUTORS, INC. is under common control with the firm.

CRD #:	4100
Business Address:	800 SCUDDERS MILL RD PLAINSBORO, NJ 08536
Effective Date:	07/14/2000
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO., INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED controls the firm.

CRD #:	7691
Business Address:	WORLD FINANCIAL CENTER NORTH TOWER 250 VESEY STREET NEW YORK, NY 10281
Effective Date:	07/14/2000
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	CONTROLS APPLICANT

ATLAS ASSET MANAGEMENT INC. is under common control with the firm.

Firm Operations



Organization Affiliates (continued)

Business Address: 181 BAY ST., SUITE 400
TORONTO, ONTARIO, CANADA M5J2V8

Effective Date: 07/14/2000

Foreign Entity: Yes

Country: CANADA

Securities Activities: Yes

Investment Advisory Activities: Yes

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO., INC. APPLICANT'S PARENT COMPANY.

BANCO MERRILL LYNCH S.A./BRAZIL is under common control with the firm.

Business Address: AVENIDA PAULISTA 37
SAO PAULO, BRAZIL 01311-902

Effective Date: 07/14/2000

Foreign Entity: Yes

Country: BRAZIL

Securities Activities: Yes

Investment Advisory Activities: No

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO., INC. APPLICANT'S PARENT COMPANY.

BERNDALE SECURITIES LTD. is under common control with the firm.

Business Address: 42/120 COLLINS ST.
MELBOURNE, AUSTRALIA 3000

Effective Date: 07/14/2000

Foreign Entity: Yes

Country: AUSTRALIA

Securities Activities: No

Investment Advisory Activities: Yes

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH &

Firm Operations



Organization Affiliates (continued)

CO.,INC. APPLICANT'S PARENT COMPANY.

BROADCORT CAPITAL CORP. is under common control with the firm.

CRD #:	13456
Business Address:	222 BROADWAY NEW YORK, NY 10038
Effective Date:	07/14/2000
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

DSP MERRILL LYNCH ASSET MANAGEMENT (INDIA) is under common control with the firm.

Business Address:	914 RA914 RAHEJA CHAMBERS NAIMAN POINT MUMBAI, INDIA 400021
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	INDIA
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

DSP MERRILL LYNCH LTD is under common control with the firm.

Business Address:	TULSIANI CHAMBERS, W. WINGS 213 BACKBAY RECLAM MUMBAIB, INDIA 400021
Effective Date:	07/14/2000
Foreign Entity:	Yes

Firm Operations



Organization Affiliates (continued)

Country:	INDIA
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

FUND ASSET MANAGEMENT LP is under common control with the firm.

CRD #:	109798
Business Address:	800 SCUDDERS MILL RD. PLAINSBORO, NJ 08536
Effective Date:	07/14/2000
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

GROSVENOR GENERAL PARTNER is under common control with the firm.

Business Address:	33 KING WILLIAM STREET LONDON, ENGLAND EC4R 9AS
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	UNITED KINGDOM
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

GROSVENOR VENTURE MANAGERS LTD. is under common control with the firm.

Firm Operations



Organization Affiliates (continued)

Business Address: 33 KING WILLIAM STREET
LONDON, ENGLAND EC4R 9AS

Effective Date: 07/14/2000

Foreign Entity: Yes

Country: UNITED KINGDOM

Securities Activities: No

Investment Advisory Activities: Yes

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

HALMAC & ASSOCIATES LTD. is under common control with the firm.

Business Address: 1842 SCARTH ST.
REGINA,SASKATCHEWAN, CANADA S4P 3B4

Effective Date: 07/14/2000

Foreign Entity: Yes

Country: CANADA

Securities Activities: Yes

Investment Advisory Activities: Yes

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

J.A. GIFFORD ASSOCIATES LIMITED is under common control with the firm.

Business Address: 181 BAY ST.
TORONTO,ONTARIO, CANADA M5J 2V8

Effective Date: 07/14/2000

Foreign Entity: Yes

Country: CANADA

Securities Activities: Yes

Investment Advisory Activities: Yes

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH &

Firm Operations



Organization Affiliates (continued)

CO.,INC. APPLICANT'S PARENT COMPANY.

KECALP INC. is under common control with the firm.

CRD #:	109787
Business Address:	225 LIBERTY STREET NEW YORK, NY 10281
Effective Date:	07/14/2000
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERCURY ASSET MANAGEMENT CHANNEL ISLANDS LIMITED is under common control with the firm.

Business Address:	FORUM HOUSE, GRANVILLE ST ST. HEILIER JERSEY, CHANNEL ISLANDS JE4
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	UNITED KINGDOM
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERCURY ASSET MANAGEMENT INTERNATIONAL CHANNEL ISLANDS LTD. is under common control with the firm.

Business Address:	FORUM HOUSE, GRENVILLE ST ST. HELIER JERSEY, CHANNEL ISLANDS NONE
Effective Date:	07/14/2000

Firm Operations



Organization Affiliates (continued)

Foreign Entity:	Yes
Country:	UNITED KINGDOM
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERCURY ASSET MANAGEMENT INTERNATIONAL LTD. is under common control with the firm.

Business Address:	33 KING WILLIAM STREET LONDON, ENGLAND EC4R 9AS
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	UNITED KINGDOM
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERCURY ASSET MANAGEMENT LTD is under common control with the firm.

Business Address:	CLARENDON HOUSE, CHURCH STREET HAMILTON, BERMUDA NONE
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	BERMUDA
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERCURY ASSET MANAGEMENT LTD. (ISLE OF MAN) is under common control with the firm.

Firm Operations



Organization Affiliates (continued)

Business Address: 12-13 HILL ST.
DOUGLAS, ISLE OF MAN LM1 1 EF

Effective Date: 07/14/2000

Foreign Entity: Yes

Country: ISLE OF MAN

Securities Activities: Yes

Investment Advisory Activities: Yes

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERCURY FUND MANAGERS ISLE OF MAN LTD. is under common control with the firm.

Business Address: 12-13 HILL STREET
DOUGLAS, ISLE OF MAN LM1 1EF

Effective Date: 07/14/2000

Foreign Entity: Yes

Country: ISLE OF MAN

Securities Activities: Yes

Investment Advisory Activities: Yes

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERCURY FUND MANAGERS LIMITED is under common control with the firm.

Business Address: 33 KING WILLIAM STREET
LONDON, ENGLAND EC4R 9AS

Effective Date: 07/14/2000

Foreign Entity: Yes

Country: UNITED KINGDOM

Securities Activities: Yes

Investment Advisory Activities: No

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH &

Firm Operations



Organization Affiliates (continued)

CO.,INC. APPLICANT'S PARENT COMPANY.

MERCURY INVESTMENT SERVICES LTD. is under common control with the firm.

Business Address:	33 KING WILLIAM STREET LONDON, ENGLAND EC4R 9AS
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	ENGLAND
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERCURY LIFE ASSURANCE COMPANY LTD. is under common control with the firm.

Business Address:	33 KING WILLIAM STREET LONDON, ENGLAND EC4R 9AS
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	UNITED KINGDOM
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH (ASIA PACIFIC) LTD. is under common control with the firm.

Business Address:	ST. GEORGE'S BUILDING CENTRAL HONG KONG, CHINA NONE
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	CHINA
Securities Activities:	Yes

Firm Operations



Organization Affiliates (continued)

Investment Advisory Activities: Yes

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH (LUXEMBOURG) S.A.R.L. is under common control with the firm.

Business Address: 68/70 BLVD DE LA PETRUSSE
GRAND DUCHY, LUXEMBOURG L2320

Effective Date: 07/14/2000

Foreign Entity: Yes

Country: LUXEMBOURG

Securities Activities: Yes

Investment Advisory Activities: No

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH (NEW ZEALAND) LTD. is under common control with the firm.

Business Address: 39/23-29 ALBERT ST.
AUCKLAND, NEW ZEALAND NONE

Effective Date: 07/14/2000

Foreign Entity: Yes

Country: NEW ZEALAND

Securities Activities: Yes

Investment Advisory Activities: Yes

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH (SINGAPORE) PTE. LTD. is under common control with the firm.

Business Address: 1 TEMASEK AVENUE,
#28-01 MILLENIA TOWER
SINGAPORE, SINGAPORE 039192

Effective Date: 07/14/2000

Firm Operations



Organization Affiliates (continued)

Foreign Entity:	Yes
Country:	SINGAPORE
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH (SUISSE) INVESTMENT is under common control with the firm.

Business Address:	7 MUNIER ROMILLY GENEVA, SWITZERLAND 1211
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	SWITZERLAND
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH ASSET MANAGEMENT (HONG CONG) LTD. is under common control with the firm.

Business Address:	CITIBANK TWR,3 GARDEN ROAD CENTRAL HONG CONG, CHINA NONE
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	CHINA
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH ASSET MANAGEMENT-BRAZIL,LTDA. is under common control with the firm.

Firm Operations



Organization Affiliates (continued)

Business Address: AVENUE PALISTO, 37
SAO PAULO, BRAZIL 01311-902

Effective Date: 07/14/2000

Foreign Entity: Yes

Country: SOUTH AMERICA

Securities Activities: No

Investment Advisory Activities: Yes

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH ASSET MANAGEMENT U.K. is under common control with the firm.

Business Address: MILTON GATE,1 MOOR LANE
LONDON, ENGLAND EC2Y 9HA

Effective Date: 07/14/2000

Foreign Entity: Yes

Country: ENGLAND

Securities Activities: No

Investment Advisory Activities: Yes

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH ASSET MANAGEMENT, L.P. is under common control with the firm.

Business Address: 800 SCUDDERS MILL ROAD
PLAINSBORO, NJ 08536

Effective Date: 07/14/2000

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH &

Firm Operations



Organization Affiliates (continued)

CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH BANK (SUISSE) S.A. is under common control with the firm.

Business Address: 7 RUE MUNIER ROMILLY
GENEVA, SWITZERLAND CH-1211

Effective Date: 07/14/2000

Foreign Entity: Yes

Country: SWITZERLAND

Securities Activities: No

Investment Advisory Activities: Yes

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH CANADA INC. is under common control with the firm.

Business Address: 181 BAY STREET,SUITE 400
BCE PLACE
TORONTO,ONTARIO, CANADA M5J2V8

Effective Date: 07/14/2000

Foreign Entity: Yes

Country: CANADA

Securities Activities: Yes

Investment Advisory Activities: Yes

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH CAPITAL MARKETS (FRANCE) S.A. is under common control with the firm.

Business Address: 112, AVENUE KLEBER
PARIS CEDEX, FRANCE 75761

Effective Date: 07/14/2000

Foreign Entity: Yes

Country: FRANCE

Securities Activities: Yes

Firm Operations



Organization Affiliates (continued)

Investment Advisory Activities:	No
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH CAPITAL MARKETS AG is under common control with the firm.

Business Address:	STAUFFACHERSTRASSE 5 ZURICH, SWITZERLAND CH-8004
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	SWITZERLAND
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH CAPITAL MARKETS BANK LIMITED is under common control with the firm.

Business Address:	TREASURY BLDG. DUBLIN, IRELAND NONE
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	IRELAND
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH CAPITAL MARKETS ESPANA S.A., S.V.B. is under common control with the firm.

Business Address:	TORRE PICASSO 39-40 MADRID, SPAIN 28020
Effective Date:	07/14/2000
Foreign Entity:	Yes

Firm Operations



Organization Affiliates (continued)

Country:	SPAIN
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH EQUITIES LIMITED is under common control with the firm.

Business Address:	25 ROPEMAKER PLACE LONDON, ENGLAND EC2Y9LY
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	ENGLAND
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH ESPANOLA DA VALORES S.A. is under common control with the firm.

Business Address:	PASEO DE LA CASTELLANO 31-7-8 MADRID, SPAIN 28046
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	SPAIN
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH FAR EAST LIMITED is under common control with the firm.

Business Address:	3 GARDEN ROAD
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Firm Operations



Organization Affiliates (continued)

	HONG KONG, CHINA NONE
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	CHINA
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH FINANCE S.A. is under common control with the firm.

Business Address:	112, AVENUE KLEBER CEDEX, FRANCE NONE
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	FRANCE
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH FINANCIAL SERVICES OF PUERTO RICO, INC. is under common control with the firm.

CRD #:	46922
Business Address:	BANCO POPULAR CENTER 18 FL HATO REY, PUERTO RICO 00918
Effective Date:	07/14/2000
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No

Firm Operations



Organization Affiliates (continued)

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH GLOBAL ASSET MANAGEMENT LIMITED is under common control with the firm.

Business Address: 25 ROPEMAKER PLACE
LONDON, ENGLAND EC2Y 9LY

Effective Date: 07/14/2000

Foreign Entity: Yes

Country: ENGLAND

Securities Activities: Yes

Investment Advisory Activities: No

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH GOVERNMENT SECURITIES INC. ("MLGSI") is under common control with the firm.

CRD #: 19693

Business Address: 250 VESEY STREET
NEW YORK, NY 10281

Effective Date: 07/14/2000

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH INSURANCE SERVICES, CANADA is under common control with the firm.

Business Address: 181 BAY ST. SUITE 400
TORONTO,ONTARIO, CANADA M5J2V8

Effective Date: 07/14/2000

Foreign Entity: Yes

Firm Operations



Organization Affiliates (continued)

Country:	CANADA
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH INSURANCE SERVICES, PQ LTD. is under common control with the firm.

Business Address:	181 BAY ST., SUITE 400 TORONTO,ONTARIO, CANADA M5J2V8
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	CANADA
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH INTERNATIONAL is under common control with the firm.

Business Address:	25 ROPEMAKER STREET LONDON, ENGLAND EC2Y 9LY
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	ENGLAND
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH INTERNATIONAL & CO. C.V. is under common control with the firm.

Business Address:	KAYA WFG (JOMBI) CURACAO, NETHERLANDS ANTILLES NONE
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Firm Operations



Organization Affiliates (continued)

Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	NETHELANDS ANTILLES
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH INTERNATIONAL (AUSTRALIA) is under common control with the firm.

Business Address:	LEVEL 49 MLC CENTRE 19-29 MARTIN PLACE SYDNEY,NEW SOUTH WALES, AUSTRALIA 2000
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	AUSTRALIA
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH INTERNATIONAL BANK LIMITED is under common control with the firm.

Business Address:	25 ROPEMAKER STREET LONDON, ENGLAND EC2Y 9LY
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	ENGLAND
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

Firm Operations



Organization Affiliates (continued)

MERRILL LYNCH INVESTMENT MANAGEMENT CANADA INC. is under common control with the firm.

Business Address:	181 BAY STREET, SUITE 400 BCE PLACE TORONTO, CANADA M5J 2V8
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	CANADA
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH INVESTMENT PARTNERS INC. is under common control with the firm.

Business Address:	800 SCUDDERS MILL RD. PLAINSBORO, NJ 08536
Effective Date:	07/14/2000
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH JAPAN INCORPORATED is under common control with the firm.

Business Address:	C/O MAPLES & CALDER GEORGETOWN, GRAND CAYMAN NONE
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	CAYMAN ISLANDS
Securities Activities:	Yes

Firm Operations



Organization Affiliates (continued)

Investment Advisory Activities:	No
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH JAPAN SECURITIES CO, LTD. is under common control with the firm.

Business Address:	OTEMACHI FIRST SQ.,1-5-1 OTEMACHI CHIYODA-KU,TOKYO, JAPAN 100-0004
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	JAPAN
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH LIFE INSURANCE COMPANY is under common control with the firm.

Business Address:	425 W. CAPITOL AV STE 1800 LITTLE ROCK, AR 72201
Effective Date:	07/14/2000
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH MERCURY ASSET MANAGEMENT (ASIA PACIFIC) LIMITED is under common control with the firm.

Business Address:	1 TAMESEK AVE SINGAPORE, MALAYA 0319192
Effective Date:	07/14/2000

Firm Operations



Organization Affiliates (continued)

Foreign Entity:	Yes
Country:	SINGAPORE
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH MERCURY ASSET MANAGEMENT ASIA LIMITED is under common control with the firm.

Business Address:	CITIBANK TOWER 22FL HONG KONG, CHINA 0319192
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	CHINA
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH MERCURY ASSET MANAGEMENT JAPAN is under common control with the firm.

Business Address:	OTEMACHI FINANCIAL CENTER BLDG. 22F CHIYODA-KU, JAPAN NONE
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	JAPAN
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

Firm Operations



Organization Affiliates (continued)

MERRILL LYNCH MERCURY ASSET MANAGEMENT KAPITANLAGEGESELLSCHAFT MBH is under common control with the firm.

Business Address:	TAUNUSANLAGE 11 FRANKFURT-AM-MAIN, GERMANY D-60329
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	GERMANY
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH MERCURY ASSET MANAGEMENT LIMITED is under common control with the firm.

Business Address:	101 COLLINS STREET MELBOURNE,VICTORIA, AUSTRALIA 3000
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	AUSTRALIA
Securities Activities:	No
Investment Advisory Activities:	No
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH MEXICO S.A. DE C.V. CASA DE BOLSA is under common control with the firm.

Business Address:	PASEO DE LAS PALMAS TORRES OPTIMA, MEXICO NONE
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	MEXICO
Securities Activities:	Yes

Firm Operations



Organization Affiliates (continued)

Investment Advisory Activities: Yes

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH MONEY MARKETS,INC. is under common control with the firm.

Business Address: WORLD FINANCIAL CENTER
250 VESEY STREET
NEW YORK, NY 10281

Effective Date: 07/14/2000

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH PHATRA SECURITIES COMPANY is under common control with the firm.

Business Address: 252/6 MUANG THAI-PHATRA
HUEYKWANG,BANKOK, THAILAND 1

Effective Date: 07/14/2000

Foreign Entity: Yes

Country: THAILAND

Securities Activities: Yes

Investment Advisory Activities: Yes

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH PORTFOLIO SERVICES,INC. is under common control with the firm.

Business Address: 250 VESEY STREET
NEW YORK, NY 10281

Effective Date: 07/14/2000

Firm Operations



Organization Affiliates (continued)

Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH PRIVATE (AUSTRALIA) LIMITED is under common control with the firm.

Business Address:	LEVEL 39 120 COLLINS ST. MELBOURNE,VICTORIA, AUSTRALIA 1
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	AUSTRALIA
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH PROFESSIONAL CLEARING CORP. is under common control with the firm.

CRD #:	16139
Business Address:	101 HUDSON STREET 7TH FLOOR JERSEY CITY, NJ 07302
Effective Date:	07/14/2000
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

Firm Operations



Organization Affiliates (continued)

MERRILL LYNCH S.A. is under common control with the firm.

Business Address:	68-70 BLVD DE LA PETRUSSE GRAND DUCHY, LUXEMBOURG 1
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	LUXEMBOURG
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH S.A. SOCIEDAD DE BOLSA is under common control with the firm.

Business Address:	BOUCHARD 547 PISO 23 BUENOS ARIES, ARGENTINA 1
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	ARGENTINA
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH S.A.M. is under common control with the firm.

Business Address:	LEPRINCE DEGALLES, 3/5 AVE MONTE CARLO, MONACO 1
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	MONACO
Securities Activities:	Yes

Firm Operations



Organization Affiliates (continued)

Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH SECURITIES PHILIPPINES, INC. is under common control with the firm.

Business Address:	CITIBANK TOWER,8741 PASEO PHILIPPINES MAKATI CITY, MANILA 1226
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	PHILIPPINES
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH SOUTH AFRICA (PTY) LIMITED is under common control with the firm.

Business Address:	27 DIAGONAL ST. JOHANNESBURG, SOUTH AFRICA 1
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	SOUTH AFRICA
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH TRUST COMPANY is under common control with the firm.

CRD #:	108469
Business Address:	4 WORLD FINANCIAL CENTER NEW YORK, NY 10080

Firm Operations



Organization Affiliates (continued)

Effective Date: 07/14/2000

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH WERTPAPIERE is under common control with the firm.

Business Address: NEUE MAINZER STREET 75
FRANKFURT AM MAIN, GERMANY 60311

Effective Date: 07/14/2000

Foreign Entity: Yes

Country: GERMANY

Securities Activities: Yes

Investment Advisory Activities: No

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH, PIERCE, FENNER & SMITH (MIDDLE EAST) S.A.L. is under common control with the firm.

Business Address: STARCO BLDG, NORTH BLOC(2ND FL)
P O BOX 5316
BEIRUT, LEBANON 11-5316

Effective Date: 07/14/2000

Foreign Entity: Yes

Country: LEBANON

Securities Activities: No

Investment Advisory Activities: Yes

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

Firm Operations



Organization Affiliates (continued)

MERRILL LYNCH, PIERCE, FENNER & SMITH LIMITED is under common control with the firm.

Business Address:	25 ROPEMAKER STREET LONDON, ENGLAND 1
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	ENGLAND
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MERRILL LYNCH, PIERCE, FENNER & SMITH S.A.F. is under common control with the firm.

Business Address:	96 AVENUE D'LENA PARIS, FRANCE 750156
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	FRANCE
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MEZZANINE INVESTMENTS II, L.P. is under common control with the firm.

Business Address:	250 VESEY ST. NEW YORK, NY 10281
Effective Date:	07/14/2000
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes

Firm Operations



Organization Affiliates (continued)

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MEZZANINE INVESTMENTS, L.P. is under common control with the firm.

Business Address: 250 VESEY ST.
NEW YORK, NY 10281

Effective Date: 07/14/2000

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

ML INSURANCE COMPANY OF NEW YORK is under common control with the firm.

Business Address: 100 CHURCH STREET
11TH FLOOR
NEW YORK, NY 10080

Effective Date: 07/14/2000

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MLBS FUND MANAGEMENT S.A. is under common control with the firm.

Business Address: 18 RUE DE CONTAMINES
GENEVA, SWITZERLAND 1211

Effective Date: 07/14/2000

Foreign Entity: Yes

Country: SWITZERLAND

Firm Operations



Organization Affiliates (continued)

Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

MUNICH LONDON INVESTMENT MANAGEMENT LTD. is under common control with the firm.

Business Address:	33 KING WILLIAM STREET LONDON, ENGLAND EC4R 9AS
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	ENGLAND
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

PRIME MERRILL FUNDS S.G.R.S.P.A. is under common control with the firm.

Business Address:	MAGGIOLINI, VIA TURATI 9 MILANO, ITALY 20121
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	ITALY
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

PT MERRILL LYNCH INDONESIA is under common control with the firm.

Business Address:	JSX BLDG 18/F JAKARTA, INDONESIA 12190
Effective Date:	07/14/2000

Firm Operations



Organization Affiliates (continued)

Foreign Entity:	Yes
Country:	INDONESIA
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

SMITH BROTHERS INTERNATIONAL ADVISORY is under common control with the firm.

Business Address:	250 VESEY ST. NEW YORK, NY 10281
Effective Date:	07/14/2000
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED DIRECT SUBSIDIARY OF THE APPLICANT.

SMITH ZAIN SECURITIES SDN BHD is under common control with the firm.

Business Address:	MENARA PSCI PENANG,MALAY, MALAYSIA 10050
Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	MALAYSIA
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	AFFILIATE OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

THIRD GROSVENOR LIMITED is under common control with the firm.

Business Address:	MENDRA PSCL, 33 KING WILLIAM STREET LONDON, ENGLAND EC4R 9AS
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Firm Operations



Organization Affiliates (continued)

Effective Date:	07/14/2000
Foreign Entity:	Yes
Country:	ENGLAND
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	WHOLLY/MAJORITY OWNED INDIRECT SUBSIDIARY OF MERRILL LYNCH & CO.,INC. APPLICANT'S PARENT COMPANY.

HERZOG HEINE GEDULD INTERNATIONAL is controlled by the firm.

Business Address:	MANSION COURT 6TH FLOOR LONDON, ENGLAND EC4M 5SH
Effective Date:	10/15/1996
Foreign Entity:	Yes
Country:	ENGLAND AND WALES
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	INTERNATIONAL IS A PRIVATE UNLIMITED COMPANY ORGANIZED UNDER THE COMPANIES ACTS 1985 OF ENGLAND AND WALES. REGISTRANT IS THE BENEFICIAL SHARE OWNER OF THE ENTIRE ISSUED SHARE CAPITAL OF INTERNATIONAL THROUGH ITS SOLE OWNERSHIP OF HERZOG, HEINE, GEDULD, INTERNATIONAL, INC. AND HERZOG, HEINE, GEDULD, GLOBAL,INC., EACH OF WHICH ARE CORPORATIONS ORGANIZED IN DELAWARE.

This firm is not directly or indirectly, controlled by the following:

- bank holding company
- national bank
- state member bank of the Federal Reserve System
- state non-member bank
- savings bank or association
- credit union
- or foreign bank



Disclosure Events

All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	Pending	Final	On Appeal
Regulatory Event	0	51	0
Civil Event	0	1	0
Arbitration	N/A	3	N/A



Disclosure Event Details

What you should know about reported disclosure events:

1. **BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.**
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
 - A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
 - A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - A "pending" event involves allegations that have not been proven or formally adjudicated.
 - An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - A "final" event has been concluded and its resolution is not subject to change.
 - A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

Regulatory - Final

This type of disclosure event involves (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the U.S. Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of the authority of a brokerage firm or its control affiliate to act as an attorney, accountant or federal contractor.

Disclosure 1 of 51

Reporting Source: Regulator

Current Status: Final



Allegations: SEC RELEASE 34-54148, JULY 14, 2006: EXCHANGE ACT SECTIONS 15(C)(1), 17(A)(1) AND RULE 17A-4(B)(4) - THE SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTION 15(B) OF THE SECURITIES EXCHANGE ACT OF 1934 (THE "EXCHANGE ACT") AGAINST HERZOG, HEINE, GEDULD, LLC ("HERZOG" OR "RESPONDENT"). IN ANTICIPATION OF THE INSTITUTION OF THESE PROCEEDINGS, HERZOG HAS SUBMITTED AN OFFER OF SETTLEMENT (THE "OFFER"), WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. DURING THE PERIOD FROM JANUARY 1999 THROUGH AT LEAST JUNE 2000, HERZOG FAILED TO PROVIDE BEST EXECUTION TO CUSTOMER ORDERS THAT HERZOG RECEIVED FROM CORRESPONDENT BROKER-DEALER FIRMS. HERZOG, IN ITS CAPACITY AS A MARKET MAKER, ASSUMED THE DUTY OF BEST EXECUTION BY MAKING WRITTEN AND ORAL STATEMENTS TO CORRESPONDENT BROKER-DEALER FIRMS TO THE EFFECT THAT IT WOULD PROVIDE BEST EXECUTION TO ORDERS ROUTED TO HERZOG FOR EXECUTION. HERZOG ALSO FAILED TO PRESERVE EMAIL COMMUNICATIONS RELATED TO HERZOG'S BUSINESS AS SUCH FOR THE PERIOD FROM JANUARY 1999 TO SEPTEMBER 1999. EMAILS THAT ARE RELATED TO A BROKER-DEALER'S BUSINESS AS SUCH MUST BE PRESERVED FOR NOT LESS THAN THREE YEARS UNDER THE COMMISSION'S RULES PROMULGATED UNDER SECTION 17(A)(1) OF THE EXCHANGE ACT. BY FAILING TO PRESERVE THE EMAILS, HERZOG VIOLATED SECTION 17(A)(1) OF THE EXCHANGE ACT AND EXCHANGE ACT RULE 17A-4(B)(4).

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 07/14/2006

Docket/Case Number: SEC ADMIN FILE 3-12366/REL 34-54148

Principal Product Type: Other

Other Product Type(s): UNKNOWN TYPE OF SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 07/14/2006



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered:

Censure

Monetary/Fine \$1,500,000.00

Other Sanctions Ordered:

Sanction Details:

SOLELY FOR THE PURPOSE OF THESE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS HEREIN, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER HERZOG AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH HERZOG ADMITS, HERZOG CONSENTS TO THE ISSUANCE OF THIS ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS PURSUANT TO SECTION 15(B) OF THE SECURITIES EXCHANGE ACT OF 1934 (THE "ORDER"). RESPONDENT IS HEREBY CENSURED PURSUANT TO SECTION 15(B)(4) OF THE EXCHANGE ACT. IT IS FURTHER ORDERED THAT RESPONDENT SHALL, WITHIN TEN DAYS OF THE ENTRY OF THIS ORDER, PAY A CIVIL MONEY PENALTY OF \$1,500,000 TO THE UNITED STATES TREASURY.

Reporting Source:

Firm

Current Status:

Final

Allegations:

WITHOUT ADMITTING OR DENYING THE FINDINGS, HERZOG HAS SUBMITTED AN OFFER OF SETTLEMENT, WHICH THE SEC HAS DETERMINED TO ACCEPT. THE ORDER STATES THAT 1) DURING THE PERIOD FROM JANUARY 1999 THROUGH AT LEAST JUNE 2000, HERZOG FAILED TO PROVIDE BEST EXECUTION TO CUSTOMER ORDERS THAT HERZOG RECEIVED FROM CORRESPONDENT BROKER-DEALER FIRMS; AND 2) HERZOG FAILED TO PRESERVE EMAIL COMMUNICATIONS RELATED TO HERZOG'S BUSINESS AS SUCH FOR THE PERIOD FROM JANUARY 1999 TO SEPTEMBER 1999.

Initiated By:

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated:

07/14/2006

Docket/Case Number:

SEC ADMIN FILE 3-12366/REL 34-54148

Principal Product Type:

Equity - OTC

**Other Product Type(s):**

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought: CENSURE

Resolution: Order

Resolution Date: 07/14/2006

Sanctions Ordered: Censure
Monetary/Fine \$1,500,000.00

Other Sanctions Ordered:

Sanction Details: SEE ITEM 13

Firm Statement

SOLELY FOR THE PURPOSE OF THESE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS HEREIN, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER HERZOG AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH HERZOG ADMITS , HERZOG CONSENTS TO THE ISSUANCE OF THIS ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS PURSUANT TO SECTION 15 (B) OF THE SECURITIES EXCHANGE ACT OF 1934 ("THE ORDER"). RESPONDENT CENSURED PURSUANT TO SECTION 15 (B) (4) OF THE EXCHANGE ACT. RESPONDENT PAID A CIVIL MONEY PENALTY OF \$1,500,000 ON JULY 19, 2006.

Disclosure 2 of 51

Reporting Source: Regulator

Current Status: Final

Allegations: NASD CONDUCT RULE 2110 - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT MEMBER FIRM CONSENTED TO THE ENTRY OF FINDINGS THAT IT, AS A MARKET MAKER IN THE SECURITIES, EXECUTED CUSTOMER MARKET ORDERS TO SELL AND BUY SHARES AND CUSTOMER LIMIT ORDERS TO BUY SHARES. THE FIRM DID NOT SEND ANY SELECTNET MESSAGES, EXCEPT ONE, TO BUY OR SELL SHARES FROM MARKET MAKERS OR ELECTRONIC COMMUNICATIONS NETWORKS (ECNS) TO SATISFY ITS CUSTOMERS' ORDERS. THE FIRM ALSO FAILED TO PRICE IMPROVES ONE CUSTOMER MARKET ORDER TO SELL SHARES BY EXECUTING IT AGAINST AN UNDISCLOSED LIMIT ORDER TO BUY SHARES.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.



Date Initiated: 01/02/2003

Docket/Case Number: CMS020266

Principal Product Type: Other

Other Product Type(s): UNKNOWN TYPE OF SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/02/2003

Sanctions Ordered: Censure
Monetary/Fine \$40,000.00
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: A CENSURE AND A \$40,000 FINE. RESPONDENT MEMBER HAS SUBMITTED SATISFACTORY PROOF OF PAYMENT OF RESTITUTION, OR REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO PAY RESTITUTION, TO ITS CUSTOMERS IN CONNECTION WITH ITS HANDLING AND EXECUTION OF THE CUSTOMERS' ORDERS.

Reporting Source: Firm

Current Status: Final

Allegations: NASD CONDUCT RULE 2110. THE RESPONDENT MEMBER FIRM CONSENTED TO THE FINDINGS THAT IT, AS A MARKET MAKER IN THE SECURITIES, EXECUTED CUSTOMER MARKET AND LIMITS TO BUY AND SELL SHARES. THE FIRM DID NOT SEND ANY SELECTNET MESSAGES OR ECN ELECTRONIC COMMUNICATIONS TO SATISFY CUSTOMER ORDERS..

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS INC.

Date Initiated: 12/04/1999

Docket/Case Number: CMS020266

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Bar

**Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 01/02/2003
Sanctions Ordered: Censure
 Monetary/Fine \$40,000.00
 Disgorgement/Restitution
Other Sanctions Ordered:
Sanction Details: A CENSURE AND A 40,000 FINE. RESPONDENT SUBMITTED PAYMENT AND PAID RESTITUTION TO ITS CUSTOMERS IN CONNECTION WITH THE HANDLING AND EXECUTION OF CUSTOMER ORDERS.
Disclosure 3 of 51**Reporting Source:** Regulator**Current Status:** Final
Allegations: NASD RULES 4613(E)(2) AND 4613(E)(1)(C) - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT MEMBER CONSENTED TO THE ENTRY OF FINDINGS THAT IT, A MARKET MAKER IN SECURITIES, WITHOUT MAKING REASONABLE EFFORTS TO AVOID A LOCKED OR CROSSED MARKET BY EXECUTING TRANSACTIONS WITH ALL MARKET MAKERS WHOSE QUOTATIONS WOULD BE LOCKED OR CROSSED, ENTERED BID OR ASKED QUOTATIONS IN THE NASDAQ STOCK MARKET, WHICH CAUSED A LOCKED OR CROSSED MARKET CONDITION TO OCCUR IN EACH INSTANCE. IN ADDITION, RESPONDENT MEMBER WAS A PARTY TO A LOCKED OR CROSSED MARKET CONDITION PRIOR TO THE MARKET OPENING AND RECEIVED A TRADE-OR-MOVE MESSAGE IN EACH INSTANCE THROUGH SELECTNET AND WITHIN 30 SECONDS OF RECEIVING SUCH MESSAGES, FAILED TO FILL THE INCOMING TRADE-OR-MOVE MESSAGE FOR THE FULL SIZE OF THE MESSAGE OR MOVE ITS BID DOWN (OFFER UP) BY A QUOTATION INCREMENT THAT WOULD HAVE UNLOCKED/UNCROSSED THE MARKET.
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.**Date Initiated:** 12/03/2002**Docket/Case Number:** CMS020231**Principal Product Type:** Other



Other Product Type(s): UNKNOWN TYPE OF SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/03/2002

Sanctions Ordered: Censure
Monetary/Fine \$27,500.00

Other Sanctions Ordered:

Sanction Details: A CENSURE AND A \$27,500 FINE (COMPOSED OF A \$20,000 FINE FOR VIOLATIONS OF THE TRADE-OR-MOVE RULE AND A \$7,500 FINE FOR THE VIOLATIONS OF THE LOCKED AND/OR CROSSED MARKET RULE).

Reporting Source: Firm

Current Status: Final

Allegations: NASD RULES 4613(E)(2) AND 4613(E)(1)(C)- WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT MEMBER CONSENTED TO THE ENTRY OF FINDINGS THAT IT,A MARKET MAKER IN SECURITIES,WITHOUT MAKING REASONABLE EFFORTS TO AVOID A LOCKED OR CROSSED MARKET BY EXECUTING TRANSACTIONS WITH ALL MAKET MAKERS WHOSE QUOTATIONS WOULD BE LOCKED OR CROSSED, ENTERED BID OR ASKED QUOTATIONSIN THENASDAQ STOCK MARKET,WHICH CAUSED A LOCKED OR CROSSED MARKET CONDITION TO OCCURIN EACH INSTANCE. IN ADDITION,MEMBER FAILED TO FILL THE INCOMING TRADE OR MOVE MESSAGE FOR THE FULL SIZE.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS , INC..

Date Initiated: 12/03/2002

Docket/Case Number: CMS020231

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure


Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/03/2002

Sanctions Ordered: Censure
Monetary/Fine \$27,500.00

Other Sanctions Ordered:

Sanction Details: A CENSURE AND A 27,500 FINE(COMPOSED OF A 20,000 FINE FOR VIOLATIONS OF THE TRADE OR MOVE RULE AND A 7,500 FINE FOR THE VIOLATIONS OF THE LOCKED AND /OR CROSSED MARKET RULE).

Disclosure 4 of 51

Reporting Source: Regulator

Current Status: Final

Allegations: MSRB RULES G-12 AND G-14 - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT MEMBER CONSENTED TO THE ENTRY OF FINDINGS THAT IT FAILED TO PROVIDE ACCURATE AND TIMELY INFORMATION REGARDING MUNICIPAL SECURITIES TRADES ON THE NATIONAL SECURITIES CLEARING CORPORATION (NSCC) DURING 2000 AND 2001.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 09/20/2002

Docket/Case Number: CAF020036

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/20/2002

Sanctions Ordered: Censure
Monetary/Fine \$7,500.00

**Other Sanctions Ordered:**

Sanction Details: CENSURE AND \$7500 FINE.

Reporting Source: Firm

Current Status: Final

Allegations: MSRB RULES G-12 AND G-14 WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT MEMBER CONSENTED TO THE ENTRY OF FINDING THAT IT FAILED TO PROVIDE ACCURATE AND TIMELY INFORMATION REGARDING MUNICIPAL SECURITIES TRADES ON THE NATIONAL SECURITIES CLEARING CORP. (NSCC) DURING 2000 AND 2001.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 09/20/2002

Docket/Case Number: CAF020036

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 09/20/2002

Sanctions Ordered: Censure
Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: CENSURE AND \$7500 FINE.

Disclosure 5 of 51

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 3320 AND 4613(B) AND SEC RULE 11AC1-1 - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE FINDINGS THAT, AS A REGISTERED MARKET MAKER IN SECURITIES, IT



FAILED TO EXECUTE ORDERS PRESENTED AT THE FIRM'S PUBLISHED BID OR PUBLISHED OFFER IN AN AMOUNT UP TO ITS PUBLISHED QUOTATION SIZE, AND THEREBY, FAILED TO HONOR ITS PUBLISHED QUOTATION.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 11/20/2001

Docket/Case Number: CMS010185

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/20/2001

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$20,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, HERTZOG, HEINE, GEDULD CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$20,000.

Reporting Source: Firm

Current Status: Final

Allegations: VIOLATED SEC RULE 11AC1-1(SEC FIRM QUOTE RULE), NASD MARKETPLACE RULE 4613(B)(NASD FIRM QUOTE RULES), AND NASD CONDUCT RULE 3320.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC

Date Initiated: 08/23/2001



Docket/Case Number: CMS 010185 AWC

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/20/2001

Sanctions Ordered: Censure
Monetary/Fine \$20,000.00

Other Sanctions Ordered:

Sanction Details: CENSURED AND FINED IN THE AMOUNT OF \$20,000

Disclosure 6 of 51

Reporting Source: Firm

Current Status: Final

Allegations: FAILED TO REPORT TO ACT THE CORRECT SYMBOL INDICATING WHETHER THE TRANSACTION WAS A BUY,SELL,SELL SHORT,SELL SHORT EXEMPT OR CROSS CONSTITUTING VIOLATIONS OF NASD MARKETPLACE RULE 6130(D).

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC

Date Initiated: 07/31/2001

Docket/Case Number: CMS 010165 AWC

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/05/2001



Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: FINED IN THE AMOUNT OF \$5000

Disclosure 7 of 51

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110 AND 4613(E) - RESPONDENT MEMBER, A MARKET MAKER IN SECURITIES, WITHOUT MAKING REASONABLE EFFORTS TO AVOID A LOCKED OR CROSSED MARKET BY EXECUTING TRANSACTIONS WITH ALL MARKET MAKERS WHOSE QUOTATIONS WOULD BE LOCKED OR CROSSED, ENTERED BID OR ASKED QUOTATIONS IN THE NASDAQ STOCK MARKET, INC. WHICH CAUSED A LOCKED OR CROSSED MARKET CONDITION TO OCCUR IN EACH INSTANCE; AND, A MARKET MAKER IN SECURITIES, WITHOUT MAKING REASONABLE EFFORTS TO AVOID A LOCKED OR CROSSED MARKET BY EXECUTING TRANSACTIONS WITH ALL MARKET MAKERS WHOSE QUOTATIONS WOULD BE LOCKED OR CROSSED, ENTERED (OR MAINTAINED) A BID OR ASKED QUOTATION IN THE NASDAQ STOCK MARKET, INC. DURING THE PERIOD OF TIME THAT SECONDARY TRADING COMMENCED IMMEDIATELY FOLLOWING THE COMPLETION OF AN INITIAL PUBLIC OFFERING OF THE SUBJECT SECURITY, WHICH CAUSED A LOCKED OR CROSSED MARKET CONDITION TO OCCUR IN EACH INSTANCE.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 07/02/2001

Docket/Case Number: CMS010092

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/02/2001



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$33,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, HERTZOG, HEINE, GEDULD CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$33,000.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS IN NASD MARKETPLACE RULE 4613(E) AND NASD CONDUCT RULE 2110

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC

Date Initiated: 07/02/2001

Docket/Case Number: CMS 010092 AWC

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/02/2001

Sanctions Ordered: Censure
Monetary/Fine \$33,000.00

Other Sanctions Ordered:

Sanction Details: CENSURED AND FINED IN THE AMOUNT OF \$33,000

Disclosure 8 of 51



Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULE 4613 - CAUSED A LOCKED OR CROSSED MARKET CONDITION PRIOR TO THE MARKET OPENING BY ENTERING A BID (ASK) QUOTATION THAT LOCKED/CROSSED ANOTHER MARKET MAKER'S QUOTATIONS WITHOUT IMMEDIATELY THEREAFTER SENDING THROUGH SELECTNET TO THE MARKET MAKER(S) WHOSE QUOTE(S) IT LOCKED OR CROSSED, TRADE-OR MOVE MESSAGE(S) THAT WAS AT THE RECEIVING MARKET MAKER'S QUOTED PRICE AND WHOSE AGGREGATE SIZE WAS AT LEAST 5000 SHARES, AND FAILED TO FILL THE INCOMING TRADE-OR-MOVE MESSAGE FOR THE FULL SIZE OF THE MESSAGE OR MOVE ITS BID DOWN (OFFER UP) BY A QUOTATION INCREMENT THAT WOULD HAVE UNLOCKED/UNCROSSED THE MARKET; RECEIVED AN ORDER TO BUY OR SELL THROUGH SELECTNET FOR AT LEAST ONE NORMAL UNIT OF TRADING GREATER THAN IT PUBLISHED QUOTATION SIZE AT THE TIME OF RECEIPT OF SUCH ORDER, EXECUTED A TRANSACTION IN AN AMOUNT OF SHARES LESS THAN THE SIZE OF THE ORDER, AND, AFTER SUCH EXECUTION, FAILED TO IMMEDIATELY DISPLAY A REVISED QUOTATION AT A PRICE THAT WAS INFERIOR TO ITS PREVIOUS QUOTATION; ENTERED A BID OR ASKED QUOTATION IN THE NASDAQ STOCK MARKET THAT CONTINUED TO LOCK OR CROSS THE MARKET AT THE MARKET'S OPENING AND FAILED TO TAKE ACTION TO ELIMINATE THE LOCK OR CROSS IMMEDIATELY AFTER THE MARKET'S OPENING; AND WITHOUT MAKING REASONABLE EFFORTS TO AVOID A LOCKED OR CROSSED MARKET BY EXECUTING TRANSACTIONS WITH ALL MARKET MAKERS WHOSE QUOTATIONS WOULD BE LOCKED OR CROSSED, ENTERED A BID OR ASKED QUOTATION IN THE NASDAQ STOCK MARKET WHICH CAUSED A LOCKED OR CROSSED MARKET CONDITION TO OCCUR IN EACH INSTANCE.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC

Date Initiated: 06/27/2001

Docket/Case Number: CMS010108

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/27/2001



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$75,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DNEYING THE ALLEGATIONS, HERTZOG, HEINE, GEDULD CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$75,000.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED TRADE-OR-MOVE VIOLATIONS, LOCKED AND CROSSED MARKET VIOLATIONS, AND VIOLATIONS OF NASD MARKETPLACE RULE 4613(B)(2)

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC

Date Initiated: 06/15/2001

Docket/Case Number: CMS010108 AWC

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/05/2001

Sanctions Ordered: Censure
Monetary/Fine \$75,000.00

Other Sanctions Ordered:

Sanction Details: A CENSURE AND FINE OF \$75,000(COMPOSED OF A \$40,000 FINE FOR THE TRADE-OR-MOVE VIOLATIONS, A \$10,000 FINE FOR THE VIOLATIONS OF NASD MARKETPLACE RULE 4613(B)(2), A \$15,000 FINE FOR THE LOCKED



AND CROSSED MARKET VIOLATIONS, AND A \$10,000 FINE FOR PRE-OPENING LOCKED AND CROSSED MARKET VIOLATIONS).

Disclosure 9 of 51

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULES 4632, 2110 AND 3110 - RESPONDENT MEMBER IMPROPERLY DESIGNATED AS LATE TO ACT TRANSACTIONS IN A NASDAQ NATIONAL MARKET SECURITY AND FAILED TO PRESERVE THE MEMORANDUM OF BROKERAGE ORDERS.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	08/09/2000
Docket/Case Number:	CMS000191
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	08/09/2000
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Monetary/Fine \$20,000.00
Other Sanctions Ordered:	
Sanction Details:	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, HERTZOG, HEINE, GEDULD CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$20,000.00.



Reporting Source: Firm

Current Status: Final

Allegations: VIOLATION OF NASD RULES 4632,2110 AND 3110. ALLEGED MISUSE OF LATE MODIFIER IN NASDAQ SECURITY (AUGI). FAILED TO PRESERVE THE MEMORANDUM OF BROKERAGE ORDERS.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 08/07/1996

Docket/Case Number: CMS 000191

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/09/2000

Sanctions Ordered: Censure
Monetary/Fine \$20,000.00

Other Sanctions Ordered:

Sanction Details: \$20,000.00 FINE OF WHICH \$5,000.00 WAS FOR TRADE REPORTING VIOLATION AND \$15,000.00 WAS FOR RECORD KEEPING VIOLATION.

Firm Statement THE LETTER OF AWC WAS ACCEPTED BY THE NASD REGULATION, INC'S. OFFICE OF DISCIPLINARY AFFAIRS AND THE NATIONAL ADJUDICATORY COUNCIL. A \$20,000.00 FINE ACCEPTED. THIS CASE WAS ORIGINALLY GIVEN CASE # QMR-96-106 AND IS THE SAME INCIDENT AS CMS000191.

Disclosure 10 of 51

Reporting Source: Regulator

Current Status: Final

Allegations: VIOLATIONS OF PART VI, SECTION 2(D) OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.
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Initiated By: NASD MARKET SURVEILLANCE COMMITTEE



Date Initiated:	07/08/1988
Docket/Case Number:	COMPLAINT #MS-726
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	08/08/1988
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Monetary/Fine \$1,000.00
Other Sanctions Ordered:	
Sanction Details:	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, HERTZOG, HEINE, GEDULD CONSENTED TO THE DESCRIBED SANCTION, THEREFORE, THE FIRM WAS FINED \$1,000.
Regulator Statement	MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-726: LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED JULY 8, 1988 AGAINST RESPONDENT HERZOG, HEINE, GEDULD, INC. ALLEGING VIOLATIONS OF PART VI, SECTION 2(D) OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS. THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON AUGUST 8, 1988 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON SEPTEMBER 13,1988. \$1,000 FINE.
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Reporting Source:	Firm
Current Status:	Final
Allegations:	EXCESS SPREAD QUOTATION VIOLATIONS
Initiated By:	NASD



Date Initiated: 07/08/1988
Docket/Case Number: MS-726
Principal Product Type: Equity - OTC
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Consent
Resolution Date: 09/13/1988
Sanctions Ordered: Monetary/Fine \$1,000.00
Other Sanctions Ordered:
Sanction Details: PAID FINE OF 1000.00 ON 7/15/88
Firm Statement LETTER OF ACCEPTANCE FILED 7/8/88.VIOLATIONS OF PART VI SECTION 2(D) OF SCHEDULE D FOR EXCESS SPREADS. 1000.00 FINE PAID 7/15/88.

Disclosure 11 of 51

Reporting Source: Regulator
Current Status: Final
Allegations: SEC RULE 15C2-11 AND NASD RULES 2110 AND 6740 - RESPONDENT MEMBER PUBLISHED QUOTATIONS FOR SECURITIES THAT HAD BEEN SUSPENDED TRADING BY THE SEC FOLLOWING THE CONCLUSION OF THE SUSPENSION PERIODS, DIRECTLY OR INDIRECTLY SUBMITTED SUCH QUOTATIONS FOR PUBLICATION IN A QUOTATION MEDIUM AND DID NOT HAVE IN ITS RECORDS THE DOCUMENTATION REQUIRED AND DID NOT HAVE A REASONABLE BASIS FOR BELIEVING THE INFORMATION WAS ACCURATE IN ALL MATERIAL RESPECTS OR THAT THE SOURCES OF INFORMATION WERE RELIABLE; AND FAILED TO FILE FORMS 211 WITH THE NASD THREE BUSINESS DAYS BEFORE THE FIRM'S QUOTATIONS IN THAT SECURITIES WERE PUBLISHED OR DISPLAYED IN A QUOTATION MEDIUM.
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 03/31/2000
Docket/Case Number: CMS000046
Principal Product Type: Other



Other Product Type(s): UNKNOWN TYPE OF SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/31/2000

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, HERTZOG, HEINE, GEDULD CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS FINED \$5,000 AND REQUIRED TO SUBMIT REVISED SUPERVISORY PROCEDURES REASONABLY DESIGNED TO PREVENT FUTURE VIOLATIONS OF SEC RULE 15C2-11 AND NASD RULE 6740 WITHIN 60 DAYS OF ACCEPTANCE OF THIS AWC BY THE NASD.

Reporting Source: Firm

Current Status: Final

Allegations: DISPLAYING OR PUBLISHING PENNY STOCK QUOTES WITHOUT TIMELY SUBMISSION OF PROPER DOCUMENTATION PURSUANT TO SEC RULE 15C-2-11, NASD CONDUCT RULE 2110 AND NASD MARKETPLACE RULE 6740.

Initiated By: NASD

Date Initiated: 11/03/1998

Docket/Case Number: CMS 000046 AWC

Principal Product Type: Penny Stock(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)


Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 03/31/2000
Sanctions Ordered: Monetary/Fine \$5,000.00
Other Sanctions Ordered:
Sanction Details: \$5000 FINE, PAYMENT MADE ON 5/3/2000, VIA CHECK #217940

Disclosure 12 of 51

Reporting Source: Regulator
Current Status: Final
Allegations: ALLEGING VIOLATIONS OF TRADE REPORTING.
Initiated By: NASD MARKET SURVEILLANCE COMMITTEE
Date Initiated: 08/02/1985
Docket/Case Number: #MS-132-AWC

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision
Resolution Date: 08/02/1985
Sanctions Ordered: Censure
 Monetary/Fine \$6,000.00
Other Sanctions Ordered: NONE

Sanction Details: CENSURED AND FINED \$6,000 JOINTLY AND SEVERALLY.

Regulator Statement FEBRUARY 4, 1986: MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-132-AWC ALLEGING VIOLATIONS OF TRADE REPORTING. DECISION RENDERED 8/2/85 WHEREIN EACH RESPONDENT WAS CENSURED AND FINED \$6,000 JOINTLY AND SEVERALLY.



Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF TRADE REPORTING.

Initiated By: NASD

Date Initiated: 08/02/1985

Docket/Case Number: MS-132-AWC

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/02/1985

Sanctions Ordered: Censure
Monetary/Fine \$6,000.00

Other Sanctions Ordered:

Sanction Details: MS-132-AWC
08/02/1985 FINED \$6000.00 JOINTLY AND SEVERALLY.

Firm Statement 02/04/1986: MARKET SURVEILLANCE COMMITTEE COMPLAINT MS-132-AWC ALLEGING VIOLATIONS OF TRADE REPORTING. DECISION RENDERED 08/02/1985 WHEREIN EACH RESPONDENT WAS CENSURED AND FINED \$6,000.00 JOINTLY AND SEVERALLY.

Disclosure 13 of 51

Reporting Source: Regulator

Current Status: Final

Allegations: VIOLATED CONDUCT RULE 2110 FOR THE FOLLOWING ACTIVITY:
HRZG CANCELLED SIX CUSTOMER TRANSACTIONS WHICH HAD BEEN EXECUTED THROUGH ITS AUTOMATED EXECUTION SERVICE ("AUTO-EX") BECAUSE OF ITS MISTAKEN BELIEF THAT THE TRANSACTIONS HAD BEEN ERRONEOUSLY EXECUTED.



Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 07/11/1997

Docket/Case Number: CMS970002 (A) AWC

Principal Product Type: Other

Other Product Type(s): UNKNOWN TYPE OF SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/11/1997

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$11,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, HERTZOG, HEINE, GEDULD CONSENTED TO THE DESCRIBED SANCTION, THEREFORE, THE FIRM WS FINED \$11,000.

Reporting Source: Firm

Current Status: Final

Allegations: SEE BELOW

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 07/11/1997

Docket/Case Number: CMS970002 (A) AWC

Principal Product Type: Equity - OTC

Other Product Type(s):



Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	08/11/1997
Sanctions Ordered:	Censure Monetary/Fine \$2,500.00
Other Sanctions Ordered:	
Sanction Details:	FINED \$2500.00
Firm Statement	LETTER OF ACCEPTANCE,WAIVER & CONSENT NO. CMS970002(A)AWC.ON JULY 11,1997,HERZOG HEINE GEDULD,INC(HRZG)WAS NOTIFIED THAT THE LETTER OF ACCEPTANCE,WAIVER AND CONSENT(AWC)IT SUBMITTED WAS ACCEPTED BY THE MARKET REGULATION AND THE NATIONAL BUSINESS CONDUCT COMMITTEES.THE AWC ALLEGES THAT HRZG VIOLATED CONDUCT RULE 2110 FOR THE FOLLOWING ACTIVITY:HRZG CANCELLED SIX CUSTOMER TRANSACTIONS WHICH HAD BEEN EXECUTED THROUGH ITS AUTOMATED EXECUTION SERVICE("AUTO-EX")BECAUSE OF ITS MISTAKEN BELIEF THAT THE TRANSACTIONS HAD BEEN ERRONEOUSLY EXECUTED.HRZG WAS FINED \$2500.00***\$2500.00 PAID ON 08/22/1997,INVOICE# 97-MS-692***

Disclosure 14 of 51

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD CONDUCT RULE 2110 AND NASD MARKETPLACE RULE 6240(A) - RESPONDENT MEMBER ENGAGED IN A PATTERN OR PRACTICE OF LATE TRANSACTION REPORTING BY FAILING TO REPORT TRANSACTIONS IN FIPS SECURITIES TO THE NASD WITHIN 5 MINUTES AFTER EXECUTION;FAILED TO REPORT THE CORRECT TIME OF EXECUTION IN FIPS SECURITIES TRANSACTIONS;FAILED TO REPORT THE CORRECT UNIT PRICE IN FIPS SECURITIES TRANSACTIONS; AND FAILED TO REPORT THE CORRECT SYMBOL INDICATING WHETHER FIPS TRANSACTIONS WERE BUY, SELL, OR CROSS.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	11/24/1999
Docket/Case Number:	CMS990149



Principal Product Type: Other
Other Product Type(s): UNKNOWN TYPE OF SECURITIES
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 11/24/1999
Sanctions Ordered: Monetary/Fine \$5,000.00
Other Sanctions Ordered:
Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, HERTZOG, HEINE, GEDULD CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS FINED \$5,000

Reporting Source: Firm
Current Status: Final
Allegations: ALLEGED IN ENGAGING IN PATTERNS OF LATE REPORTING IN FIPS TRANSACTIONS (NOT WITHIN FIVE MINUTE REQUIREMENT).
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 10/14/1996
Docket/Case Number: CMS 990149 AWC
Principal Product Type: Debt - Corporate
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 11/24/1999
Sanctions Ordered: Monetary/Fine \$5,000.00
Other Sanctions Ordered:



Sanction Details:	A \$5,000.00 FINE ACCEPTED.
Firm Statement	THE LETTER OF AWC WAS ACCEPTED BY THE NASD REGULATION, INC'S. OFFICE OF DISCIPLINARY AFFAIRS AND THE NATIONAL ADJUDICATORY COUNCIL. A \$5,000.00 FINE ACCEPTED.

Disclosure 15 of 51

Reporting Source:	Regulator
Current Status:	Final
Allegations:	12-15-99, DECEMBER 16, 1999, THE DEPARTMENT OF ENFORCEMENT ACCEPTED THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT SUBMITTED BY HERZOG, HEINE, GEDULD, INC. WHEREBY THE FIRM FAILED TO REPORT MUNICIPAL SECURITIES TRADES ON A TIMELY AND ACCURATE BASIS DURING THE PERIOD JANUARY THROUGH JUNE 1999 IN VIOLATION OF MUNICIPAL SECURITIES RULEMAKING BOARD RULES G-12 AND G-14.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	12/16/1999
Docket/Case Number:	CAF990025
Principal Product Type:	Other
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	12/16/1999
Sanctions Ordered:	Monetary/Fine \$2,000.00
Other Sanctions Ordered:	
Sanction Details:	FINED \$2,000
Regulator Statement	05-22-00, \$2,000 PAID ON 1/03/00, INVOICE #99-AF-1046

Reporting Source:	Firm
Current Status:	Final



Allegations:	ALLEGED VIOLATION OF MSRB RULE G12 AND G14, REQUIRING T-INPUT PERCENTAGE OF TRADES TO BE REPORTED ACCURATELY AND ON A TIMELY BASIS.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	08/30/1999
Docket/Case Number:	# CAF990025
Principal Product Type:	Debt - Municipal
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	12/16/1999
Sanctions Ordered:	Monetary/Fine \$2,000.00
Other Sanctions Ordered:	
Sanction Details:	FINE OF \$2000.00.
Firm Statement	THE LETTER OF AWC WAS ACCEPTED ON DECEMBER 16, 1999 BY THE NASD REGULATION, INC.'S OFFICE OF DISCIPLINARY AFFAIRS AND THE NATIONAL ADJUDICATORY COUNCIL. A \$2000.00 FINE ACCEPTED.

Disclosure 16 of 51

Reporting Source:	Regulator
Current Status:	Final
Allegations:	RELS. 34-40900 THROUGH 34-40930, INCLUSIVE; IA-1781; FILE NO. 3-9803 - THE SEC ANNOUNCED THE INSTITUTION OF ADMINISTRATIVE PROCEEDINGS AGAINST 28 NASDAQ MARKET MAKING FIRMS AND 51 INDIVIDUALS ASSOCIATED WITH SUCH FIRMS PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934. SIMULTANEOUSLY WITH THE FILING OF THE ACTION, ALL OF THE RESPONDENTS CONSENTED, WITHOUT ADMITTING OR DENYING THE SEC'S FINDINGS, TO THE ENTRY OF ORDERS WHICH IMPOSE \$26,302,500 IN CIVIL MONETARY PENALTIES, \$791,525 IN DISGORGEMENT OF WRONGFUL GAINS, SUSPENSIONS OR BARS, CEASE AND DESIST ORDERS AND OTHER SANCTIONS. THE PROPOSED SANCTIONS TO WHICH THE



FIRMS HAVE CONSENTED INCLUDE CIVIL MONETARY PENALTIES, DISGORGEMENT OF WRONGFUL GAINS, WHERE APPLICABLE, CEASE AND DESIST ORDERS, AND IN THE CASE OF 22 OF THE BROKER-DEALERS, A REVIEW OF THEIR POLICIES AND PROCEDURES RELATING TO THE AREAS OF THEIR VIOLATIONS BY AN INDEPENDENT CONSULTANT TO BE APPOINTED BY THE SEC.
VIOLATION OF SECTIONS 15(C)(1) AND (2) AND 17(A) OF THE EXCHANGE ACT, AND RULES 15C1-2, 15C2-7 AND 17A-3

Initiated By: SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 01/11/1999

Docket/Case Number:

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 01/11/1999

Sanctions Ordered: Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: SEC ADMINISTRATIVE PROCEEDING FILE NO. 3-9803 PURSUANT TO THE ORDER MAKING FINDINGS AND IMPOSING SANCTIONS: HERZOG, HEINE, GEDULD, INC. SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATION OF OR FUTURE VIOLATION OF SECTIONS 15(C)(1) AND (2) AND 17(A) OF THE EXCHANGE ACT, AND RULES 15C1-2, 15C2-7 AND 17A-3 THEREUNDER; SHALL WITHIN 10 BUSINESS DAYS OF THE ENTRY OF THIS ORDER, PAY A \$610,000 CIVIL PENALTY; SHALL WITHIN 10 BUSINESS DAYS OF WRITTEN NOTICE FROM THE SEC STAFF OR THE INDEPENDANT CONSULTANT, PAY \$7,251 IN DISGORGEMENT PURSUANT TO SECTION 21C(E) OF THE EXCHANGE ACT; WITHIN 90 DAYS OF THIS ORDER, PROVIDE THE CONSULTANT APPOINTED BY THE SEC IN CONNECTION WITH THESE PROCEEDINGS A DESCRIPTION OF ITS POLICIES, PROCEDURES AND PRACTICES RELATING TO PREVENTION OR DETECTION OF THE TYPES OF IMPROPER CONDUCT INVOLVING HERZOG DESCRIBED IN SECTION II OF THIS ORDER.



Reporting Source:	Firm
Current Status:	Final
Allegations:	THE COMMISSION ALLEGED THAT 28 NASDAQ MARKET MAKERS AND 51 INDIVIDUALS HAD ENGAGED PRIMARILY IN ONE OR MORE OF THE FOLLOWING: MANIPULATIVE ACTIVITY INVOLVING THE COORDINATION OF QUOTATIONS AND TRANSACTIONS BY TRADERS MAKING MARKETS IN NASDAQ STOCKS IN VIOLATION OF ANTIFRAUD AND FICTITIOUS QUOTATION RULES, THE INTENTIONAL DELAY OF TRADE REPORTS, FAILURE TO HONOR QUOTED PRICES, FAILURE TO PROVIDE BEST EXECUTION TO CUSTOMERS, TRADING AS PRINCIPAL WITH ADVISORY CLIENTS OR DISCRETIONARY CUSTOMERS, FAILURE TO COMPLY WITH THE BOOKS AND RECORDS REQUIREMENTS, AND FAILURE TO SUPERVISE.
Initiated By:	SECURITIES AND EXCHANGE COMMISSION
Date Initiated:	01/11/1999
Docket/Case Number:	3-9803
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	DISGORGEMENT OF WRONGFUL GAINS, CEASE AND DESIST, SUSPENSIONS, A REVIEW OF POLICIES AND PROCEDURES RELATING TO AREAS OF VIOLATIONS BY AN INDEPENDENT CONSULTANT TO BE APPOINTED BY THE COMMISSION.
Resolution:	Consent
Resolution Date:	01/11/1999
Sanctions Ordered:	Monetary/Fine \$610,000.00 Disgorgement/Restitution Cease and Desist/Injunction
Other Sanctions Ordered:	
Sanction Details:	SIMULTANEOUSLY WITH THE FILING OF THE ACTION, ALL OF THE RESPONDENTS (28 NASDAQ MARKET MAKERS AND 51 INDIVIDUALS) CONSENTED, WITHOUT ADMITTING OR DENYING THE COMMISSION'S FINDINGS, TO THE ENTRY OF ORDERS WHICH IMPOSED CIVIL MONETARY PENALTIES WHICH TOTALLED \$26,302,500.00 AND



DISGOREMENT OF WRONGFUL GAINS TOTALLING \$791,525.00. HRZG PAID A PENALTY OF \$610,000.00 AND DISGOREMENTS OF \$7,251.00 PAID ON 01/26/1999.

Firm Statement

HRZG PAID A PENALTY OF \$610,000.00 AND DISGORGEMENT OF \$7251.00 ON 01/26/1999. AGREED TO A CEASE AND DESIST ORDER.

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Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 07/20/1998

Docket/Case Number: CMS980064 AWC

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/20/1998

Sanctions Ordered: Censure
Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. CMS980064 AWC.

ON JULY 20, 1998, HERZOG, HEINE, GEDULD, INC. (HRZG) WAS NOTIFIED THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) IT SUBMITTED WAS ACCEPTED BY NASD REGULATION, INC.'S DEPARTMENT OF ENFORCEMENT AND THE NATIONAL ADJUDICATORY COUNCIL. THE AWC ALLEGES THAT THE FOLLOWING VIOLATIONS OCCURRED:

HRZG FAILED TO EXECUTE 85 PREFERENCED SELECTNET ORDERS



WHICH
WERE PRESENTED TO HRZG AT HRZG'S PUBLISHED BID OR PUBLISHED
OFFER IN AN AMOUNT EQUAL TO OR LESS THAN ITS PUBLISHED
QUOTATION SIZE AND, THEREFORE, FAILED TO HONOR ITS PUBLISHED
QUOTATION. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT
VIOLATIONS OF SEC RULE 11Ac1-1, NASD CONDUCT RULE 3320 AND NASD
MARKETPLACE RULE 4613(b).

HRZG WAS CENSURED, FINED \$10,000 AND AGREED TO AN UNDERTAKING
TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES RELATING
TO
FIRM QUOTE COMPLIANCE IN A MANNER NOT UNACCEPTABLE TO THE
STAFF. THE REVISED PROCEDURES SHOULD BE SUBMITTED WITHIN 60
CALENDAR DAYS OF THE ACCEPTANCE OF THIS AWC BY THE NAC.

***** \$10,000 PAID ON 9/4/98, INVOICE NO. 98-MS-672 *****

Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGED VIOLATIONS OF FAILURE TO EXECUTE 85 PREFERRED SELECTNET ORDERS (FAILURE TO HONOR ITS PUBLISHED QUOTE); VIOLATIONS OF SEC RULE 11AC1-1, NASD CONDUCT RULE 3320 AND NASD MARKETPLACE RULE 4613(B).
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	07/20/1998
Docket/Case Number:	CMS980064 AWC
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	FINE
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	07/20/1998
Sanctions Ordered:	Censure Monetary/Fine \$10,000.00

**Other Sanctions Ordered:**

Sanction Details: \$10,000.00 FINE PAID ON 09/04/1998. INVOICE #98-MS-672.

Firm Statement HERZOG WAS CENSURED, FINED \$10,000.00 AND AGREED TO AN UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES RELATING TO FIRM QUOTE COMPLIANCE IN A MANNER NOT UNACCEPTABLE TO THE STAFF. THE LETTER OF AWC WAS ACCEPTED BY NASD REGULATION, INC'S DEPT. OF ENFORCEMENT AND THE NATIONAL ADJUDICATORY COUNCIL.

Disclosure 18 of 51

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 08/11/1997

Docket/Case Number: CMS960214(A) AWC

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/11/1997

Sanctions Ordered: Censure
Monetary/Fine \$11,000.00

Other Sanctions Ordered:**Sanction Details:**

Regulator Statement LETTER OF ACCEPTANCE, WAIVER & CONSENT NO. CMS960214(A) AWC.

ON AUGUST 11, 1997, HERZOG, HEINE, GEDULD, INC. (HRZG) WAS NOTIFIED THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) IT SUBMITTED WAS ACCEPTED BY THE MARKET REGULATION AND THE NATIONAL BUSINESS CONDUCT COMMITTEES. THE AWC ALLEGES



THAT
HRZG VIOLATED NASD CONDUCT RULES 2110, IM-2110-2, 3010 AND
MARKETPLACE RULE 6130(d) FOR THE FOLLOWING ACTIVITY:

HRZG FAILED TO CONTEMPORANEOUSLY EXECUTE THREE CUSTOMER
LIMIT
ORDERS; IMPROPERLY REPORTED 48 TRANSACTIONS THROUGH THE
AUTOMATED CONFIRMATION TRANSACTION SERVICE (ACT); AND FAILED
TO
ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY
PROCEDURES
WITH RESPECT TO ITS LIMIT ORDER ACTIVITY.

HRZG WAS CENSURED AND FINED \$11,000.

***** \$11,000 PAID ON 10/31/97, INVOICE NO. 97-MS-794 *****

Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGED VIOLATIONS OF NASD CONDUCT RULES 2110, IM-2110-2, 3010 AND MARKETPLACE RULE 6130(D) FOR FAILURE TO CONTEMPORANEOUSLY EXECUTE 3 CUSTOMER LIMIT ORDERS; IMPROPERLY REPORTING 48 TRANSACTIONS THROUGH ACT; AND FAILURE TO ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES W/ RESPECT TO ITS LIMIT ORDER ACTIVITY.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	08/11/1997
Docket/Case Number:	CMS960214 (A) AWC
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	FINE
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	08/11/1997
Sanctions Ordered:	Censure



Monetary/Fine \$11,000.00

Other Sanctions Ordered:

Sanction Details: \$11,000.00 FINE PAID ON 10/31/97, INVOICE #97-MS-794.

Firm Statement THE LETTER OF AWC WAS ACCEPTED BY THE MARKET REGULATION AND THE NATIONAL BUSINESS CONDUCT COMMITTEES. HRZG WAS CENSURED AND FINE \$11,000.00.

Disclosure 19 of 51

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 01/30/1998

Docket/Case Number: CMS970077

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/30/1998

Sanctions Ordered: Monetary/Fine \$2,200.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. CMS970077 AWC.

ON JANUARY 30, 1998, HERZOG, HEINE, GEDULD, INC. (HRZG) WAS NOTIFIED THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) IT SUBMITTED WAS ACCEPTED BY THE NASD REGULATION, INC.'S DEPARTMENT OF ENFORCEMENT AND THE NATIONAL BUSINESS CONDUCT COMMITTEE. THE AWC ALLEGES THAT HRZG VIOLATED NASD MARKETPLACE



RULE 6130 FOR EXECUTING 11 SHORT SALE TRANSACTIONS

WITHOUT IDENTIFYING THE TRANSACTIONS AS SHORT SALE IN ITS REPORTING TO THE AUTOMATED CONFIRMATION TRANSACTION SERVICE ("ACT"). HRZG WAS FINED \$2,200.

***** \$2,200 PAID ON 4/10/98, INVOICE NO. 98-MS-306 *****

Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGED VIOLATION OF NASD MARKETPLACE RULE 6130 FOR EXECUTING 11 SHORT SALE TRANSACTIONS AS SHORT SALE TRANSACTIONS WITHOUT IDENTIFYING THE TRANSACTIONS AS SHORT SALE IN ITS REPORTING TO THE AUTOMATED CONFIRMATION TRANSACTION SERVICE (ACT).
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	01/30/1998
Docket/Case Number:	CMS970077
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	01/30/1998
Sanctions Ordered:	Monetary/Fine \$2,200.00
Other Sanctions Ordered:	
Sanction Details:	\$2,200.00 FINE PAID ON 04/10/1998, INVOICE NO.98-MS-306.
Firm Statement	THE LETTER OF AWC WAS ACCPETED BY THE NASD REGULATION, INC'S DEPARTMENT OF ENFORCEMENT AND THE NATIONAL BUSINESS CONDUCT COMMITTEE. FINE OF \$2,200.00.



Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 04/23/1997

Docket/Case Number: CMS960205

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/23/1997

Sanctions Ordered: Monetary/Fine \$8,000.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement LETTER OF ACCEPTANCE, WAIVER & CONSENT NO. CMS960205 AWC. ON APRIL 23, 1997, HERZOG HEINE GEDULD, INC. (HRZG) WAS NOTIFIED THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) IT SUBMITTED WAS ACCEPTED BY THE MARKET REGULATION AND THE NATIONAL BUSINESS CONDUCT COMMITTEES. THE AWC ALLEGES THAT HRZG VIOLATED MARKETPLACE RULE 4613(e) FOR ENTERING OR MAINTAINING QUOTATIONS IN THE NASDAQ STOCK MARKET, DURING NORMAL BUSINESS HOURS, WHICH CAUSED A LOCKED AND/OR CROSSED MARKET CONDITION TO OCCUR IN FIVE SECURITIES. HRZG WAS FINED \$8,000.

\$8,000.00 PAID ON 6/11/97, INVOICE #97-MS-436

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATION OF MARKETPLACE RULE 4613(E) FOR ENTERING OR MAINTAINING QUOTATIONS IN THE NASDAQ STOCK MARKET, DURING



NORMAL BUSINESS HOURS, WHICH CAUSED A LOCKED AND/OR CROSSES MARKET CONDITION TO OCCUR IN FIVE SECURITIES.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 04/23/1997

Docket/Case Number: CMS960205

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/23/1997

Sanctions Ordered: Monetary/Fine \$8,000.00

Other Sanctions Ordered:

Sanction Details: FINE OF \$8000.00 PAID ON 06/11/97, INVOICE #97-MS-436.

Firm Statement THE LETTER OF AWC WAS ACCEPTED BY THE MARKET REGULATION AND THE NATIONAL BUSINESS CONDUCT COMMITTEES. FINE OF \$8,000.00.

DUPLICATE DISCLOSURE EXISTS-OCC #228643 IS A DUPLICATE OF OCC #232340.

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Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 01/27/1997

Docket/Case Number: CMS960121 AWC

Principal Product Type:

Other Product Type(s):



Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/27/1997

Sanctions Ordered: Monetary/Fine \$1,000.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement

LETTER OF ACCEPTANCE, WAIVER & CONSENT NO. CMS960121 AWC.

ON JANUARY 27, 1997, HERZOG HEINE GEDULD, INC. (HRZG) WAS NOTIFIED THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) IT SUBMITTED WAS ACCEPTED BY THE MARKET REGULATION AND THE NATIONAL BUSINESS CONDUCT COMMITTEES. THE AWC ALLEGES THAT HRZG VIOLATED CONDUCT RULE 2110 AND IM-2110-2 FOR FAILING TO PROTECT A 300 SHARE LIMIT ORDER AT THE TIME IT WAS OBLIGATED TO DO SO.

HRZG WAS FINED \$1,000.

\$1,000.00 PAID ON 3/27/97, INVOICE #97-MS-130

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATION OF CONDUCT RULE 2110 AND IM-2110-2 FOR FAILING TO PROTECT A 300 SHARE LIMIT ORDER AT THE TIME IT WAS OBLIGATED TO DO SO.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 01/27/1997

Docket/Case Number: CMS960121 AWC

Principal Product Type: Equity - OTC

Other Product Type(s):



Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	01/27/1997
Sanctions Ordered:	Monetary/Fine \$1,000.00
Other Sanctions Ordered:	
Sanction Details:	\$1,000.00 FINE PAID ON 03/27/97, INVOICE #97-MS-130.
Firm Statement	THE LETTER OF AWC WAS ACCEPTED BY THE MARKET REGULATION AND THE NATIONAL BUSINESS CONDUCT COMMITTEES. FINE OF \$1,000.00.

Disclosure 22 of 51

Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	06/10/1997
Docket/Case Number:	CMS960050 AWC
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	06/10/1997
Sanctions Ordered:	Monetary/Fine \$5,000.00
Other Sanctions Ordered:	
Sanction Details:	
Regulator Statement	LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. CMS960050 AWC.



ON JUNE 10, 1997, HERZOG HEINE GEDULD, INC. (HRZG) WAS NOTIFIED THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) IT SUBMITTED WAS ACCEPTED BY THE MARKET REGULATION AND THE NATIONAL BUSINESS CONDUCT COMMITTEES. THE AWC ALLEGES THAT HRZG VIOLATED MARKETPLACE RULE 4613(d) FOR ENTERING QUOTATIONS INTO THE NASDAQ SYSTEM THAT EXCEEDED THE PARAMETERS FOR MAXIMUM ALLOWABLE SPREADS IN FIVE SECURITIES ON FIVE DAYS.

HRZG WAS FINED \$5,000 WITH A REQUIREMENT TO SCHEDULE A COMPLIANCE CONFERENCE WITH NASD REGULATION.

\$5,000.00 PAID ON 7/28/97, INVOICE #97-MS-540

Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGED VIOLATION OF MARKETPLACE RULE 4613(D) FOR ENTERING QUOTATIONS INTO THE NASDAQ SYSTEM THAT EXCEEDED THE PARAMETERS FOR MAXIMUM ALLOWABLE SPREADS IN FIVE SECURITIES IN FIVE DAYS.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	06/10/1997
Docket/Case Number:	CMS960050 AWC
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalties / Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	06/10/1997
Sanctions Ordered:	Monetary/Fine \$5,000.00
Other Sanctions Ordered:	
Sanction Details:	\$5,000.00 FINE PAID ON 07/28/97, INVOICE #97-MS-540.



Firm Statement THE LETTER AWC WAS ACCEPTED BY THE MARKET REGULATION AND THE NATIONAL BUSINESS CONDUCT COMMITTEES. \$5,000.00 FINE WITH A REQUIREMENT TO SCHEDULE A COMPLIANCE CONFERENCE WITH NASD REGULATION.

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Reporting Source: Regulator

Current Status: Final

Allegations: NONE

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 04/23/1997

Docket/Case Number: CMS960186

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/23/1997

Sanctions Ordered: Monetary/Fine \$15,000.00

Other Sanctions Ordered:

Sanction Details: NONE

Regulator Statement LETTER OF ACCEPTANCE, WAIVER & CONSENT NO. CMS960186 AWC. ON APRIL 23, 1997, HERZOG HEINE GEDULD, INC. (HRZG) WAS NOTIFIED THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) IT SUBMITTED WAS ACCEPTED BY THE MARKET REGULATION AND THE NATIONAL BUSINESS CONDUCT COMMITTEES. THE AWC ALLEGES THAT HRZG ENTERED QUOTATIONS IN NASDAQ NATIONAL MARKET SYSTEM SECURITIES THAT EXCEEDED THE PARAMETERS FOR MAXIMUM ALLOWABLE SPREADS. HRZG WAS FINED \$15,000.

\$15,000.00 PAID ON 6/11/97, INVOICE #97-MS-421



Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED ENTERING QUOTATIONS IN THE NASDAQ NATIONAL MARKET SYSTEM SECURITIES THAT EXCEEDED THE PARAMETERS FOR MAXIMUM ALLOWABLE SPREADS IN VIOLATION OF MARKETPLACE RULE 4613(D)

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 11/06/1996

Docket/Case Number: CMS 960186

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/11/1997

Sanctions Ordered: Monetary/Fine \$15,000.00

Other Sanctions Ordered:

Sanction Details: FINE OF \$15,000.00 PAID ON 06/11/97, INVOICE #97-MS-421.

Firm Statement THE LETTER OF AWC WAS ACCEPTED BY THE MARKET REGULATION AND THE NATIONAL BUSINESS CONDUCT COMMITTEES. FINE OF \$15,000.00.

Disclosure 24 of 51

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 07/15/1996

Docket/Case Number: CMS960037 AWC

Principal Product Type:

**Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 07/15/1996**Sanctions Ordered:** Monetary/Fine \$6,000.00**Other Sanctions Ordered:****Sanction Details:****Regulator Statement** LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. CMS960037 AWC

ON JULY 15, 1996, HERZOG HEINE GEDULD INC. (HRZG) WAS NOTIFIED THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) IT SUBMITTED WAS ACCEPTED BY THE MARKET SURVEILLANCE AND THE NATIONAL BUSINESS CONDUCT COMMITTEES. UNDER THE AWC, HRZG IS ALLEGEDLY IN VIOLATION OF PART V, SECTION 2(d) OF SCHEDULE D TO THE ASSOCIATION'S BY-LAWS IN THAT ON NUMEROUS OCCASIONS, HRZG ENTERED QUOTATIONS INTO THE NASDAQ SYSTEM THAT EXCEEDED THE PARAMETERS FOR THE MAXIMUM ALLOWABLE SPREADS.

HRZG IS HEREBY FINED \$6,000. THE AWC BECAME FINAL ON JULY 15, 1996.

\$6,000.00 FULLY PAID AS OF 9/10/96, INVOICE #96-MS-592

Reporting Source: Firm**Current Status:** Final

Allegations: ALLEGED VIOLATION OF PART V, SECTION 2(D) OF SCHEDULE D TO THE ASSOCIATION'S BY-LAWS IN THAT ON NUMEROUS OCCASIONS, HRZG ENTERED QUOTATIONS INTO THE NASDAQ SYSTEM THAT EXCEEDED THE PARAMETERS FOR THE MAXIMUM ALLOWABLE SPREADS.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.**Date Initiated:** 07/15/1996**Docket/Case Number:** CMS960037 AWC**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/15/1996

Sanctions Ordered: Monetary/Fine \$6,000.00

Other Sanctions Ordered:

Sanction Details: \$6,000.00 FINE PAID ON 09/10/96, INVOICE #96-MS-592.

Firm Statement THE LETTER OF AWC WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE AND THE NATIONAL BUSINESS CONDUCT COMMITTEE. FINE OF \$6,000.00.

Disclosure 25 of 51

Reporting Source: Regulator

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF ARTICLE III, SECTION 1, 5, 18 AND 27 OF THE NASD'S RULES OF FAIR PRACTICE (RFP)

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 02/07/1986

Docket/Case Number: MS-262

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 12/15/1986

Sanctions Ordered: Censure
Monetary/Fine \$50,000.00



Suspension

Other Sanctions Ordered:

Sanction Details:

SUSPENDED AS MARKET MAKER IN BUSINESSLAND, INC., COMGEN TECHNOLOGY, INC. MAX AND ERMA'S RESTAURANTS, INC., NETWORK SECURITY CORP., NEWPORT PHARMACEUTICALS INTERNATIONAL, INC., AND REEF ENERGY CORP. FOR FIVE BUSINESS DAYS.

Regulator Statement

[TOP] 11/10/86: MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-262: FORMAL COMPLAINT WAS FILED ON 2/7/86 ALLEGING VIOLATIONS OF SCHEDULE D OF NASD'S BY-LAWS AS TO HERZOG HEINE GEDULE, INC. (HHG), AND BADER IN THAT DURING THE PERIOD FROM 8/22/84 - 4/10/85, HHG, ACTING THROUGH BADER, ENTERED 33 FICTITIOUS TRADE REPORTS INTO THE NASDAQ SYSTEM. THE COMPLAINT ALLEGED VIOLATIONS OF ARTICLE III, SECTION 1, 5, 18 AND 27 OF THE NASD'S RULES OF FAIR PRACTICE (RFP) AS TO HHG IN THAT DURING THE PERIOD FROM 8/22/84 - 4/10/85, HHG FAILED TO ESTABLISH, MAINTAIN AND REASONABLY ENFORCE WRITTEN PROCEDURES WHICH WOULD HAVE ENABLED THEM TO PROPERLY SUPERVISE THE ACTIVITIES OF HHG'S ASSOCIATED PERSONS TO ASSURE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, RULES, REGULATIONS AND STATEMENTS OF POLICY PROMULGATED THEREUNDER AND WITH THE RULES OF NASD. THE COMPLAINT ALSO ALLEGES VIOLATIONS OF ARTICLE IV, SECTION 5 OF THE NASD'S RFP AS TO HHG IN THAT HHG WAS REQUESTED BY THE NASD TO PROVIDE INFORMATION THROUGH THE PRODUCTION OF DOCUMENTS AND WRITTEN RESPONSES. HHG, AMONG OTHER THINGS: FAILED TO PROVIDE INFORMATION REGARDING RFEN IN A TIMELY MANNER REGARDING AN INITIAL 2/7/85 REQUEST; FAILED TO PROVIDE INFORMATION REGARDING RFEN, NTKW, AND NWPH IN A TIMELY A MANNER REGARDING A 10/29/85 REQUEST, AND FAILED TO PROVIDE INFORMATION REGARDING COMG, MAXE, NTKW, NWPH AND BUSL REGARDING A 1/9/86 REQUEST. *** A DECISION ACCEPTING THE RESPONDENTS' OFFERS OF SETTLEMENT WAS ISSUED ON 12/15/86. BASED UPON THE ACCEPTANCE OF SUCH OFFERS, IT WAS THE DECISION OF THE COMMITTEE THAT THE FOLLOWING SANCTIONS BE IMPOSED: HHG IS CENSURED, FINED \$50,000, AND SUSPENDED AS MARKET MAKER IN BUSINESSLAND, INC., COMGEN TECHNOLOGY, INC. MAX AND ERMA'S RESTAURANTS, INC., NETWORK SECURITY CORP., NEWPORT PHARMACEUTICALS INTERNATIONAL, INC., AND REEF ENERGY CORP. FOR FIVE BUSINESS DAYS.

Reporting Source:

Firm

Current Status:

Final



Allegations:	ALLEGED VIOLATIONS OF SCHEDULE D OF THE ASSOCIATION'S BY-KAWS AS TO HRZG AND RESPONDENT BADER IN THAT DURING THE PERIOD FROM OR ABOUT 08/22/84 TO OR ABOUT 04/10/85, HRZG, ACTING THROUGH BADER, ENTERED 33 FICTITIOUS TRADE REPORTS INTO THE NASDAQ SYSTEM. ALLEGED VIOLATIONS OF ARTICLE III, SECTION 1, 5, 18 AND 27 OF THE ASSOCIATION'S RULES OF FAIR PRACTICE AS TO HRZG AND RESPONDENT GEDULD IN THAT HRZG AND GEDULD FAILED TO ESTABLISH, MAINTAIN AND REASONABLY ENFORCE PROCEDURES WHICH WOULD HAVE ENABLED THEM TO PROPERLY SUPERVISE AND TO ASSURE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, RULES, REGULATIONS AND STATEMENTS OF POLICY PROMULGATED THEREUNDER AND WITH THE RULES OF THIS ASSOCIATION. ALLEGED VIOLATIONS OF ARTICLE IV, SECTION 5 OF THE ASSOCIATION'S RULES OF FAIR PRACTICE AS TO HRZG WAS REQUESTED TO PROVIDE INFORMATION THROUGH THE PRODUCTION OF DOCUMENTS AND WRITTEN RESPONSES. IN CONNECTION WITH THE REQUEST, HRZG 1.)FAILED TO PROVIDE INFORMATION REGARDING RFEN IN A TIMELY MANNER REGARDING AN INITIAL 2/7/85 REQUEST; 2.)FAILED TO PROVIDE INFORMATION RE: RFEN, NTKW, NTKW IN A TIMELY MANNER RE: A 10/29/85 REQUEST 3.)FAILED TO PROVIDE INFO RE: COMG, MAXE, NTKW, NTKW BUSL RE: A 1/9/86 REQUEST.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	02/07/1986
Docket/Case Number:	MS-262
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	FINE
Resolution:	Consent
Resolution Date:	12/15/1986
Sanctions Ordered:	Censure Monetary/Fine \$50,000.00 Suspension
Other Sanctions Ordered:	
Sanction Details:	\$50,000.00 FINE - DATE UNKNOWN DUE TO AGE OF INCIDENT
Firm Statement	CENSURE AND FINE OF \$50,000.00. FIRM WAS SUSPENDED FOR 5



BUSINESS DAYS. MR. GEDULD WAS CENSURED AND FINED \$5000.00.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	10/11/1995
Docket/Case Number:	CMS950123 AWC
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	03/15/1996
Sanctions Ordered:	Monetary/Fine \$6,500.00
Other Sanctions Ordered:	
Sanction Details:	
Regulator Statement	<p>MARKET SURVEILLANCE COMMITTEE COMPLAINT NO. CMS950123 AWC</p> <p>LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) FILED ON OCTOBER 11, 1995 AGAINST HERZOG HEINE GEDULD INC. (HRZG) ALLEGING VIOLATION OF PART V, SECTION 2(d) OF SCHEDULE D TO THE ASSOCIATION'S BY-LAWS IN THAT HRZG ENTERED QUOTATIONS INTO THE NASDAQ SYSTEM THAT EXCEEDED THE PARAMETERS FOR MAXIMUM ALLOWABLE SPREADS.</p> <p>THE AWC WAS ACCEPTED BY THE MARKET SURVEILLANCE AND THE NATIONAL BUSINESS CONDUCT COMMITTEES ON MARCH 15, 1996. AS A SANCTION, HRZG WAS FINED \$6,500. THE AWC BECAME FINAL ON MARCH 15, 1996.</p>



****\$6,500.00 PAID ON 04/16/96, INVOICE #96-MS-245****

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATION OF PART V, SECTION 2(D) OF SCHEDULE D TO THE ASSOCIATION'S BY LAWS IN THAT HRZG ENTERED QUOTATIONS INTO THE NASDAQ SYSTEM THAT EXCEEDED THE PARAMETERS FOR MAXIMUM ALLOWABLE SPREADS.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 10/11/1995

Docket/Case Number: CMS950123 AWC

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/15/1996

Sanctions Ordered: Monetary/Fine \$6,500.00

Other Sanctions Ordered:

Sanction Details: \$6,500.00 FINE PAID ON 04/16/96, INVOICE #96-MS-245

Firm Statement THE LETTER OF AWC WAS ACCEPTED BY THE MARKET SURVEILLANCE AND THE NATIONAL BUSINESS CONDUCT COMMITTEES. FINE OF \$6500.00

Disclosure 27 of 51

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 03/26/1986



Docket/Case Number: MS-264-AWC

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 03/26/1986

Sanctions Ordered: Censure
Monetary/Fine \$2,500.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement 11/4/86: MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-264-AWC:

LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) WAS FILED ON 3/26/86, ALLEGING VIOLATIONS OF PART I, SECTION C.3.(a) OF SCHEDULE D OF THE ASSOCIATION'S BY-LAWS IN THAT RESPONDENT (HERZOG HEINE GEDULD, INC.) ON 12/26/85, ENTERED QUOTATIONS INTO THE NASDAQ SYSTEM THAT WERE NOT REASONABLY RELATED TO THE PREVAILING MARKET. THE AWC WAS ACCEPTED BY THE MSC ON 4/22/86 AND BY THE NBCC ON 6/10/86. CENSURED & FINED \$2,500, FINE RECEIVED 4/7/86

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF PART I, SECTION C.3(A) OF SCHEDULE D OF THE ASSOCIATION'S BY-LAWS IN THAT HRZG ON 12/26/85, ENTERED QUOTATIONS INTO THE NASDAQ SYSTEM THAT WERE NOT REASONABLY RELATED TO THE PREVAILING MARKET.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 03/26/1986

Docket/Case Number: MS-264-AWC



Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/26/1986

Sanctions Ordered: Monetary/Fine \$2,500.00

Other Sanctions Ordered:

Sanction Details: FINE OF \$2500.00, RECEIVED ON 04/07/1986.

Firm Statement THE LETTER OF AWC WAS ACCEPTED BY THE MSC ON 4/22/86 AND BY THE NBCC ON 6/10/86. CENSURED AND FINED \$2500.00.

Disclosure 28 of 51

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 10/12/1994

Docket/Case Number: CMS950048 AWC

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 09/25/1995

Sanctions Ordered: Monetary/Fine \$1,000.00

Other Sanctions Ordered:

**Sanction Details:****Regulator Statement**

MARKET SURVEILLANCE COMMITTEE COMPLAINT NO. CMS950048 AWC

LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) FILED BY THE MSC

AGAINST HERZOG HEINE GEDULD INC. (HRZG) IN WHICH HRZG IS ALLEGED TO HAVE VIOLATED RULE 11Ac1-1(c) OF THE SECURITIES EXCHANGE ACT OF 1934, PART V, SECTION 2(b) OF SCHEDULE D OF THE ASSOCIATION'S BY-LAWS AND ARTICLE III, SECTIONS 1 AND 6 OF THE ASSOCIATION'S RULES OF FAIR PRACTICE BY FAILING TO HONOR THE QUOTATIONS IT CAUSED TO BE DISSEMINATED THROUGH THE NASDAQ SYSTEM (BACKING AWAY).

THIS AWC WAS ACCEPTED BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON SEPTEMBER 25, 1995. THE RESPONDENT MEMBER WAS FINED \$1,000. THE AWC BECAME FINAL ON SEPTEMBER 25, 1995.

\$1,000.00 PAID ON 10/19/95 INVOICE #95-MS.661

Reporting Source:

Firm

Current Status:

Final

Allegations:

ALLEGED VIOLATION OF RULE 11AC1-1(C) OF THE SECURITIES EXCHANGE ACT OF 1934, PART V, SECTION 2(B) OF SCHEDULE D OF THE ASSOCIATIONS BY-LAWS AND ARTICLE III, SECTIONS 1 AND 6 OF THE ASSOCIATION'S RULES OF FAIR PRACTICE BY FAILING TO HONOR THE QUOTATIONS IT CAUSED TO BE DISSEMINATED THROUGH THE NASDAQ SYSTEM (BACKING AWAY).

Initiated By:

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated:

10/12/1994

Docket/Case Number:

CMS950048 AWC

Principal Product Type:

Equity - OTC

Other Product Type(s):**Principal Sanction(s)/Relief Sought:**

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:**Resolution:**

Acceptance, Waiver & Consent(AWC)



Resolution Date: 09/25/1995

Sanctions Ordered: Monetary/Fine \$1,000.00

Other Sanctions Ordered:

Sanction Details: FINE OF \$1000.00 PAID ON 10/19/1995, INVOICE # 95-MS.661

Firm Statement THE LETTER OF AWC WAS ACCEPTED BY THE NBCC ON SEPT. 25, 1995.
AWC BECAME FINAL ON 09/25/1995. FINE OF \$1000.00.

Disclosure 29 of 51

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 11/23/1993

Docket/Case Number: CMS930082 AWC (A)

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 03/09/1994

Sanctions Ordered: Monetary/Fine \$4,000.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement 3/10/94: MARKET SURVEILLANCE COMMITTEE COMPLAINT #CMS930082
AWC
(A) LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED NOVEMBER
23,
1994 AGAINST RESPONDENT MEMBER HERZOG HEINE GEDULD, INC.
ALLEGING VIOLATIONS OF PART V, SECTION 2(d) OF SCHEDULE D FOR
ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.



THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON JANUARY 31, 1994 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON MARCH 9, 1994. **\$4,000 AND UNDERTAKINGS.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF PART V, SECTION 2(D) OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 11/23/1993

Docket/Case Number: CMS930082 AWC (A)

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/09/1994

Sanctions Ordered: Monetary/Fine \$4,000.00

Other Sanctions Ordered:

Sanction Details: \$4000.00 FINE AND UNDERTAKINGS.

Firm Statement THE LETTER OF AWC WAS ACCEPTED BY THE MSC ON 01/31/94 AND BY THE NBCC ON 03/9/94. \$4000.00 FINE AND UNDERTAKINGS.

Disclosure 30 of 51

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 03/31/1993



Docket/Case Number: CMS930018 AWC (A)

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 07/07/1993

Sanctions Ordered: Monetary/Fine \$2,000.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement

7/9/93: MARKET SURVEILLANCE COMMITTEE COMPLAINT #CMS930018 AWC (A) LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED MARCH 31, 1993 AGAINST RESPONDENT MEMBER HERZOG HEINE GEDULD INC. ALLEGING VIOLATIONS OF PART VI, SECTION 2(d) OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.

THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE COMPLAINT ON 6/3/93 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON JULY 7, 1993.

\$2,000.00 FINE

\$2,000.00 PAID ON 7/27/93 INVOICE #93-12-568

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF PART VI, SECTION 2(D) OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 03/31/1993

Docket/Case Number: CMS930018 AWC (A)

Principal Product Type: Equity - OTC

Other Product Type(s):



Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/07/1993

Sanctions Ordered: Monetary/Fine \$2,000.00

Other Sanctions Ordered:

Sanction Details: \$2000.00 FINE PAID ON 07/27/93 INVOICE #93-12-568

Firm Statement THE LETTER OF AWC WAS ACCAEPED BY THE MSC ON 06/03/93 AND BY THE NBCC ON 07/07/93. \$2000.00 FINE PAID ON 07/27/93.

Disclosure 31 of 51

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 12/22/1992

Docket/Case Number: CMS920119 AWC (A)

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 04/08/1993

Sanctions Ordered: Monetary/Fine \$2,000.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement 4/13/93: MARKET SURVEILLANCE COMMITTEE COMPLAINT #CMS920119



AWC
 (A) LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED DECEMBER 22, 1992 AGAINST RESPONDENT MEMBER HERZOG HEINE GEDULD INC. ALLEGING VIOLATIONS OF PART VI SECTION 2(d) OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS. THE MARKET SURVEILLANCE COMMITTEE WAS ACCEPTED ON MARCH 3, 1993 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON APRIL 8, 1993. \$2,000.00 FINE.
 \$2,000.00 PAID ON 4/27/93 INVOICE #93-MS-345

Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGED VIOLATIONS OF PART VI, SECTION 2(D) OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	12/22/1992
Docket/Case Number:	CMS920119 AWC (A)
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	04/08/1993
Sanctions Ordered:	Monetary/Fine \$2,000.00
Other Sanctions Ordered:	
Sanction Details:	\$2000.00 FINE PAID ON 04/27/1993. INVOICE #93-MS-345
Firm Statement	THE LETTER OF AWC WAS ACCEPTED BY THE MSC ON 03/03/1993 AND BY THE NBCC ON 04/08/93. \$2000.00 FINE PAID ON 04/27/93.

Disclosure 32 of 51

Reporting Source: Regulator



Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 12/08/1992

Docket/Case Number: CMS930003 AWC (A)

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 03/18/1993

Sanctions Ordered: Monetary/Fine \$250.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement

3/22/93: MARKET SURVEILLANCE COMMITTEE COMPLAINT #CMS930003 AWC
(A) LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED DECEMBER 8, 1992 ALLEGING VIOLATIONS OF ARTICLE III, SECTION 1 OF THE ASSOCIATION'S RULES OF FAIR PRACTICE IN THAT THE FOLLOWING RESPONDENTS UPDATED QUOTAIONS IN THE BULLETIN BOARD SYSTEM OUTSIDE THE ALLOWABLE TIME FOR UPDATING FOREIGN OR ADR SECURITIES ON THE BULLETIN BOARD.

THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON MARCH 4, 1993 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON MARCH 18, 1993. \$250.00 FINE.

\$250.00 PAID ON 4/2/93 INVOICE #93-MS-269

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF ARTICLE III, SECTION 1 OF THE ASSOCIATION'S



RULES OF FAIR PRACTICE IN THAT HERZOG UPDATED QUOTATIONS IN THE BULLETIN BOARD SYSTEM OUTSIDE THE ALLOWABLE TIME FOR UPDATING FOREIGN OR ADR SECURITIES ON THE BULLETIN BOARD.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 12/08/1992

Docket/Case Number: CMS930003 AWC (A)

Principal Product Type: Other

Other Product Type(s): FOREIGN OR ADR SECURITIES ON THE BULLETIN BOARD

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/18/1993

Sanctions Ordered: Monetary/Fine \$250.00

Other Sanctions Ordered:

Sanction Details: \$250.00 FINE PAID ON 04/02/1993. INVOICE #93-MS-269.

Firm Statement THE LETTER OF AWC WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON 03/04/1993 AND BY THE NBCC ON 03/18/1993. \$250.00 FINE PAID.

Disclosure 33 of 51

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 10/31/1985

Docket/Case Number: MS-199 AWC

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:


Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/28/1986

Sanctions Ordered: Monetary/Fine \$2,000.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement LETTER OF ACCEPTANCE, WAIVER AND CONSENT #MS-199-AWC FILED ON OCTOBER 31, 1985, ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON DECEMBER 13, 1985 AND ACCEPTED BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON JANUARY 28, 1986, ALLEGING VIOLATIONS OF PART I, SECTION C.3.(a) OF SCHEDULE D OF THE ASSOCIATION'S BY-LAWS IN THAT RESPONDENT ENTERED QUOTATIONS INTO THE NASDAQ SYSTEM THAT WERE NOT REASONABLY RELATED TO THE PREVAILING MARKET, ON AUGUST 21, 1985. \$2,000 FINE, CHECK RECEIVED 11/8/85. ***11/20/85, NFC# 34, PAID IN FULL.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF PART I, SECTION C.3(A) OF SCHEDULE D OF THE ASSOCIATION'S BY-LAWS IN THAT HERZOG ENTERED QUOTATIONS INTO THE NASDAQ SYSTEM THAT WERE NOT REASONABLY RELATED TO THE PREVAILING MARKET, ON AUGUST 21, 1985.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 10/31/1985

Docket/Case Number: MS-199 AWC

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:



Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/28/1986

Sanctions Ordered: Monetary/Fine \$2,000.00

Other Sanctions Ordered:

Sanction Details: \$2000.00 FINE PAID IN FULL ON 11/08/1985.

Firm Statement THE LETTER OF AWC WAS ACCEPTED BY THE MSC ON 12/13/1985 AND ACCEPTED BY THE NBCC ON 01/28/1986. FINE \$2000.00 PAID.

Disclosure 34 of 51

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 02/12/1986

Docket/Case Number: MS-260-AWC

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 06/19/1986

Sanctions Ordered: Monetary/Fine \$250.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement 6/23/86: MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-260-AWC: LETTER OF ACCEPTANCE, WAIVER AND CONSENT ISSUED ON FEBRUARY 12, 1986, ALLEGING VIOALTIONS OF SECTION 2 OF SCHEDULE G OF THE ASSOCIATION'S BY-LAWS IN THAT RESPONDENT (HERZOG HEINE GEDULD, INC) REPORTED THROUGH THE NASDAQ SYSTEM FOUR THIRD MAKRET



RETAIL PRINCIPAL TRNASACTIONS AT PRICES THAT INCLUDED A MARK-DOWN OR OTHER SALES CHARGE. THE AWC WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON 4/7/86 AND THE NATIONAL BUSINESS CONDUCT COMMITTEE ON 5/19/86. \$250 FINE

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF SECTION 2 OF SCHEDULE G OF THE ASSOCIATION'S BY-LAWS IN THAT HERZOG REPORTED THROUGH NASDAQ SYSTEM FOUR THIRD MARKET RETAIL PRINCIPLE TRANSACTIONS AT PRICES THAT INCLUDED A MARK-DOWN OR OTHER SALES CHARGE.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 02/12/1986

Docket/Case Number: MS-260-AWC

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/19/1986

Sanctions Ordered: Monetary/Fine \$250.00

Other Sanctions Ordered:

Sanction Details: \$250.00 FINE PAID .

Firm Statement THE LETTER OF AWC WAS ACCPETED BY THE MSC ON 04/07/86 AND BY THE NBCC ON 05/19/86. \$250.00 FINE PAID.

Disclosure 35 of 51

Reporting Source: Regulator

Current Status: Final

Allegations:



Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 03/29/1985

Docket/Case Number: N-EX-23

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 04/11/1985

Sanctions Ordered: Monetary/Fine \$1,000.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement FEBRUARY 4, 1986: MARKET SURVEILLANCE COMMITTEE COMPLAINT #N-EX-23 FILED 3/29/85, ALLEGING VIOLATION OF EXCESS SPREAD. DECISION RENDERED 4/11/85 WHEREIN THE RESPONDENT WAS REINSTATED AND FINED \$1,000.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATION OF EXCESS SPREADS.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 03/29/1985

Docket/Case Number: N-EX-23

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:



Resolution:	Decision
Resolution Date:	04/11/1985
Sanctions Ordered:	Monetary/Fine \$1,000.00
Other Sanctions Ordered:	
Sanction Details:	\$1000.00 FINE PAID.
Firm Statement	DECISION RENDERED 04/11/1985 WHEREIN HERZOG WAS REINSTATED AND FINED \$1000.00.

Disclosure 36 of 51

Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	12/09/1994
Docket/Case Number:	CMS940115 AWC

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution:	Consent
Resolution Date:	06/02/1995
Sanctions Ordered:	Monetary/Fine \$2,000.00
Other Sanctions Ordered:	

Sanction Details:

Regulator Statement MARKET SURVEILLANCE COMMITTEE COMPLAINT NO. CMS940115 AWC.

LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) ALLEGES VIOLATIONS OF ARTICLE III, SECTIONS 1 AND 6 OF THE ASSOCIATION'S RULES OF FAIR PRACTICE, PART 5, SECTION 2(b) OF SCHEDULE D TO THE ASSOCIATION'S BY-LAWS, AND RULE 11Ac1-1(c) OF



THE SECURITIES EXCHANGE ACT OF 1934 IN THAT THE RESPONDENT FAILED TO HONOR THE QUOTATIONS IT CAUSED TO BE DISSEMINATED THROUGH THE NASDAQ SYSTEM.

THE AWC WAS FILED ON DECEMBER 9, 1994 AND ACCEPTED BY THE MARKET SURVEILLANCE AND THE NATIONAL BUSINESS CONDUCT COMMITTEES ON JUNE 2, 1995. THE RESPONDENT MEMBER WAS FINED \$2,000. THE AWC BECAME FINAL ON JUNE 2, 1995.

\$2,000.00 PAID ON 7/18/95 INVOICE #95-MS.409

Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGED VIOLATIONS OF ARTICLE III, SECTIONS 1 AND 6 OF THE ASSOCIATION'S RULES OF FAIR PRACTICE, PART 5, SECTION 2(B) OF SCHEDULE D TO THE ASSOCIATION'S BY-LAWS, AND RULE 11AC1-1(C) OF THE SECURITIES EXCHANGE ACT OF 1934 IN THAT HERZOG FAILED TO HONOR THE QUOTATIONS IT CAUSED TO BE DISSEMINATED THROUGH THE NASDAQ SYSTEM.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	12/09/1994
Docket/Case Number:	CMS940115 AWC
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	06/02/1995
Sanctions Ordered:	Monetary/Fine \$2,000.00
Other Sanctions Ordered:	
Sanction Details:	\$2000.00 FINE PAID ON 07/18/1995. INVOICE #95-MS.409.
Firm Statement	THE LETTER OF AWC WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE AND BY THE NBCC ON 06/02/1995.



Disclosure 37 of 51

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 01/04/1994

Docket/Case Number: CMS940003 AWC

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 04/19/1994

Sanctions Ordered: Monetary/Fine \$750.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement 4/22/94: MARKET SURVEILLANCE COMMITTEE COMPLAINT #CMS940003 AWC

A LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED ON JANUARY 4, 1994 AGAINST RESPONDENT MEMBER HERZOG HEINE GEDULD INC. ALLEGING VIOLATIONS OF ARTICLE III, SECTION 1 OF THE ASSOCIATION'S RULES OF FAIR PRACTICE IN THAT THE RESPONDENTS UPDATED QUOTATIONS IN THE BULLETIN BOARD SYSTEM OUTSIDE THE ALLOWABLE TIME FOR UPDATING FOREIGN OR ADR SECURITIES ON THE BULLETIN BOARD.

THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON MARCH 9, 1994 AND BY THE NATIONAL BUUSINES CONDUCT COMMITTEE ON APRIL 19, 1994. \$750 FINE



***\$750 PAID ON 5/10/94, INVOICE #94-MS-313.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF ARTICLE III, SECTION 1 OF THE ASSOCIATION'S RULES OF FAIR PRACTICE IN THAT HRZG UPDATED QUOTATIONS IN THE BULLETIN BOARD SYSTEM OUTSIDE THE ALLOWABLE TIME FOR UPDATING FOREIGN OR ADR SECURITIES ON THE BULLETIN BOARD.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 01/04/1994

Docket/Case Number: CMS940003 AWC

Principal Product Type: Other

Other Product Type(s): FOREIGN OR ADR SECURITIES ON THE BULLETIN BOARD

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/19/1994

Sanctions Ordered: Monetary/Fine \$750.00

Other Sanctions Ordered:

Sanction Details: FINE OF \$750.00 PAID ON 05/10/1994, INVOICE #94-MS-313.

Firm Statement THE LETTER OF AWC WAS ACCEPTED BY THE MSC ON 03/09/1994 AND BY THE NBCC ON 04/19/1994. FINE OF \$750.00.

Disclosure 38 of 51

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 10/04/1993



Docket/Case Number: CMS930060 AWC (A)

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 12/17/1993

Sanctions Ordered: Monetary/Fine \$3,000.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement

1/3/94: MARKET SURVEILLANCE COMMITTEE COMPLAINT #CMS930060 AWC (A) LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED OCTOBER 4, 1993 ALLEGING VIOLATIONS OF PART VI, SECTION 2(d) OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.

THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON NOVEMBER 30, 1993 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON DECEMBER 17, 1993. \$3,000 FINE.

\$3,000.00 PAID ON 1/27/94 INVOICE #94-MS-24

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF PART VI, SECTION 2(D)OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 10/04/1993

Docket/Case Number: CMS930060 AWC (A)

Principal Product Type: Equity - OTC

Other Product Type(s):



Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	12/17/1993
Sanctions Ordered:	Monetary/Fine \$3,000.00
Other Sanctions Ordered:	
Sanction Details:	\$3000.00 FINE PAID ON 01/27/1994 INVOICE #94-MS-24
Firm Statement	THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON 11/30/1993 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON 12/17/1993. \$3000.00 FINE PAID ON 01/27/1994.

Disclosure 39 of 51

Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	04/27/1993
Docket/Case Number:	CMS930025 AWC
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	08/26/1993
Sanctions Ordered:	Monetary/Fine \$500.00
Other Sanctions Ordered:	

**Sanction Details:****Regulator Statement**

MARKET SURVEILLANCE COMPLAINT NO. CMS930025 AWC: THE FOLLOWING LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) FILED ON 4/27/93, ALLEGE VIOLATIONS OF ARTICLE III, SECTION 1 OF THE ASSOCIATION'S RULE OF FAIR PRACTICE IN THAT THE RESPONDENTS UPDATED QUOTATIONS IN THE BULLETIN BOARD SUSTEM OUTSIDE THE ALLOWABLE TIME FOR UPDATING FOREIGN OR ADR SECURITIES ON THE BULLETIN BOARD. ACCEPTED BY MSC ON 7/19/93 AND BY NBCC ON 8/26/93. FINE \$500.

\$500.00 PAID ON 9/14/93 INVOICE #93-MS-677

Reporting Source:

Firm

Current Status:

Final

Allegations:

ALLEGED VIOLATIONS OF ARTICLE III, SECTION 1 OF THE ASSOCIATION'S RULE OF FAIR PRACTICE IN THAT HERZOG UPDATED QUOTATIONS IN THE BULLETIN BOARD SYSTEM OUTSIDE THE ALLOWABLE TIME FOR UPDATING FOREIGN OR ADR SECURITIES ON THE BULLETIN BOARD.

Initiated By:

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated:

04/27/1993

Docket/Case Number:

CMS930025 AWC

Principal Product Type:

Other

Other Product Type(s):

FOREIGN OR ADR SECURITIES ON THE BULLETIN BOARD

Principal Sanction(s)/Relief Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:**Resolution:**

Acceptance, Waiver & Consent(AWC)

Resolution Date:

08/26/1993

Sanctions Ordered:

Monetary/Fine \$500.00

Other Sanctions Ordered:**Sanction Details:**

\$500.00 FINE PAID ON 09/14/1993 INVOICE #93-MS-677

Firm Statement

LETTER OF AWC ACCEPTED BY MSC ON 07/19/1993 AND BY NBCC ON 08/26/1993. \$500.00 FINE PAID ON 09/14/1993.



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Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	05/15/1992
Docket/Case Number:	CMS920081 AWC
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	07/21/1992
Sanctions Ordered:	Monetary/Fine \$3,000.00
Other Sanctions Ordered:	
Sanction Details:	
Regulator Statement	<p>MARKET SURVEILLANCE COMMITTEE COMPLAINT #CMS920081 AWC: (A) LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS FILED ON MAY 15, 1992 AGAINST RESPONDENT MEMBER HERZOG HEINE GEDULD INC. CORP. ALLEGING VIOLATIONS OF PART VI, SECTION 2(d) OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.</p> <p>THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON JUNE 26, 1992 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON JULY 21, 1992. \$3,000.00 FINED.</p> <p>**\$3,000.00 PAID ON 8/11/92 INVOICE #92-MS-737**</p>

Reporting Source:	Firm
Current Status:	Final



Allegations:	ALLEGED VIOLATIONS OF PART VI, SECTION 2(D) OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	05/15/1992
Docket/Case Number:	CMS920081 AWC
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	07/21/1992
Sanctions Ordered:	Monetary/Fine
Other Sanctions Ordered:	
Sanction Details:	\$3000.00 FINE PAID ON 08/11/1992 INVOICE #92-MS-737
Firm Statement	THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCPETED BY THE MARKET SURVEILLANCE COMMITTEE ON 06/26/1992 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON 07/21/1992. \$3000.00 FINE PAID ON 08/11/1992.

Disclosure 41 of 51

Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	04/09/1985
Docket/Case Number:	MS-112SC
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	

**Other Sanction(s)/Relief Sought:**

Resolution: Decision
Resolution Date: 04/19/1985
Sanctions Ordered: Monetary/Fine \$250.00
Other Sanctions Ordered:

Sanction Details:

Regulator Statement 1/13/86: MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-112 SC FILED 4/9/85 ALLEGING VIOLATIONS OF "NO VOLUME". DECISION RENDERED 4/19/85, WHEREIN THE FIRM WAS FINED \$250.00.

Reporting Source: Firm
Current Status: Final
Allegations: ALLEGED VIOLATIONS OF "NO VOLUME".
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 04/09/1985
Docket/Case Number: MS-112SC
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Decision
Resolution Date: 04/19/1985
Sanctions Ordered: Monetary/Fine \$250.00
Other Sanctions Ordered:
Sanction Details: FINE OF \$250.00.
Firm Statement DECISION RENDERED 04/19/1985, FIRM FINED \$250.00.



Disclosure 42 of 51

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 04/02/1992

Docket/Case Number: CMS920059-AWC

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 06/03/1992

Sanctions Ordered: Monetary/Fine \$2,000.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement 6/10/92: MARKET SURVEILLANCE COMMITTEE COMPLAINT
#CMS920059-AWC:

A LETTER OF ACCETPANCE, WAIVER AND CONSENT WAS FILED APRIL 2, 1992 AGAINST RESPONDENT MEMBER HERZOG HEINE GEDULD INC. ALLEGING VIOLATIONS OF PART VI, SECTION 2(d) OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.

THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON MAY 8, 1992 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON JUNE 3, 1992. \$2,000.00 FINE.

\$2,000.00 PAID ON 6/22/92 INVOICE #92-MS-580

Reporting Source: Firm

Current Status: Final



Allegations: ALLEGED VIOLATIONS OF PART VI, SECTION 2(D) OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 04/02/1992

Docket/Case Number: CMS920059-AWC

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/03/1992

Sanctions Ordered: Monetary/Fine \$2,000.00

Other Sanctions Ordered:

Sanction Details: \$2000.00 FINE PAID ON 06/22/1992 INVOICE #92-MS-580

Firm Statement THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON 06/03/1992 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON 06/03/1992. \$2000.00 FINE PAID ON 06/22/1992.

Disclosure 43 of 51

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 12/04/1991

Docket/Case Number: CMS910175 AWC (A)

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:


Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 02/21/1992

Sanctions Ordered: Monetary/Fine \$3,000.00

Other Sanctions Ordered:

Sanction Details:
Regulator Statement

3/2/92: MARKET SURVEILLANCE COMMITTEE COMPLAINT #CMS910175 AWC (A) LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED DECEMBER 4, 1991 AGAINST RESPONDENT MEMBER HERZOG HEINE GEDULD, INC. ALLEGING VIOLATIONS OF PART VI, SECTION 2(d) OF SCHEDULE D OF ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.

THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON JANUARY 27, 1991 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON FEBRUARY 21, 1992.

\$3,000.00 FINED*

\$3,000.00 PAID ON 3/12/92 INVOICE #92-MS-242*

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF PART VI, SECTION 2(D) OF SCHEDULE D OF ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 12/04/1991

Docket/Case Number: CMS910175 AWC (A)

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 02/21/1992



Sanctions Ordered:	Monetary/Fine \$3,000.00
Other Sanctions Ordered:	
Sanction Details:	FINE OF \$3000.00 PAID ON 03/12/1992, INVOICE #92-MS-242
Firm Statement	THE LETTER OF AWC WAS ACCEPTED BY THE MSC ON JANUARY 27,1991 AND BY THE NBCC ON FEB. 21, 1992. FINE OF \$3000.00.

Disclosure 44 of 51

Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	05/29/1991
Docket/Case Number:	MS-1094-AWC
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	08/08/1991
Sanctions Ordered:	Monetary/Fine \$2,000.00
Other Sanctions Ordered:	
Sanction Details:	
Regulator Statement	<p>MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-1094-AWC (A) LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED MAY 29, 1991 AGAINST RESPONDENT MEMBER HERZOG, HEINE GEDULD, INC. ALLEGING VIOLATIONS OF PART VI, SECTION 2(d) OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.</p> <p>THE LETTER OF ACCEPTANCE WAIVER, AND CONSENT WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON JULY 1, 1991 AND BY THE</p>



NATIONAL BUSINESS OF CONDUCT COMMITTEE ON AUGUST 8, 1991.

\$2,000.00 FINED.

\$2,000.00 PAID ON 9/3/91 INVOICE #91-MS-990*

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF PART VI, SECTION 2 (D) OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 05/29/1991

Docket/Case Number: MS-1094-AWC

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/08/1991

Sanctions Ordered: Monetary/Fine \$2,000.00

Other Sanctions Ordered:

Sanction Details: \$2000.00 FINE PAID ON 09/03/1991 INVOICE #91-MS-990.

Firm Statement THE LETTER OF ACCEPTANCE, WAIVER, AND CONSENT WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON 07/01/1991 AND BY THE NATIONAL BUSINESS OF CONDUCT COMMITTEE ON 08/08/1991. \$2000.00 FINE PAID ON 09/03/1991.

Disclosure 45 of 51

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.



Date Initiated: 04/19/1991
Docket/Case Number: MS-1069-AWC
Principal Product Type:
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Consent
Resolution Date: 07/10/1991
Sanctions Ordered: Monetary/Fine \$500.00
Other Sanctions Ordered:

Sanction Details:**Regulator Statement**

MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-1069-AWC. (A)
LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED APRIL 19, 1991
AGAINST RESPONDENT MEMBER HERZOG, HEINE, GEDULD, INC.
ALLEGING
VIOLATIONS OF ARTICLE III, SECTION 1 AND RULE 15c2-11.

THE LETTER OF ACCEPTANCE WAIVER, AND CONSENT WAS ACCEPTED BY
THE MARKET SURVEILLANCE COMMITTEE ON MAY 10, 1991 AND BY THE
NATIONAL BUSINESS CONDUCT COMMITTEE ON JULY 10, 1991. \$500.00
FINE.

\$500.00 PAID ON 8/5/91 INVOICE #91-MS-842*

Reporting Source: Firm
Current Status: Final
Allegations: ALLEGED VIOLATIONS OF ARTICLE III, SECTION 1 AND RULE 15C-211.
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 04/19/1991
Docket/Case Number: MS-1069-AWC
Principal Product Type: No Product
Other Product Type(s):



Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/10/1991

Sanctions Ordered: Monetary/Fine \$500.00

Other Sanctions Ordered:

Sanction Details: FINE OF \$500.00 PAID ON 08/05/1991, INVOICE #91-MS-842

Firm Statement THE LETTER OF AWC WAS ACCPETED BY THE MSC ON 05/10/91 AND BY THE NBCC ON 07/10/91. FINE OF \$500.00.

Disclosure 46 of 51

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 12/03/1990

Docket/Case Number: MS-1003-AWC

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 03/28/1991

Sanctions Ordered: Monetary/Fine \$1,000.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-1003-AWC (A)



LETTER
OF ACCEPTANCE, WAIVER AND CONSENT FILED DECEMBER 3, 1990
AGAINST RESPONDENT MEMBER HERZOG HEINE GEDULD ALLEGE
VIOLATIONS
OF PART VI, SECTION 2(d) OF SCHEDULE D FOR ENTETING NASDAQ
QUOTATIONS CONTAINING EXVCESS SPREADS.

THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY
THE MARKET SURVEILLANCE COMMITTEE ON JANUARY 29, 1991 AND BY
THE NATIONAL BUSINESS CONDUCT COMMITTEE ON MARCH 28, 1991.
\$1,000.00 FINE.

\$1,000.00 PAID ON 5/3/91 INVOICE #91-MS-442

Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGED VIOLATIONS OF PART IV, SECTION 2(D) OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESSIVE SPREADS.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	12/03/1990
Docket/Case Number:	MS-1003-AWC
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	03/28/1991
Sanctions Ordered:	Monetary/Fine \$1,000.00
Other Sanctions Ordered:	
Sanction Details:	\$1000.00 FINE PAID ON 05/03/1991
Firm Statement	THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON 01/29/1991 AND BY THE NATIONAL BUSINESS COMMITTEE ON 03/28/1991. \$1000.00 FINE PAID ON 05/03/1991.



Disclosure 47 of 51

Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	MASSACHUSETTS
Date Initiated:	07/20/1989
Docket/Case Number:	E-88-422
URL for Regulatory Action:	
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	07/24/1989
Sanctions Ordered:	Monetary/Fine
Other Sanctions Ordered:	
Sanction Details:	
Regulator Statement	<p>ON JULY 20, 1989, PURSUANT TO AN OFFER OF SETTLEMENT IN WHICH IT NEITHER ADMITTED NOR DENIED FINDINGS OF VIOLATION, HERZOG, HEINE, GEDULD, INC. CONSENTED TO THE IMPOSITION OF AN ADMINISTRATIVE FINE BY THE MASSACHUSETTS SECURITIES DIVISION IN THE AMOUNT OF \$25,000 AND AGREED TO COMPLY WITH CERTAIN UNDERTAKINGS. THE ACTION WAS BASED ON THE FIRM'S ALLEGED FAILURE TO COMPLY WITH STATE REQUIREMENTS REGARDING THE TIMELY DISCLOSURE OF DISCIPLINARY PROCEEDINGS BY SECURITIES SELF REGULATORY ORGANIZATIONS...SEE BDA JDS 10027-21589</p> <p>8/23/89: FORM U6 (8007-22889) DISCLOSES: THE MASSACHUSETTS SECURITIES DIVISION ENTERED AN ORDER INSTITUTING PROCEEDINGS, MAKING FINDINGS AND IMPOSING SANCTIONS AGAINST HERZOG, HEINE, GEDULD, INC. THE DIVISION FOUND THAT HERZOG, HEINE, GEDULD,</p>



INC. FAILED TO DISCLOSE OVER 25 DISCIPLINARY ACTIONS TAKEN AGAINST IT BY THE NASD, NYSE AND ASE DURING 1980-1987. THE UNDISCLOSED ACTIONS INCLUDED FINES FOR EXCESSIVE PRICE SPREADS, LATE TRADE REPORTING AND UNEXECUTED WITHDRAWALS FROM MAKING A MARKET IN A SECURITY; AND A FIVE-DAY SUSPENSION AS A MARKET MAKER IN SIX STOCKS, FOR FICTITIOUS TRADE REPORTING AND FAILURE TO SUPERVISE. THE ORDER REQUIRES HERZOG TO ADOPT IMPROVED SUPERVISION AND DISCLOSURE PROCEDURES, TO AVOID FUTURE VIOLATIONS OF THE STATUTE AND TO PAY A FINE OF \$25,000. HERZOG CONSENTED TO ENTRY OF THE ORDER WITHOUT ADMITTING OR DENYING THE FINDINGS. DOCKET/CASE #E-88-422, DATED JULY 20, 1989

Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGED FAILURE TO COMPLY WITH STATE REQUIREMENTS REGARDING THE TIMELY DISCLOSURE OF DISCIPLINARY PROCEEDINGS BY SECURITIES SELF REGULATORY ORGANIZATIONS.
Initiated By:	MASSACHUSETTS
Date Initiated:	07/20/1989
Docket/Case Number:	E-88-422
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Order
Resolution Date:	07/24/1989
Sanctions Ordered:	Monetary/Fine \$25,000.00
Other Sanctions Ordered:	THE ORDER REQUIRES HERZOG TO ADOPT IMPROVED SUPERVISION AND DISCLOSURE PROCEDURES, TO AVOID FUTURE VIOLATIONS OF THE STATUTE.
Sanction Details:	FINE OF \$25,000.00 PAID 07/24/1989

**Firm Statement**

ON 07/20/1989, PURSUANT TO AN OFFER OF SETTLEMENT IN WHICH IT NEITHER ADMITTED NOR DENIED FINDINGS OF VIOLATION, HERZOG, HEINE, GEDULD, INC. CONSENTED TO THE IMPOSITION OF AN ADMINISTRATIVE FINE BY THE MASSACHUSETTS SECURITIES DIVISION IN THE AOUNT OF \$25,000.00 AND AGREED TO COMPLY WITH CERTAIN UNDERTAKINGS. THE ACTION WAS BASED ON THE FIRM'S ALLEGED FAILURE TO COMPLY WITH STATE REQUIREMENTS REGARDING THE TIMELY DISCLOSURE OF DISCIPLINARY PROCEEDINGS BY SECURITIES SELF REGULATORY ORGANIZATIONS...SEE BDA JDS 10027-21589 8/23/89: FORM U6(8007-22889) DISCLOSES: THE MASSACHUSETTS SECURITIES DIVISION ENTERED AN ORDER INSTITUTING PROCEEDINGS, MAKING FINDINGS AND IMPOSING SANCTIONS AGAINST HERZOG, HEINE, GEDULD, INC. THE DIVISION FOUND THAT HERZOG FAILED TO DISCLOSE OVER 25 DISCIPLINARY ACTIONS TAKEN AGAINST IT BY THE NASD, NYSE AND ASE DURING 1980 - 1987. THE UNDISCLOSED ACTIONS INCLUDED FINES FOR EXCESSIVE PRICE SPREADS, LATE TRADE REPORTING AND UNEXCUSED WITHDRAWALS FROM MAKING A MARKET IN A SECURITY; AND A FIVE-DAY SUSPENSION AS A MARKET MAKER IN SIX STOCKS, FOR FICTITIOUS TRADE REPORTING AND FAILURE TO SUPERVISE. THE ORDER REQUIRES HERZOG TO ADOPT IMPROVED SUPERVISION AND DISCLOSURE PROCEDURES, TO AVOID FUTURE VIOLATIONS OF THE STATUTE AND TO PAY A FINE OF \$25,000.00 HERZOG CONSENTED TO ENTRY OF THE ORDER WITHOUT ADMITTING OR DENYING THE FINDINGS. DOCKET/CASE #E-88-422, DATED JULY 20, 1989.

Disclosure 48 of 51

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 09/26/1988

Docket/Case Number: MS-772-AWC

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:



Resolution: Consent

Resolution Date: 11/21/1988

Sanctions Ordered: Monetary/Fine \$1,000.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-772-AWC:

THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED SEPTEMBER 26, 1988 AGAINST RESPONDENT HERZOG, HEINE, GEDULD, INC. ALLEGING VIOLATIONS OF PART VI, SECTION 2(d) OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.

THE LETTER OF ACCEPTANCE WAIVER AND CONSENT WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON NOVEMBER 1, 1988 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON NOVEMBER 21, 1988.

\$1,000 FINE

\$1,000 FINE PAID 10/13/88

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF PART VI, SECTION 2(D) OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 09/26/1988

Docket/Case Number: MS-772-AWC

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/21/1988



Sanctions Ordered: Monetary/Fine \$1,000.00

Other Sanctions Ordered:

Sanction Details: FINE OF \$1000.00 PAID ON 10/13/1988.

Firm Statement THE LETTER OF AWC WAS ACCEPTED BY THE MSC ON 11/21/1988 AND BY THE NBCC ON 11/21/88. FINE OF \$1000.00.

Disclosure 49 of 51

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 10/05/1987

Docket/Case Number: MS-621-AWC

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 11/24/1987

Sanctions Ordered: Monetary/Fine \$500.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-621-AWC:

LETTER OF ACCEPTANCE, WAIVER, AND CONSENT (AWC) FILED OCTOBER 5, 1987 AGAINST RESPONDENT HERZOG, HEINE, GEDULE, INC. ALLEGING VIOLATIONS OF PART VI, SECTION 2(d) OF SECTION D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.

THE AWC WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON



NOVEMBER 5, 1987 AND BY THE NATIONAL BUSINESS CONDUCT
COMMITTEE
ON NOVEMBER 24, 1987. \$500 FINE

\$500 FINE PAID 10/14/87

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF PART VI, SECTION 2(D) OF SECTION D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 10/05/1987

Docket/Case Number: MS-621-AWC

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/24/1987

Sanctions Ordered: Monetary/Fine \$500.00

Other Sanctions Ordered:

Sanction Details: FINE OF \$500.00 PAID ON 10/14/87.

Firm Statement THE LETTER OFAFCX WAS ACCEPTED BY THE MSC ON 11/05/87 AND BY THE NBCC ON 11/24/87. FINED \$500.00.

Disclosure 50 of 51

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.



Date Initiated: 02/12/1987
Docket/Case Number: MS-472-AWC

Principal Product Type:
Other Product Type(s):
Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent
Resolution Date: 04/14/1987
Sanctions Ordered: Monetary/Fine \$500.00
Other Sanctions Ordered:

Sanction Details:

Regulator Statement MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-472-AWC:

LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) WAS FILED ON FEBRUARY 12, 1987, ALLEGING VIOLATIONS OF PART I, SECTION C.3.(a) OF SCHEDULE D OF THE ASSOCIATION'S BY-LAWS IN THAT RESPONDENT, ON 11/20/86 AND 12/12/86, ENTERED QUOTATIONS INTO THE NASDAQ SYSTEM THAT WERE NOT REASONABLY RELATED TO THE PREVAILING MARKET. THE AWC WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON MARCH 16, 1987 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON APRIL 14, 1987. \$500 FINE RECEIVED 2/24/87

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF PART I, SECTION C.3(A) OF SCHEDULE D OF THE ASSOCIATION'S BY-LAWS, ENTERED QUOTATIONS INTO NASDAQ SYSTEM THAT WERE NOT REASONABLY RELATED TO THE PREVAILING MARKET.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 02/12/1987

Docket/Case Number: MS-472-AWC

Principal Product Type: Equity - OTC



Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/14/1987

Sanctions Ordered: Monetary/Fine \$500.00

Other Sanctions Ordered:

Sanction Details: \$500.00 FINE PAID / RECEIVED 02/24/1987

Firm Statement THE AWC WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON 03/16/1987 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON 04/14/1987. FINE \$500.00 RECEIVED 02/24/1987.

Disclosure 51 of 51

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 12/30/1969

Docket/Case Number: NY-SC

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 02/07/1970

Sanctions Ordered: Censure
Monetary/Fine \$250.00

Other Sanctions Ordered:

**Sanction Details:****Regulator Statement**

NY-SC FILED 12/30/69 DEC. 01/08/70 - MEMBER CENSURED & FINED \$250.00. TO BE FINAL 02/07/70. DEC. FINAL 02/07/70. FINE NOT PAID.

Reporting Source:

Firm

Current Status:

Final

Allegations:

UNKNOWN - INCIDENT DATED 30 YEARS BACK

Initiated By:

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated:

12/30/1969

Docket/Case Number:

NY-SC

Principal Product Type:

Other

Other Product Type(s):

UNKNOWN - INCIDENT DATED 30 YEARS BACK

Principal Sanction(s)/Relief Sought:

Censure

Other Sanction(s)/Relief Sought:**Resolution:**

Decision

Resolution Date:

02/07/1970

Sanctions Ordered:

Censure
Monetary/Fine \$250.00

Other Sanctions Ordered:**Sanction Details:**

FINE OF \$250.00 PAID 02/07/1970

Firm Statement

NY-SC FILED 12/30/1969.
MEMBER CENSURED AND FINED \$250.00. TO BE FINAL 02/07/70. DEC.
FINAL 02/07/70. FINE NOT PAID.



Civil - Final

This type of disclosure event involves (1) an injunction issued by a foreign or domestic court within the last 10 years in connection with investment-related activity, (2) a finding by a court of a violation of any investment-related statute or regulation, or (3) an action dismissed by a court pursuant to a settlement agreement.

Disclosure 1 of 1

Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGED VIOLATION OF THE SHERMAN ACT, 15 U.S.C. SECTION 1, ARISING OUT OF PRICE FIXING OF SPREADS AND STOCKS TRADED ON THE NASDAQ EXCHANGE.
Initiated By:	UNITED STATES DEPARTMENT OF JUSTICE ANTI-TRUST DIVISION
Court Details:	UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK IN NEW YORK CITY, NEW YORK COUNTY AND STATE OF NEW YORK.
	96-5313 (RWS)
Date Court Action Filed:	07/17/1996
Principal Product Type:	Equity - OTC
Other Product Types:	
Relief Sought:	Cease and Desist
Other Relief Sought:	
Resolution:	Settled
Resolution Date:	05/27/1997
Sanctions Ordered or Relief Granted:	Cease and Desist/Injunction
Other Sanctions:	
Sanction Details:	ENTERED INTO A STIPULATION AND ORDER WHICH SHALL EXPIRE 10 YEARS FROM ITS DATE OF ENTRY BY THE COURT (MAY, 27, 1997).
Firm Statement	A CIVIL ACTION BROUGHT ON BY U.S. DEPARTMENT OF JUSTICE ANTI-TRUST DIVISION. ON JULY 17, 1996 THE DOJ INVESTIGATION CULMINATED IN A PROPOSED CONSENT ORDER, SIGNED BY 24 MARKET MAKERS, IN WHICH HERZOG AND THE OTHER DEFENDANTS DO NOT ADMIT ANY WRONGDOING BUT AGREES TO COMPLY WITH THE ANTITRUST LAWS AND TO INSTITUTE A SYSTEM TO MONITOR AND TAPE RECORD SAMPLE CALLS TO ENSURE COMPLIANCE WITH THE TERMS OF THE CONSENT ORDER FOR A PERIOD OF FIVE (5) YEARS. THE PROPOSED CONSENT ORDER HAS BEEN SUBMITTED TO THE COURT AND HAS BEEN APPROVED BY COURT



ORDER ON APRIL 24, 1997.



Arbitration Award - Award / Judgment

Brokerage firms are not required to report arbitration claims filed against them by customers; however, BrokerCheck provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and registered securities firms in this section of the report.

The full text of arbitration awards issued by FINRA is available at www.finra.org/awardsonline.

Disclosure 1 of 3

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	04/21/2006
Case Number:	06-01992
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$750,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	12/08/2006
Sum of All Relief Awarded:	\$0.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 2 of 3

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	01/30/1990
Case Number:	89-02639
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE



Sum of All Relief Requested: \$54,875.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 10/19/1990
Sum of All Relief Awarded: \$4,625.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 3 of 3

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: EXECUTIONS-EXECUTION PRICE; EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 06/04/1996
Case Number: 96-02289
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$9,525.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 10/25/1996
Sum of All Relief Awarded: \$9,525.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure Events for Non-Registered Control Affiliates



All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	Pending	Final	On Appeal
Regulatory Event	0	4	0



Disclosure Event Details

Regulatory - Final

Disclosure 1 of 4

Reporting Source:	Firm
Affiliate:	MERRILL LYNCH INTERNATIONAL
Current Status:	Final
Allegations:	FROM SEPTEMBER 1996 TO DECEMBER 2001, MERRILL LYNCH BREACHED SFA RULE 5.49 BY FAILING TO ACCURATELY REPORT THE CAPACITY IN WHICH IT EXECUTED TRANSACTIONS IN NON-UK EUROPEAN EQUITIES WHEN REPORTING TRANSACTIONS TO THE SFA. FROM DECEMBER 2001 UNTIL JANUARY 2006, MERRILL LYNCH BREACHED FSA RULE SUP 17.6.2R BY FAILING TO ACCURATELY REPROT THE CAPACITY IN WHICH IT EXECUTED TRANSACTIONS IN NON-UK EUROPEAN EQUITIES WHEN REPORTING TRANSACTIONS TO THE FSA.
Initiated By:	FINANCIAL SERVICES AUTHORITY
Date Initiated:	08/04/2006
Docket/Case Number:	NO DOCKET NUMBER
Principal Product Type:	Other
Other Product Type(s):	NON-UK EUROPEAN EQUITIES
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	08/04/2006
Sanctions Ordered:	Monetary/Fine \$150,000.00
Other Sanctions Ordered:	MONETARY FINE WAS 150,000.00 IN BRITISH POUNDS. UNABLE TO ENTER IN PREFORMATTED US DOLLAR SPACE ABOVE.
Sanction Details:	N/A
Firm Statement	SEVERAL MITIGATING FACTORS WERE CONSIDERED BY THE FINANCIAL SERVICES AUTHORITY ("FSA") WHEN IMPOSING THEIR FINE: MERRILL LYNCH REPORTED THIS MATTER TO THE FSA AND HAS COOPERATED FULLY WITH THE FSA IN RESPECT TO THIS MATTER. MERRILL LYNCH HAS TAKEN SUBSTANTIAL STEPS TO IMPROVE ITS SYSTEMS AND CONTROLS



TO ENSURE THAT GOING FORWARD TRANSACTION REPORTS ARE ACCURATE. THE FSA HAS STATED THAT MERRILL LYNCH'S FAILURE WAS NOT DELIBERATE OR RECKLESS. FINE TO BE PAID BY MERRILL LYNCH ON OR BEFORE AUGUST 17, 2006.

Disclosure 2 of 4

Reporting Source:	Firm
Affiliate:	MERRILL LYNCH JAPAN, INCORPORATED ("MLJ")
Current Status:	Final
Allegations:	VIOLATION IN CONNECTION WITH APPROVAL OF SIDELINE BUSINESSES. THE FSA FOUND THAT MLJ, TOKYO BRANCH, ENGAGED IN CERTAIN SWAP TRANSACTIONS AND ACTED AS INTERMEDIARY FOR CERTAIN LOANS WITHOUT OBTAINING THE REQUISITE APPROVALS FOR SUCH BUSINESS. IN ADDITION FSA FOUND THAT MLJ HAD NOT PROVIDED NOTIFICATION THAT MLJ DIRECTOR ALSO SERVED AS PART TIME DIRECTOR FOR AN AFFILIATED ENTITY.
Initiated By:	FINANCIAL SUPERVISORY (KINYU KANTOKU CHO) OF JAPAN (FSA) #149
Date Initiated:	06/30/2000
Docket/Case Number:	FSA NO. 2214
Principal Product Type:	Other
Other Product Type(s):	SWAP TRANSACTIONS
Principal Sanction(s)/Relief Sought:	Suspension
Other Sanction(s)/Relief Sought:	
Resolution:	Order
Resolution Date:	06/30/2000
Sanctions Ordered:	
Other Sanctions Ordered:	A STATUS REPORT REGARDING IMPROVEMENT OF INTERNAL CONTROLS TO BE PROVIDED.
Sanction Details:	THE FSA ORDERED THAT MLJ SUSPEND CERTAIN ACTIVITIES FOR 5 BUSINESS DAYS WITH REGARD TO THE INTEREST RATE AND CURRENCY SWAP TRANSACTIONS.



Disclosure 3 of 4

Reporting Source:	Firm
Affiliate:	MERRILL LYNCH FUTURES, INC.
Current Status:	Final
Allegations:	MERRILL LYNCH FUTURES WAS FINED FOR VIOLATIONS OF REGULATION 332.02, IN THAT THE FIRM FAILED TO SUBMIT ONLY THE BRACKET INFORMATION SUBMITTED TO IT BY THE MEMBERS EXECUTING THE TRASES ON THE RECORD OF TRANSACTIONS SUBMITTED TO THE CLEARING HOUSE AND FOR VIOLATIONS OF REGULATION 332.08, IN THAT THE FIRM FAILED TO MAKE ALL TRADE DATA SUBMISSIONS IN A CORRECT MANNER.
Initiated By:	CHICAGO BOARD OF TRADE # 156
Date Initiated:	08/14/2000
Docket/Case Number:	00-RFT-046
Principal Product Type:	Futures - Financial
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Settled
Resolution Date:	10/09/2000
Sanctions Ordered:	Monetary/Fine \$1,000.00
Other Sanctions Ordered:	
Sanction Details:	WIHOUT ADMITTING OR DENYING THE ALLEGATIONS, MERRILL LYNCH AGREED TO THE FINE IN ORDER TO SETTLE THIS MATTER.

Disclosure 4 of 4

Reporting Source:	Firm
Affiliate:	MERRILL LYNCH INTERNATIONAL BANK ,LTD
Current Status:	Final
Allegations:	IT WAS ALLEGED THAT MLIB FAILED TO ACTWITH DUE SKILL,CARE AND DILIGENCEAND FAILED TO ARRANGE PROPER PROTECTION FOR A



CLINTS ASSETS IN INSTRUCTING THE TRANSFERS OF NINE SECURITIES,
IN BREACH OF PRINCIPLES 2 AND 7 OF SFA'S
STATEMENTS OF PRINCIPLE.

Initiated By:	THE SECURITIES AND FUTURES AUTHORITY LIMITED ("SFA") #169
Date Initiated:	04/03/2002
Docket/Case Number:	UNKNOWN
Principal Product Type:	Debt - Government
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	REPRIMAND
Resolution:	Settled
Resolution Date:	04/03/2002
Sanctions Ordered:	Censure
Other Sanctions Ordered:	
Sanction Details:	MLIB ENTERED INTO A SETTLEMENTS WITH THE SFA WAS REPRIMANDED, FINE 125,000 AND HAS AGREED TO PAY A CONTRIBUTION OF 40,000 TOWARDS SFA'S COSTS.
Firm Statement	MLIB ENTERED INTO A SETTLEMENTS WITH THE SFA WAS REPRIMANDED, FINED 125,000 AND HAS AGREED TO PAY A CONTRIBUTION OF 40,000 TOWARDS SFA'S COSTS.

End of Report



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