

**BrokerCheck Report**  
**DEUTSCHE IXE, LLC**  
 CRD# 7172

<b><u>Section Title</u></b>	<b><u>Page(s)</u></b>
Report Summary	1
Registration and Withdrawal	2
Firm Profile	3 - 11
Firm History	12
Firm Operations	13 - 37
Disclosure Events	38



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.

- 

**Thank you for using FINRA BrokerCheck.**



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](http://brokercheck.finra.org)



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://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)



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 12/20/2002.  
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	32
Arbitration	2

The number of disclosures from non-registered control affiliates is 2

DEUTSCHE IXE, LLC

CRD# 7172

SEC# 8-13967

Main Office Location

885 THIRD AVENUE  
SUITE 2530  
NEW YORK, NY 10022

Mailing Address

885 THIRD AVENUE  
SUITE 2530  
NEW YORK, NY 10022

Business Telephone Number

646-442-0710

## 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:** 01/30/2006

**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 12/20/2002.

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.

### DEUTSCHE IXE, LLC

Doing business as DEUTSCHE IXE, LLC

CRD# 7172

SEC# 8-13967

### Main Office Location

885 THIRD AVENUE  
SUITE 2530  
NEW YORK, NY 10022

### Mailing Address

885 THIRD AVENUE  
SUITE 2530  
NEW YORK, NY 10022

### Business Telephone Number

646-442-0710



## 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):** IXE SECURITIES, INC.

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

**Position** MEMBER

**Position Start Date** 06/2003

**Percentage of Ownership** 50% but less than 75%

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

**Is this a public reporting company?** No

---

**Legal Name & CRD# (if any):** NDB CAPITAL MARKETS CORPORATION

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

**Position** MEMBER

**Position Start Date** 12/2005

**Percentage of Ownership** 25% but less than 50%

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

**Is this a public reporting company?** No

---

**Legal Name & CRD# (if any):** DE SAN, PATRICK  
2371051

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

**Position** CHIEF COMPLIANCE OFFICER

**Position Start Date** 10/2004

**Percentage of Ownership** Less than 5%

## Firm Profile



### Direct Owners and Executive Officers (continued)

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

**Is this a public reporting company?** No

---

**Legal Name & CRD# (if any):** DE SAN, PATRICK  
2371051

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

**Position** CHIEF FINANCIAL OFFICER/FINOP

**Position Start Date** 06/2003

**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):** DERHALLI, KERIM RICHARD  
2187407

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

**Position** MANAGER

**Position Start Date** 05/2005

**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):** HOPE, RUPERT DICKIE  
2598323

## Firm Profile



### Direct Owners and Executive Officers (continued)

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

**Position** MANAGER

**Position Start Date** 06/2003

**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):** HORCASITAS, JAVIER MOLINAR  
4678281

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

**Position** MANAGER

**Position Start Date** 06/2003

**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):** NARANJO, MAURICIO  
5070130

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

**Position** MANAGER

**Position Start Date** 08/2005

**Percentage of Ownership** Less than 5%



## Firm Profile



### Direct Owners and Executive Officers (continued)

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

**Is this a public reporting company?** No

---

**Legal Name & CRD# (if any):** PONS, JOSE IGNACIO DE ABIEGA  
4678290

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

**Position** MANAGER

**Position Start Date** 06/2003

**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):** SANCHEZ-MEJORADA, ENRIQUE CASTILLO  
4678285

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

**Position** MANAGER

**Position Start Date** 06/2003

**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



## Firm Profile

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

### Indirect Owners

**Legal Name & CRD# (if any):** DEUTSCHE BANK AG

**Is this a domestic or foreign entity or an individual?** Foreign Entity

**Company through which indirect ownership is established** TAUNUS CORPORATION

**Relationship to Direct Owner** SHAREHOLDER

**Relationship Established** 11/2000

**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):** DEUTSCHE BANK U.S. FINANCIAL MARKETS HOLDING CORP.

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

**Company through which indirect ownership is established** NATIONAL DISCOUNT BROKERS GROUP INC.

**Relationship to Direct Owner** SHAREHOLDER

**Relationship Established** 11/2000

**Percentage of Ownership** 75% or more

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

**Is this a public reporting company?** No

---

**Legal Name & CRD# (if any):** IXE CASA DE BOLSA, S.A.

**Is this a domestic or foreign entity or an individual?** Foreign Entity

## Firm Profile



### Indirect Owners (continued)

**Company through which indirect ownership is established** IXE SECURITIES, INC.

**Relationship to Direct Owner** SHAREHOLDER

**Relationship Established** 04/2003

**Percentage of Ownership** 75% or more

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

**Is this a public reporting company?** No

---

**Legal Name & CRD# (if any):** IXE GRUPO FINANCIERO, S.A.

**Is this a domestic or foreign entity or an individual?** Foreign Entity

**Company through which indirect ownership is established** IXE CASA DE BOLSA

**Relationship to Direct Owner** SHAREHOLDER

**Relationship Established** 10/2000

**Percentage of Ownership** 75% or more

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

**Is this a public reporting company?** No

---

**Legal Name & CRD# (if any):** NATIONAL DISCOUNT BROKERS GROUP INC.

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

**Company through which indirect ownership is established** NDB CAPITAL MARKETS CORPORATION

**Relationship to Direct Owner** SHAREHOLDER

**Relationship Established** 06/1993



## Firm Profile

### Indirect Owners (continued)

**Percentage of Ownership** 75% or more

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

**Is this a public reporting company?** No

---

**Legal Name & CRD# (if any):** TAUNUS CORPORATION

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

**Company through which indirect ownership is established** DEUTSCHE BANK AMERICAS HOLDING CORPORATION

**Relationship to Direct Owner** SHAREHOLDER

**Relationship Established** 11/2000

**Percentage of Ownership** 75% or more

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

**Is this a public reporting company?** No

---

**Legal Name & CRD# (if any):** DEUTSCHE BANK AMERICAS HOLDING CORPORATION

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

**Company through which indirect ownership is established** DEUTSCHE BANK U. S. FINANCIAL MARKETS HOLDING CORPORATION

**Relationship to Direct Owner** SHAREHOLDER

**Relationship Established** 11/2000

**Percentage of Ownership** 25% but less than 50%

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

**Is this a public reporting company?** No

Firm Profile



Indirect Owners (continued)  
company?

Legal Name & CRD# (if any):	TAUNUS CORPORATION
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	DEUTSCHE BANK U.S. FINANCIAL MARKETS HOLDING CORPORATION
Relationship to Direct Owner	SHAREHOLDER
Relationship Established	11/2000
Percentage of Ownership	25% but less than 50%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

## Firm History

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



**This firm was previously:** NDB CAPITAL MARKETS, LP

**Date of Succession:** 04/14/2003

**Predecessor CRD#:** 7172

**Predecessor SEC#:** 8-13967

**Description** NDB CAPITAL MARKETS, LP (LP) REORGANIZED ON THE CLOSE OF BUSINESS ON APRIL 14, 2003. SUBSTANTIALLY ALL OF LP'S ASSETS/LIABILITIES WERE TRANSFERRED TO A NEW DELAWARE LIMITED LIABILITY COMPANY, NDBCM, LLC. AS A RESULT OF THE REORGANIZATION THERE WAS NO CHANGE IN THE NATURE OF THE BUSINESS, SUPERVISORY PERSONNEL OR THE ULTIMATE OWNERSHIP AND CONTROL OF THE BUSINESS CONDUCTED BY LP.

---

## 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 07/15/1968 to 03/31/2006.**



## 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 6 types of businesses.**

#### Types of Business

Broker or dealer retailing corporate equity securities over-the-counter

Broker or dealer selling corporate debt securities

Underwriter or selling group participant (corporate securities other than mutual funds)

Non-exchange member arranging for transactions in listed securities by exchange member

Private placements of securities

Other - INVESTMENT ADVISORY AND RESEARCH SERVICES.

#### Other Types of Business

This firm does not effect transactions in commodities, commodity futures, or commodity options.

This firm does not engage in other non-securities business.

Non-Securities Business Description:



## Firm Operations



### Clearing Arrangements

This firm does not 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.

<b>Name:</b>	DEUTSCHE BANK SECURITIES INC.
<b>CRD #:</b>	2525
<b>Business Address:</b>	60 WALL STREET NEW YORK, NY 10005
<b>Effective Date:</b>	04/02/2001
<b>Description:</b>	INTRODUCES CLIENTS TO AN AFFILIATE BROKER-DEALER.

---

## Firm Operations

### Industry Arrangements



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

**Name:** DEUTSCHE BANK SECURITIES INC.  
**CRD #:** 2525  
**Business Address:** 60 WALL STREET  
NEW YORK, NY 10005  
**Effective Date:** 04/02/2001  
**Description:** CLEARING AGENT

---

**This firm does not have accounts, funds, or securities maintained by a third party.**

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

**Name:** DEUTSCHE BANK SECURITIES INC.  
**CRD #:** 2525  
**Business Address:** 60 WALL STRREET  
NEW YORK, NY 10005  
**Effective Date:** 04/02/2001  
**Description:** CLEARING AGENT

---

### 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.

IXE BANCO is under common control with the firm.

Business Address:	PERISERICO SUR 314 COL. SAN ANGEL TLACOPAC MEXICO DS 0049 MEXICO CITY, MEXICO
Effective Date:	06/01/2003
Foreign Entity:	Yes
Country:	MEXICO
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY IXE GRUPO FINANCIERO, S.A. WITH IXE GRUPO FINANCIERO, S.A. CONTROLLING 60% OF APPLICANT.

IXE CASA DE BOLSA S.A. controls the firm.

Business Address:	PERISERICO SUR 314 COL. SAN ANGEL TLACOPAC MEXICO DS 0049 MEXICO CITY, MEXICO
Effective Date:	06/01/2003
Foreign Entity:	Yes
Country:	MEXICO
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	APPLICANT IS 60% INDIRECTLY OWNED AND CONTROLLED BY IXE CASA DE BOLSA S.A.

## Firm Operations



### Organization Affiliates (continued)

**DB INVESTMENT MANAGERS, INC. is under common control with the firm.**

<b>Business Address:</b>	25 DEFOREST AVENUE SUITE 203 SUMMIT, NJ 07901
<b>Effective Date:</b>	11/21/2000
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	THE AFFILIATE AND THE APPLICANT ARE ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF THE APPLICANT.

---

**DEUTSCHE ASSET MANAGEMENT (ASIA) LIMITED is under common control with the firm.**

<b>Business Address:</b>	20 RAFFLES PLACE #27-01 OCEAN TOWERS SINGAPORE, SINGAPORE 048620
<b>Effective Date:</b>	03/22/2002
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	SINGAPORE
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	THE AFFILIATE AND THE APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF THE APPLICANT

---

**DEUTSCHE INVESTMENT TRUST MANAGEMENT COMPANY LIMITED is under common control with the firm.**

<b>Business Address:</b>	19F, YOUNGPOONG BUILDING 33, SEORIN-DONG, CHONGRO-KU SEOUL, KOREA 110-752
<b>Effective Date:</b>	07/09/2002
<b>Foreign Entity:</b>	Yes

# Firm Operations



## Organization Affiliates (continued)

**Country:** KOREA

**Securities Activities:** No

**Investment Advisory Activities:** Yes

**Description:** THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

### RREEF AMERICA is under common control with the firm.

**Business Address:** 875 N. MICHIGAN AVENUE  
41ST FLOOR  
CHICAGO, IL 60611

**Effective Date:** 04/23/2005

**Foreign Entity:** No

**Country:**

**Securities Activities:** No

**Investment Advisory Activities:** Yes

**Description:** THE AFFILIATE AND THE APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF THE APPLICANT.

### DB INTERNATIONAL (ASIA) LIMITED is under common control with the firm.

**Business Address:** 5 TEMASEK BOULEVARD #08-00  
SUNTEC TOWER 5  
SINGAPORE, SINGAPORE 038985

**Effective Date:** 07/18/2005

**Foreign Entity:** Yes

**Country:** SINGAPORE

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** THE AFFILIATE AND THE APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

**Firm Operations****Organization Affiliates (continued)**

---

**DEUTSCHE SECURITIES KOREA CO. is under common control with the firm.**

<b>Business Address:</b>	17TH FLOOR YOUNGPOONG BLDG 33 SEORIN-DONG, CHONGRO-KU SEOUL, KOREA 110-752
<b>Effective Date:</b>	07/18/2005
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	KOREA
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND THE APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

---

**DEUTSCHE BANK RESZVENYTARSAAG is under common control with the firm.**

<b>Business Address:</b>	H-1054 BUDAPEST HOLD U 27 BUDAPEST, HUNGARY
<b>Effective Date:</b>	07/18/2005
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	HUNGARY
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF THE APPLICANT.

---

**DEUTSCHE SECURITIES SOCIEDAD DE BOLSA S.A. is under common control with the firm.**

<b>Business Address:</b>	TUCUMAN 1 PISO 13 BUENOS AIRES, ARGENTINA C1049AAA
<b>Effective Date:</b>	07/18/2005
<b>Foreign Entity:</b>	Yes

## Firm Operations



### Organization Affiliates (continued)

<b>Country:</b>	ARGENTINA
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND THE APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

#### DEUTSCHE BANK S.P.A. is under common control with the firm.

<b>Business Address:</b>	PIAZZA DEL CALENDARIO NO. 3 MILAN, ITALY 20121
<b>Effective Date:</b>	07/18/2005
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	ITALY
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

#### DEUTSCHE EQUITIES INDIA PRIVATE LIMITED is under common control with the firm.

<b>Business Address:</b>	DB HOUSE, GROUND FLOOR HAZARIMALSOMANI MARG, FORT MUMBAI, INDIA 4000 001
<b>Effective Date:</b>	07/28/2005
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	INDIA
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND APPLICANT ARE BOTH OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

## Firm Operations



### Organization Affiliates (continued)

**000 DEUTSCHE BANK is under common control with the firm.**

<b>Business Address:</b>	4 SHEPKINA STREET MOSCOW, RUSSIA 129090
<b>Effective Date:</b>	08/05/2005
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	RUSSIA
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

---

**DEUTSCHE SECURITIES AUSTRALIA LTD. is under common control with the firm.**

<b>Business Address:</b>	LEVEL 20, GROSVENOR PLACE 223 GEORGE STREET SYDNEY, NEW SOUTH WALES, AUSTRALIA 2000
<b>Effective Date:</b>	11/21/2000
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	AUSTRALIA
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND THE APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF THE APPLICANT.

---

**DEUTSCHE INVESTMENT MANAGEMENT AMERICAS INC. is under common control with the firm.**

<b>Business Address:</b>	345 PARK AVENUE NEW YORK, NY 10154
<b>Effective Date:</b>	04/05/2002
<b>Foreign Entity:</b>	No
<b>Country:</b>	



## Firm Operations



### Organization Affiliates (continued)

<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	THE AFFILIATE AND THE APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

#### DEUTSCHE ASSET MANAGEMENT (JAPAN) LIMITED is under common control with the firm.

<b>Business Address:</b>	KAMIYACHO MORI BUILDING, 4-3-20 TORANOMOM MINATO-KU TOKYO, JAPAN 102
<b>Effective Date:</b>	04/05/2002
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	JAPAN
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	THE AFFILIATE AND THE APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

#### SCUDDER INVESTOR SERVICES, INC. is under common control with the firm.

<b>CRD #:</b>	754
<b>Business Address:</b>	TWO INTERNATIONAL PLACE BOSTON, MA 02110
<b>Effective Date:</b>	04/05/2002
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND THE APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT

## Firm Operations



### Organization Affiliates (continued)

**SCUDDER DISTRIBUTORS, INC. is under common control with the firm.**

<b>CRD #:</b>	37306
<b>Business Address:</b>	222 SOUTH RIVERSIDE PLAZA CHICAGO, IL 60606
<b>Effective Date:</b>	04/05/2002
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND THE APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

---

**DEUTSCHE REGIS PARTNERS INC. is under common control with the firm.**

<b>Business Address:</b>	23/F TOWERE ONE MAKATI CITY, PHILLIPINES
<b>Effective Date:</b>	11/21/2000
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	PHILLIPPINES
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF THE APPLICANT.

---

**DB SECURITIES S.A. is under common control with the firm.**

<b>Business Address:</b>	00-845 WASZAWA, UL BIALA WARSAW, POLAND
<b>Effective Date:</b>	11/21/2000
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	POLAND

## Firm Operations



### Organization Affiliates (continued)

<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

#### DB UK BANK LIMITED is under common control with the firm.

<b>Business Address:</b>	23 GREAT WINCHESTER STREET LONDON, ENGLAND EC2P2AX
<b>Effective Date:</b>	11/21/2000
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	ENGLAND & WALES
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK CONTROLLING 40% OF APPLICANT.

#### INVESTMENT COMPANY CAPITAL CORPORATION is under common control with the firm.

<b>Business Address:</b>	1 SOUTH STREET BALTIMORE, MD 21202
<b>Effective Date:</b>	11/21/2000
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

#### DMG & PARTNERS SECURITIES PTE LTD is under common control with the firm.

<b>Business Address:</b>	20 RAFFLES PLACE
--------------------------	------------------

## Firm Operations



### Organization Affiliates (continued)

	OCEAN TOWERS, SINGAPORE
<b>Effective Date:</b>	11/21/2000
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	SINGAPORE
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF THE APPLICANT.

**DEUTSCHE SECURITIES, SOCIEDAS DE VALORES Y BOLSA, SOCIEDAD ANONIMA is under common control with the firm.**

<b>Business Address:</b>	PASEO DE CASTELLANA MADRID, SPAIN 28046
<b>Effective Date:</b>	11/21/2000
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	SPAIN
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

**DEUTSCHE SECURITIES NEW ZEALAND LIMITED is under common control with the firm.**

<b>Business Address:</b>	LEVEL 18 IBM CENTRE WELLINGTON, NEW ZEALAND
<b>Effective Date:</b>	11/21/2000
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	NEW ZEALAND
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No

## Firm Operations



### Organization Affiliates (continued)

**Description:** THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

**DEUTSCHE SECURITIES CORREDORES DE BOLSA LIMITADA is under common control with the firm.**

**Business Address:** EL BOSQUE SUR 130  
SANTIAGO, CHILE

**Effective Date:** 11/21/2000

**Foreign Entity:** Yes

**Country:** CHILE

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF THE APPLICANT.

**DEUTSCHE SECURITIES ASIA LIMITED is under common control with the firm.**

**Business Address:** CHEUNG KONG CENTER 55TH F  
HONG KONG, CHINA

**Effective Date:** 11/21/2000

**Foreign Entity:** Yes

**Country:** HONG KONG

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

**DEUTSCHE SECURITES (INDIA) PRIVATE LIMITED is under common control with the firm.**

**Business Address:** TOLSTOY HOUSE  
NEW DELHI, INDIA 110001

**Effective Date:** 11/21/2000

## Firm Operations



### Organization Affiliates (continued)

<b>Foreign Entity:</b>	Yes
<b>Country:</b>	INDIA
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

---

#### DEUTSCHE NEW ZEALAND LIMITED is under common control with the firm.

<b>Business Address:</b>	LEVEL 7, PRICE WATERHOUSE AUCKLAND, NEW ZEALAND
<b>Effective Date:</b>	11/21/2000
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	NEW ZEALAND
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

---

#### DEUTSCHE CAPITAL MARKETS AUSTRALIA LIMITED is under common control with the firm.

<b>Business Address:</b>	LEVEL 18 GROSVENOR PLACE SYDNEY , NEW SOUTH WALES, AUSTRALIA 2000
<b>Effective Date:</b>	11/21/2000
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	AUSTRALIA
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

## Firm Operations



### Organization Affiliates (continued)

**DEUTSCHE BANK SOCIETA DI INTERMEDIAZIONE MOBILIARE S.P.A. is under common control with the firm.**

<b>Business Address:</b>	VIA SANTA MARGHERITA N.4 MILAN, ITALY 20121
<b>Effective Date:</b>	11/21/2000
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	ITALY
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF THE APPLICANT.

**DEUTSCHE BANK SECURITIES LIMITED is under common control with the firm.**

<b>Business Address:</b>	222 BAY STREET SUITE 1100 TORONTO, ONTARIO, CANADA M5K1E7
<b>Effective Date:</b>	11/21/2000
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	CANADA
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF THE APPLICANT.

**DEUTSCHE BANK SECURITIES (PTY) LIMITED is under common control with the firm.**

<b>Business Address:</b>	THE STOCK EXCHANGE 7TH FLOOR JOHANNESBURG, SOUTH AFRICA
<b>Effective Date:</b>	11/21/2000
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	SOUTH AFRICA
<b>Securities Activities:</b>	Yes

## Firm Operations



### Organization Affiliates (continued)

**Investment Advisory Activities:** No

**Description:** THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

---

**DEUTSCHE BANK SA-BANCO ALEMAO is under common control with the firm.**

**Business Address:** RUA ALEXANRE DUMAS 2200  
SAO PAULO, BRAZIL 04717-910

**Effective Date:** 11/21/2000

**Foreign Entity:** Yes

**Country:** BRAZIL

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF THE APPLICANT.

---

**DEUTSCHE BANK SA is under common control with the firm.**

**Business Address:** TUCUMAN 1  
BUENO AIRES, ARGENTINA C1049AAA

**Effective Date:** 11/21/2000

**Foreign Entity:** Yes

**Country:** ARGENTINA

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF THE APPLICANT.

---

**DEUTSCHE BANK INVESTMENT MANAGEMENT INC. is under common control with the firm.**

**Business Address:** 280 PARK AVENUE  
NEW YORK, NY 10017



## Firm Operations



### Organization Affiliates (continued)

**Effective Date:** 11/21/2000

**Foreign Entity:** No

**Country:**

**Securities Activities:** No

**Investment Advisory Activities:** Yes

**Description:** THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

---

#### DEUTSCHE BANK INTERNATIONAL LIMITED is under common control with the firm.

**Business Address:** ST PAUL'S GATE, NEW STREET  
ST HELLER, JERSEY JE48Z8

**Effective Date:** 11/21/2000

**Foreign Entity:** Yes

**Country:** JERSEY

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSHCE BANK AG CONTROLLING 40% OF APPLICANT.

---

#### DEUTSCHE BANK CORRETORA DE VALORES SA is under common control with the firm.

**Business Address:** RUA ALEXANDRE DUMAN 2200  
SAO PAOLA, SP, BRAZIL 04717

**Effective Date:** 11/21/2000

**Foreign Entity:** Yes

**Country:** BRAZIL

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG

# Firm Operations



## Organization Affiliates (continued)

CONTROLLING 40% OF APPLICANT.

### DBC CONTINUANCE INC. is under common control with the firm.

**Business Address:** 222 BAY STREET, SUITE 1100  
TORONTO, ONTARIO, CANADA MRK1H6

**Effective Date:** 11/21/2000

**Foreign Entity:** Yes

**Country:** CANADA

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

### DEUTSCHE BANK ( CAYMAN) LIMITED is under common control with the firm.

**Business Address:** P.O. BOX 1984  
GEORGE TOWN, GRAND CAYMAN, CAYMAN ISLAND

**Effective Date:** 11/21/2000

**Foreign Entity:** Yes

**Country:** CAYMAN ISLANDS

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

### DEUTSCHE BANK S.A./N.V. is under common control with the firm.

**Business Address:** LANGE GASTHUISSTRAAT  
ANTWERP, BELGIUM

**Effective Date:** 11/21/2000

**Foreign Entity:** Yes

**Country:** BELGIUM

## Firm Operations



### Organization Affiliates (continued)

<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

---

#### DEUTSCHE ASSET MANAGEMENT INTERNATIONAL GMBH is under common control with the firm.

<b>Business Address:</b>	MAINZER LANDSTRASSE 16, 60 FRANKFUR AM MAIN, HESS, GERMANY
<b>Effective Date:</b>	11/21/2000
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	GERMANY
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

---

#### DEUTSCHE ASSET MANGEMENT INVESTMENT SERVICVES LTD is under common control with the firm.

<b>Business Address:</b>	20 FINSBURY CIRCUS LONDON, ENGLAND
<b>Effective Date:</b>	11/21/2000
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	ENGLAND
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

---

#### DEUTSCHE ASSET MANAGEMENT INC. is under common control with the firm.

<b>Business Address:</b>	885 3RD AVENUE
--------------------------	----------------

## Firm Operations



### Organization Affiliates (continued)

NEW YORK, NY 10022

**Effective Date:** 11/21/2000

**Foreign Entity:** No

**Country:**

**Securities Activities:** No

**Investment Advisory Activities:** Yes

**Description:** THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

---

#### DEUTSCHE ASSET MANAGMENT (AUSTRALIA) LIMITED is under common control with the firm.

**Business Address:** LEVEL 18, GROSVENOR PLACE  
SYDNEY, NEW SOUTH WALES, AUSTRALIA 2000

**Effective Date:** 11/21/2000

**Foreign Entity:** Yes

**Country:** AUSTRALIA

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

---

#### DB EQUITY LIMITED is under common control with the firm.

**Business Address:** WINCHESTER HOUSE  
LONDON, ENGLAND EC2N2DB

**Effective Date:** 11/21/2000

**Foreign Entity:** Yes

**Country:** ENGLAND & WALES

**Securities Activities:** Yes

**Investment Advisory Activities:** No

## Firm Operations



### Organization Affiliates (continued)

**Description:** THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

---

**DB ARBITRAGE LIMITED is under common control with the firm.**

**Business Address:** WINCHESTER HOUSE  
LONDON, ENGLAND EC2N2NDB

**Effective Date:** 11/21/2000

**Foreign Entity:** Yes

**Country:** ENGLAND & WALES

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

---

**BANKERS TRUST INVESTMENTS PLC is under common control with the firm.**

**Business Address:** 1 APPOLD STREET  
LONDON, ENGLAND EC2A2HE

**Effective Date:** 11/21/2000

**Foreign Entity:** Yes

**Country:** ENGLAND & WALES

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

---

**BANKERS TRUST INTERNATIONAL PLC is under common control with the firm.**

**Business Address:** 1 APPOLD STREET  
LONDON, ENGLAND EC2A2HE

**Effective Date:** 11/21/2000

**Foreign Entity:** Yes

## Firm Operations



### Organization Affiliates (continued)

<b>Country:</b>	ENGLAND
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

---

#### DEUTSCHE BANK A.S. is under common control with the firm.

<b>Business Address:</b>	CEVDAT PASA CAD.NO. 288 ISTANBUL, TURKEY 80810
<b>Effective Date:</b>	11/21/2000
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	TURKEY
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT.

---

#### DEUTSCHE BANK SECURITIES INC. is under common control with the firm.

<b>CRD #:</b>	2525
<b>Business Address:</b>	60 WALL STREET NEW YORK, NY 10005
<b>Effective Date:</b>	11/21/2000
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	THE AFFILIATE AND APPLICANT ARE BOTH ULTIMATELY OWNED AND CONTROLLED BY DEUTSCHE BANK AG WITH DEUTSCHE BANK AG CONTROLLING 40% OF APPLICANT

## Firm Operations



### Organization Affiliates (continued)

---

This firm is 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

**DEUTSCHE BANK AG is a Foreign Bank and controls the firm.**

**Business Address:** TAUNUSANLAGE  
FRANKFURT AM MAIN, GERMANY D-60262

**Effective Date:** 11/21/2000

**Description:** THE APPLICANT IS ULTIMATELY OWNED AND CONTROLLED 40% BY  
DEUTSCHE BANK AG

---



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	32	0
Arbitration	N/A	2	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 32

**Reporting Source:** Regulator

**Current Status:** Final



**Allegations:** NASD RULES 2110 AND 2320 - IN TRANSACTIONS FOR OR WITH A CUSTOMER, RESPONDENT MEMBER FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMERS WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS.

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

**Date Initiated:** 08/15/2001

**Docket/Case Number:** CMS010122

**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:** 08/15/2001

**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:** Monetary/Fine \$5,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, DEUTSCHE IXE, LLC CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS FINED \$5,000 AND ORDERED TO PROVIDE SATISFACTORY PROOF OF PAYMENT OF RESTITUTION, OR OF REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT RESTITUTION, TO CUSTOMERS.

---

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN CONNECTION WITH MRD EXAM # TMMS 9B-2000-008 THE NASD



ALLEGED THAT NDB CAPITAL MARKETS, LP ("NDBC") 1) FAILED IN SEVEN (7) TRANSACTIONS FOR OR WITH A CUSTOMER, TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS. 2) IN SIX (6) INSTANCES, NDBC FAILED TO EXECUTE ORDERS FULLY AND PROMPTLY. THE CONDUCT DESCRIBED IN PARAGRAPHS ONE AND TWO CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF NASD CONDUCT RULES 2110 AND 2320.

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

**Date Initiated:** 05/29/2001

**Docket/Case Number:** CMS010122

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

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

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

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 08/14/2001

**Sanctions Ordered:** Monetary/Fine \$5,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FINE OF \$5,000.00 WILL BE PAID ON OR ABOUT SEPTEMBER 10, 2001.

**Firm Statement** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE APPLICANT AGREED TO A LETTER OF ACCEPTANCE, WAIVER AND CONSENT AND TO PAY \$5,000.00.

## Disclosure 2 of 32

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULES 2110, 2320, 3320, 3340, 4613, 4632, 4642, 6620, 6740 - 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



ASK QUOTATIONS IN THE NASDAQ STOCK MARKET, INC. WHICH CAUSED A LOCKED OR CROSSED MARKET CONDITION TO OCCUR IN EACH INSTANCE; WITHOUT MAKING REASONABLE EFFORTS TO AVOID A LOCKED OR CROSSED MARKET EXECUTED TRANSACTIONS WITH ALL MARKET MAKERS WHOSE QUOTATIONS WOULD BE LOCKED OR CROSSED, ENTERED BID OR ASK QUOTATIONS IN THE NASDAQ STOCK MARKET, INC. DURING THE PERIOD OF TIME THAT SECONDARY TRADING COMMENCED IMMEDIATELY FOLLOWING THE COMPLETION OF AN INTIAL PUBLIC OFFERING OF THE SUBJECT SECURITY, WHICH CAUSED A LOCKED OR CROSSED MARKET CONDITION TO OCCUR IN EACH INSTANCE; ENTERED A BID OR ASKED QUOTATION IN THE NASDAQ STOCK MARKET, INC. 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;; CAUSED OR WAS A PARTY TO, 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; FAILED TO HONOR ITS PUBLISHED QUOTATION; FAILED TO USE REASONABLE DILIGENCE OT ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO CUSTOMERS WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS;

**Initiated By:** NASD

**Date Initiated:** 06/27/2001

**Docket/Case Number:** CMS010115

**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

**Sanctions Ordered:**

Censure  
 Monetary/Fine \$450,000.00  
 Disgorgement/Restitution

**Other Sanctions Ordered:****Sanction Details:**

REQUIRED TO PAY \$75,180.43, PLUS INTEREST IN RESTITUTION AND PROVIDE PROOF OF PAYMENT OF RESTITUTION TO THE NASD. IF FOR ANY REASON RESPONDENT CANNOT LOCATE THE CUSTOMER(S) AFTER REASONABLE AND DOCUMENTED EFFORTS, WITHIN A REASONABLE TIME PERIOD, THE RESPONDENT SHALL FORWARD ANY UNDISTRIBUTED RESTITUTION AND INTEREST TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY, OR ABANDONED PROPERTY FUNDS FOR THE STATE IN WHICH THE CUSTOMER CONDUCTED ITS PRINCIPAL BUSINESS.

**Regulator Statement**

IMMEDIATELY FOLLOWING THE CONCLUSION OF THE SUSPENSION PERIOD OF AN OTC EQUITY SECURITY, THE FIRM PLACED ORDERS TO BUY THE SECURITY FOR ITS PROPRIETARY ACCOUNT AND PUBLISHED QUOTATIONS FOR THE STOCK, OR DIRECTLY OR INDIRECTLY SUBMITTED SUCH QUOTATIONS FOR PUBLICATION IN A QUOTATION MEDIUM AND DID NOT HAVE IN ITS RECORDS THE DOCUMENTATION REQUIRED BY SEC RULE 15C2-11(A), AND DID NOT HAVE A REASONABLE BASIS UNDER THE CIRCUMSTANCES FOR BELIEVING THAT THE INFORMATION WAS ACCURATE IN ALL MATERIAL RESPECTS OR DID NOT HAVE A REASONABLE BASIS UNDER THE CIRCUMSTANCES FOR BELIEVING THAT THE SOURCES WERE RELIABLE; AND, FAILED TO FILE A FORM 211 WITH THE NASD AT LEAST 3 BUSINESS DAYS BEFORE THE FIRM'S QUOTATIONS WERE PUBLISHED OR DISPLAYED IN A QUOTATION MEDIUM; FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH AUTOMATED CONFIRMATION TRANSACTION SERVICE, LAST SALE REPORTS OF TRANSACTIONS IN NASDAQ NATIONAL MARKET (NNM), NASDAQ SMALLCAP OTC EQUITY SECURITIES, AND FAILED TO DESIGNATE THROUGH ACT SUCH LAST SALE REPORTS AS LATE; EXECUTED TRANSACTIONS IN NNM OR SMALL CAP SECURITIES AS TO WHICH A TRADING HALT WAS IN EFFECT AT THE TIME OF THE EXECUTION.

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

IN CONNECTION WITH MRD REVIEW # MRD199914873, MRD199911387, MRD200027148, MRD200023844, MRD200025809, MRD200128754, MRD199918976, MRD200022876, MRD200022720, MRD200025750, MRD200127868, MRD200129899, MRD200128187, MRD199802437, MRD200129082- THE NASD ALLEGED THAT NDB CAPITAL MARKETS, LP ("NDBC") VIOLATED NASD RULES 2110, 2320, 3320, 3340,



4613, 4632, 4642, 6620, 6740. NDBC 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 ASK QUOTATIONS IN THE NASDAQ STOCK MARKET, INC. WHICH CAUSED A LOCKED OR CROSSED MARKET CONDITION TO OCCUR IN EACH INSTANCE; WITHOUT MAKING REASONABLE EFFORTS TO AVOID A LOCKED OR CROSSED MARKET EXECUTED TRANSACTIONS WITH ALL MARKET MAKERS WHOSE QUOTATIONS WOULD BE LOCKED OR CROSSED, ENTERED BID OR ASK QUOTATIONS 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; ENTERED A BID OR ASKED QUOTATION IN THE NASDAQ STOCK MARKET, INC. 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, CAUSED OR WAS A PARTY TO, 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.

<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	06/21/2001
<b>Docket/Case Number:</b>	CMS010115
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	FINE
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	07/02/2001



<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$450,000.00 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	THE FINE OF \$450,000.00 WAS PAID ON JULY 25,2001.
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE APPLICANT AGREED TO A LETTER OF ACCEPTANCE, WAIVER AND CONSENT AND TO PAY \$450,000.00

### Disclosure 3 of 32

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	02-28-01, SEC RULE 11AC1-4, NASD RULES 2320, 3370 - RESPONDENT MEMBER FAILED TO DISPLAY IMMEDIATELY CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES IN ITS PUBLIC QUOTATION WHEN EACH SUCH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY OR WHEN EACH SUCH ORDER WAS PRICED EQUAL TO THE FIRM'S BID OR OFFER AND THE NATIONAL BEST BID OR OFFER FOR EACH SUCH SECURITY, AND THE SIZE OF THE ORDER REPRESENTED MORE THAN A DE MINIMIS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH THE FIRM'S BID OR OFFER IN EACH SECURITY; FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKETS SO THAT THE RESULTANT PRICE TO ITS CUSTOMERS WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS; AND EXECUTED SHIRT SALE ORDERS IN CERTAIN SECURITIES AND FAILED TO MAKE AN AFFIRMATIVE DETERMINATION PRIOR TO EXECUTING SUCH TRANSACTIONS.
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	02/26/2001
<b>Docket/Case Number:</b>	CMS010016
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	



**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 02/26/2001

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

**Other Sanctions Ordered:**

**Sanction Details:** CENSURED AND FINED \$6,000

---

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** 02-28-01, SEC RULE 11AC1-4, NASD RULES 2320, 3370 - RESPONDENT MEMBER FAILED TO DISPLAY IMMEDIATELY CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES IN ITS PUBLIC QUOTATION WHEN EACH SUCH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY OR WHE EACH SUCH ORDER WAS PRICED EQUAL TO THE FIRM'S BID OR OFFER AND THE NATIONAL BEST BID OR OFFER FOR EACH SUCH SECURITY, AND THE SIZE OF THE ORDER REPRESENTED MORE THAN A DE MINIMUS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH THE FIRM'S BID OR OFFER IN EACH SECURITY; FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKETS SO THAT THE RESULTANT PRICE TO ITS CUSTOMERS WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS; AND EXECUTED SHIRT SALE ORDERS IN CERTAIN SECURITIES AND FAILED TO MAKE AN AFFIRMATIVE DETERMINATION PRIOR TO EXECUTING SUCH TRANSACTIONS.

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

**Date Initiated:** 02/26/2001

**Docket/Case Number:**

**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:** 02/26/2001

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

**Other Sanctions Ordered:**

**Sanction Details:** CENSURED AND FINED \$6000.00

#### Disclosure 4 of 32

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** 04-27-00, SEC RULES 11AC1-1(C)(5), 11AC1-4,NASD RULES 2110 AND 2320 - RESPONDENT MEMBER ENTERED PRICED ORDERS INTO SELECTNET BROADCAST THAT WERE EACH PRICED BETTER THAN THE FIRM'S PUBLIC QUOTE WITHOUT REFLECTING EACH SUCH ORDER IN THE FIRM'S PUBLIC QUOTE;THE FIRM FAILED TO DISPLAY IMMEDIATELY A CUSTOMER'S LIMIT ORDERS WHEN THE ORDERS WERE AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN THE STOCK, OR WHEN THE FULL SIZE OF THE ORDERS WERE PRICED EQUAL TO THE FIRM'S BID OR OFFER AND THE NATIONAL BEST BID OR OFFER AND THE ORDERS REPRESENTED MORE THAN A DE MINIMIS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH THE FIRM'S BID OR OFFER; AND DURING A PERIOD OF TIME THAT THE CUSTOMER'S ORDER WAS NOT DISPLAYED THE FIRM COULD HAVE EXECUTED SHARES OF THE ORDER BY PREFERENCING THE MARKET MAKER'S QUOTING THE CUSTOMER'S LIMIT PRICE.

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

**Date Initiated:** 03/31/2000

**Docket/Case Number:** CMS000048

**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:** 03/31/2000

**Sanctions Ordered:** Monetary/Fine \$4,000.00

**Other Sanctions Ordered:**



**Sanction Details:** FINED \$4,000

09-28-00, \$4,000 PAID 5/17/00, INVOICE 00-12-273

---

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** IN 22 INSTANCES ON TRADE DATE(S) AUGUST 4 THROUGH AUGUST 8, 1997 THE FIRM ENTERED PRICED ORDERS INTO SELECTNET BROADCASTING THAT WERE EACH PRICED BETTER THAN THE FIRM'S PUBLIC QUOTE WITHOUT REFLECTING EACH SUCH ORDER IN THE FIRM'S PUBLIC QUOTE AS REQUIRED BY SEC RULE 11AC-1-1(C)(5)

ON SEPTEMBER 29, 1997 CUSTOMER JW SUBMITTED AN ORDER TO BUY 8,000 SHARES OF AMATI COMMUNICATIONS CORP. ("AMTI") AT \$17 13/16 WITH NATIONAL DISCOUNT BROKERS ("NTDB"). ON OCTOBER 3, 1997 JW SUBMITTED ANOTHER ORDER TO SELL 2,000 SHARES OF AMTI AT \$19 3/16 WITH NTDB. NTDB ROUTED BOTH ORDERS TO SHWD. ON TRADE DATES SEPTEMBER 29 AND OCTOBER 3, 1997, SHWD FAILED TO DISPLAY IMMEDIATELY JW'S LIMIT ORDERS, WHEN THE ORDERS WERE AT A PRICE THAT WOULD HAVE IMPROVED SHWD'S BID OR OFFER IN AMATI COMMUNICATIONS CORP. ("AMTI"), OR WHEN THE FULL SIZE OF THE ORDERS WERE PRICED EQUAL TO SHWD'S BID OR OFFER AND THE NATIONAL BEST BID OR OFFER AND THE ORDERS REPRESENTED MORE THAN A DE MINIMIS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH SHWD'S BID OR OFFER IN (AMTI). THIS CONDUCT CONSTITUTES SEPERATE AND DISTINCT VIOLATIONS OF SEC RULE 11AC1-4

ON SEPTEMBER 29, 1997, FROM 9:35:42 UNTIL 9:38:28, A PERIOD OF TIME THAT JW'S ORDER WAS NOT DISPLAYED, SHWD COULD HAVE EXECUTED 2,300 SHARES OF JW'S ORDER BY PREFERENCING THE MARKET QUOTING THE CUSTOMER'S LIMIT PRICE. FURTHER MORE, DURING THAT PERIOD OF TIME 4,500 OF AMTI WERE TRADED AT PRICES INFERIOR TO THE CUSTOMER'S LIMIT PRICE. ON OCTOBER 3, 1997, FROM 9:46:13 TO 9:54:51, THERE WERE 6,400 SHARES OF AMTI TRADED AT JW'S LIMIT PRICE. THE CONDUCT DESCRIBED CONSTITUTES A VIOLATION OF NASD CONDUCT RULES 2320 AND 2110

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS

**Date Initiated:** 01/19/1998

**Docket/Case Number:** CMS000048-AWC

**Principal Product Type:** Equity - OTC



**Other Product Type(s):**

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

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

<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	04/18/2000
<b>Sanctions Ordered:</b>	Monetary/Fine \$4,000.00
<b>Other Sanctions Ordered:</b>	NON-APPLICABLE
<b>Sanction Details:</b>	NON-APPLICABLE
<b>Firm Statement</b>	NDB CAPITAL MARKETS CORP.(FORMERLY SHERWOOD SECURITIES CORP.), (SHWD) WAS FINED \$4000.00 PAID ON MAY 16,2000

#### Disclosure 5 of 32

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** 04-27-00, SEC RULE 15C2-11 AND NASD RULES 2110 AND 6740 - RESPONDENT MEMBER PUBLISHED A QUOTATION FOR A SECURITY THAT HAD BEEN SUSPENDED TRADING BY THE SEC FOLLOWING THE CONCLUSION OF THE SUSPENSION PERIOD, DIRECTLY OR INDIRECTLY SUBMITTED SUCH QUOTATION FOR PUBLICATION IN A QUOTATION MEDIUM AND DID NOT HAVE IN ITS RECORDS THE DOCUMENTATION REQUIRED BY THE SEC 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 FORM 211 WITH THE NASD THREE BUSINESS DAYS BEFORE THE FIRM'S QUOTATIONS IN THAT SECURITY WAS DISPLAYED IN A QUOTATION MEDIUM.

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

**Date Initiated:** 03/31/2000

**Docket/Case Number:** CMS000047

**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:** 03/31/2000  
**Sanctions Ordered:** Monetary/Fine \$5,000.00  
**Other Sanctions Ordered:** UNDERTAKING  
**Sanction Details:** 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.  
  
09-21-00, \$5,000 PAID 4/28/00, INVOICE 00-12-272

---

**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** 04-27-00, SEC RULE 15C2-11 AND NASD RULES 2110 AND 6740-RESPONDENT MEMBER PUBLISHED A QUOTATION FOR A SECURITY THAT HAD BEEN SUSPENDED TRADING BY THE SEC FOLLOWING THE CONCLUSION OF THE SUSPENSION PERIOD, DIRECTLY OR INDIRECTLY SUBMITTED SUCH QUOTATION FOR PUBLICATION IN A QUOTATION MEDIUM AND DID NOT HAVE IN ITS RECORDS THE DOCUMENTATION REQUIRED BY THE SEC AND DID NOT HAVE REASONABLE BASIS FOR BELIEVING THE INFORMATION WAS ACCURATE IN ALL MATERIAL RESPECTS OF THAT THE SOURCES OF INFORMATION WERE RELIABLE AND FAILED TO FILE FORM 211 WITH THE NASD THREE BUSINESS DAYS BEFORE THE FIRMS QUOTATIONS IN THAT SECURITY WAS DISPLAYED IN A QUOTATION MEDIUM.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS INC.  
**Date Initiated:** 03/31/2000  
**Docket/Case Number:** CMS000047  
**Principal Product Type:** Other

**Other Product Type(s):**

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

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



<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	03/31/2000
<b>Sanctions Ordered:</b>	Monetary/Fine \$5,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKING
<b>Sanction Details:</b>	FINED \$5000 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 THIS AWC BY THE NASD. 09-21-00, \$5000 PAID 4/28/00, INVOICE 00-12-272

#### Disclosure 6 of 32

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	ALLEGED VIOLATIONS OF NYSE RULES REGARDING DOT ORDERS, INAPPROPRIATE USE OF "STOP" ORDERS (NYSE RULE 116.30(3)(A) AND INADEQUATE SUPERVISION (NYSE RULE 342)
<b>Initiated By:</b>	NEW YORK STOCK EXCHANGE
<b>Date Initiated:</b>	04/01/1985
<b>Docket/Case Number:</b>	NYSE #88-54
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	12/01/1988
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$10,000.00
<b>Other Sanctions Ordered:</b>	NON-APPLICABLE
<b>Sanction Details:</b>	NON-APPLICABLE
<b>Firm Statement</b>	MISDEAMNOR. SETTLED WITH CONSENT TO CENSURE AND \$10,000 FINE.



### Disclosure 7 of 32

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THREE(3) ALLEGED VIOLATIONS OF NASD RULE 4613(D) EXCESS SPREADS
<b>Initiated By:</b>	NATIONAL ASSOCIATION SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	07/30/1996
<b>Docket/Case Number:</b>	CMS960128-AWC
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	04/30/1997
<b>Sanctions Ordered:</b>	Monetary/Fine \$1,000.00
<b>Other Sanctions Ordered:</b>	NON-APPLICABLE
<b>Sanction Details:</b>	NON-APPLICABLE
<b>Firm Statement</b>	\$1000.00 FINE PAID 4/30/1997

### Disclosure 8 of 32

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	ALLEGED VIOLATIONS OF NASD CONDUCT RULES 2110 AND 3110
<b>Initiated By:</b>	NATIONAL ASSOCIATION SECURITIES DEALER, INC.
<b>Date Initiated:</b>	05/30/1997
<b>Docket/Case Number:</b>	C8A9700-AWC
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	



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

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

<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	07/08/1997
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$2,500.00
<b>Other Sanctions Ordered:</b>	NON-APPLICABLE
<b>Sanction Details:</b>	NON-APPLICABLE
<b>Firm Statement</b>	CENSURED AND FINED \$2500.00 JOINTLY AND SEVERALLY

#### Disclosure 9 of 32

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	10/13/1999JJM -- RESPONDENT MEMBER: EXECUTED SHORT SALE TRANSACTIONS IN CERTAIN SECURITIES AND FAILED TO REPORT EACH OF THESE TRANSACTIONS TO ACT WITH THE APPROPRIATE SHORT SALE INDICATOR; EXECUTED SHORT SALE TRANSACTIONS IN CERTAIN SECURITIES, WHICH WERE NASDAQ NATIONAL MARKET SECURITIES, AT OR BELOW THAT INSIDE BID WHEN THE CURRENT INSIDE BID WAS BELOW THE PRECEDING INSIDE BID IN THE SECURITIES. (NASD RULES 3350, 6130)
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	09/28/1999
<b>Docket/Case Number:</b>	CMS990121
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	09/28/1999



**Sanctions Ordered:** Monetary/Fine \$3,500.00

**Other Sanctions Ordered:**

**Sanction Details:** \$3,500.00 FINE

**Regulator Statement** 04-06-00, \$3,500 PAID 10/29/99, INVOICE #99-MS-850

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** RESPONDENT MEMBER SHERWOOD SECURITIES CORP. EXECUTED SHORT SALES TRANSACTIONS IN CERTAIN SECURITIES AND FAILED TO REPORT EACH OF THESE TRANSACTIONS TO (ACT) WITH THE APPROPRIATE SHORT SALE INDICATOR; EXCEUTED SHORT SALES TRANSACTIONS IN CERTAIN SECURITIES, WHICH WERE NASDAQ NATIONAL MARKET SECURITIES, AT OR BELOW THAT INSIDE BID WHEN THE CURRENT INSIDE BID WAS BELOW THE PRECEDING INSIDE BID IN THE SECURITIES(NASD RULES 3350, 6130)

**Initiated By:** NATIONAL ASSOCIATION OF SECURITES DEALERS, INC.

**Date Initiated:** 09/28/1999

**Docket/Case Number:** CMS990121

**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:** 09/28/1999

**Sanctions Ordered:** Monetary/Fine \$3,500.00

**Other Sanctions Ordered:** NON-APPLICABLE

**Sanction Details:** NON-APPLICABLE

**Firm Statement** PLEASE REFER TO THE REPSONSE IN QUESTION #7





**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SECTIONS 15(C)(1) AND (2), AND 17(A) OF THE EXCHANGE ACT, AND RULES 15C1-2, 15C2-7, AND 17A-3 THEREUNDER.

**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:** Decision & Order of Offer of Settlement

**Resolution Date:** 01/11/1999

**Sanctions Ordered:** Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** WITHIN 90 DAYS FROM THE ENTRY OF THIS ORDER PROVIDE TO THE INDEPENDENT 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.

**Sanction Details:** \$1,000,000.00 CIVIL PENALTY; \$8138.00 DISGORGEMENT.

**Regulator Statement** [TOP] 2/11/99 SEC NEWS DIGEST, ISSUE NO. 99-6, THE SEC INSTITUTED ADMINISTRATIVE PROCEEDINGS AGAINST 28 NASDAQ MARKET MAKING FIRMS PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934. (RELS. 34-40900 THROUGH 34-40930, INCLUSIVE; IA-1781; FILE NO. 3-9803); (PRESS REL. 99-2)  
\*\*\* 2/11/99 SEC ADMINISTRATIVE PROCEEDING FILE NO. 3-9803 THE SEC HAS DETERMINED THAT IT IS APPROPRIATE AND IN THE PUBLIC INTEREST TO ACCEPT THE RESPONDENTS' OFFERS AND ACCORDINGLY IS ISSUING THIS ORDER. ON THE BASIS OF THE ORDERS AND RESPONDENTS' OFFERS, THE SEC FINDS THE FOLLOWING:  
SHERWOOD SECURITIES CORP. TRADED NASDAQ STOCKS FOR ITS OWN ACCOUNTS AND FOR THE ACCOUNTS OF INSTITUTIONAL AND RETAIL INVESTORS. IN CONNECTION WITH ITS ACTIVITIES AS A NASDAQ MARKET MAKER, RESPONDENTS ENGAGED IN THE FOLLOWING ACTIVITIES. THE



FRAUDULENT COORDINATION OF QUOTE MOVEMENTS; UNDISCLOSED ARRANGEMENTS TO COORDINATE QUOTATIONS; INTENTIONAL DELAYING OF TRADE REPORTS; BEST EXECUTION VIOLATIONS; FAILURE TO KEEP ACCURATE BOOKS AND RECORDS; FAILURE TO REASONABLY SUPERVISE NASDAQ TRADING; UNLAWFUL PROFITS AND OTHER GAINS.

IT IS ORDERED, PURSUANT TO SECTIONS 15(B) AND 21C OF THE EXCHANGE ACT, THAT: SHERWOOD 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, PAY A CIVIL PENALTY IN THE AMOUNT OF \$1,000,000.00 WITHIN 10 BUSINESS DAYS; SHALL, PAY DISGORGEMENT IN THE AMOUNT OF \$8,138.00 WITHIN 10 BUSINESS DAYS PURSUANT TO SECTION 21C(E) OF THE EXCHANGE ACT; SHERWOOD SHALL, WITHIN 90 DAYS OF THE DATE OF THE ENTRY OF THIS ORDER, PROVIDE TO THE INDEPENDENT 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.

(REL. NO. 34-40926, FILE NO. 3-9803)

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

SEC NEWS DIGEST, ISSUE NO. 9906, DATED 1/11/99, ENFORCEMENT PROCEEDINGS DISCLOSURES:"COMMISSION INSTITUTES SETTLED ADMINISTRATIVE PROCEEDINGS AGAINST 28 NASDAQ MARKET MAKERS AND 51 INDIVIDUALS." THE COMMISSION TODAY ANNOUNCED THE INSTITUTION OF ADMINISTRATIVE ASSOCIATED WITH SUCH FIRMS PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 AND, AS TO ONE FIRM, PURSUANT TO SECTION 203(K) OF THE INVESTMENT ADVISORS ACT OF 1940. SIMULTANEOUSLY WITH THE FILING OF THE ACTION, ALL OF THE RESPONDENTS CONSENTED WITHOUT ADMITTING OR DENYING THE COMMISSION'S FINDINGS, TO THE ENTRY OF ORDERS WHICH IMPOSE CIVIL MONETARY PENALTIES WHICH TOTALLED \$26,302,500, DISGORGEMENT OF WRONGFUL GAINS TOTALLING \$791,525, SUSPENSIONS OR BARS, CEASE AND DESIST ORDERS AND OTHER SANCTIONS. THE ORDERS FOUND THAT THE RESPONDENTS HAD ENGAGED PRIMARILY IN ONE OR MORE OF THE FOLLOWING TYPES OF VIOLATIONS ARISING FROM MARKET MAKING ACTIVITIES IN THE NASDAQ STOCK MARKET: THE COORDINATION OF QUOTATIONS AND TRANSACTIONS BY TRADERS MAKING MARKETS IN NASDAQ STOCKS IN VIOLATIONS OF ANTI-FRAUD AND FICTITIOUS QUOTATION RULES, THE INTENTIONAL DELAY OF TRADE REPORTS, OTHER MANIPULATIVE ACTIVITY, FAILURE TO HONOR



QUOTED PRICES, FAILURE TO PROVIDE CUSTOMER ORDERS WITH BEST EXECUTIONS, TRADING AS PRINCIPAL WITH ADVISORY CLIENTS OR DISCRETIONARY CUSTOMERS, FAILURE TO COMPLY WITH THE BOOKS AND RECORDS REQUIREMENT, AND FAILURE TO SUPERVISE. 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 COMMISSION. THE PROPOSED SANCTIONS TO WHICH THE INDIVIDUALS RESPONDENTS HAVE CONSENTED.

**Initiated By:** SECURITIES AND EXCHANGE COMMISSION

**Date Initiated:** 01/11/1999

**Docket/Case Number:** 34-30900 & 34-40926

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

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

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

**Resolution:** Decision & Order of Offer of Settlement

**Resolution Date:** 01/11/1999

**Sanctions Ordered:** Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** NON-APPLICABLE

**Sanction Details:** NON-APPLICABLE

**Firm Statement** IN AN ACTION AN ACTION BROUGHT AGAINST ALMOST ALL OF THE MAJOR NASDAQ MARKET MAKERS THE SEC ALLEGED THAT IN 1994 MARKET MAKERS, INCLUDING SHERWOOD SECURITIES CORP. VIOLATED PROVISIONS OF THE FEDERAL SECURITIES LAWS IN CONNECTION WITH THEIR MARKET MAKING ACTIVITIES IN NASDAQ SECURITIES. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS SHERWOOD SECURITIES CORP. AGREED TO PAY A CIVIL PENALTY OF \$1 MILLION AND DISGORGEMENT OF \$8138.00 TO SETTLE THE MATTER. IN ADDITION IT AGREED TO CEASE AND DESIST AND TO SUBMIT CERTAIN OF ITS POLICIES TO AN INDEPENDENT CONSULTANT



## Disclosure 11 of 32

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	01/30/1998
<b>Docket/Case Number:</b>	CMS970075
<b>Principal Product Type:</b>	
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	01/30/1998
<b>Sanctions Ordered:</b>	Monetary/Fine \$3,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	
<b>Regulator Statement</b>	<p>LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. CMS970075 AWC.</p> <p>ON JANUARY 30, 1998, SHERWOOD SECURITIES CORPORATION (SHWD) 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 THE FOLLOWING VIOLATIONS OCCURRED:</p> <p>SHWD EXECUTED FIVE SHORT SALE TRANSACTIONS WITHOUT REPORTING AND IDENTIFYING THE TRADES AS SHORT SALES IN THE AUTOMATED CONFIRMATION TRANSACTION SYSTEM (ACT). SHWD ALSO FAILED TO MAKE AN AFFIRMATIVE DETERMINATION FOR THREE SHORT SALE ORDERS, WHICH RESULTED IN THE FIVE TRANSACTIONS.</p>



THE ABOVE CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF NASD MARKETPLACE RULE 6130 AND NASD CONDUCT RULE 3370.

SHWD WAS FINED \$3,500.

\*\*\*\*\* \$3,500 PAID ON 4/1/98, INVOICE NO. 98-MS-305 \*\*\*\*\*

---

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE AWC ALLEGES THAT THE FOLLOWING VIOLATIONS OCCURRED: SHWD EXECUTED FIVE SHORT SALE TRANSACTIONS WITHOUT REPORTING AND IDENTIFYING THE TRADES AS SHORT SALES IN THE AUTOMATED CONFIRMATION TRANSACTION SYSTEM(ACT). SHWD ALSO FAILED TO MAKE AN AFFIRMATIVE DETERMINATION FOR THREE SHORT SALES ORDERS, WHICH RESULTED IN THE FIVE TRANSACTION THE ABOVE CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF NASD MARKET PLACE RULE 6130 AND NASD CONDUCT RULE 3370.
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC
<b>Date Initiated:</b>	08/27/1997
<b>Docket/Case Number:</b>	CMS970075
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	01/30/1998
<b>Sanctions Ordered:</b>	Monetary/Fine \$3,500.00
<b>Other Sanctions Ordered:</b>	NON-APPLICABLE
<b>Sanction Details:</b>	NON-APPLICABLE
<b>Firm Statement</b>	SHWD WAS FINED \$3500. FINE WAS PAID ON 4/1/98, INVOICE #09-MS-305



## Disclosure 12 of 32

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	07/08/1997
<b>Docket/Case Number:</b>	C8A970045
<b>Principal Product Type:</b>	
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	07/08/1997
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$2,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	
<b>Regulator Statement</b>	<p>ON JULY 8, 1997, DISTRICT NO. 8 NOTIFIED RESPONDENTS SHERWOOD SECURITIES CORP. AND ANDREW SCOTT GORENSTEIN THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C8A970045 WAS ACCEPTED; THEREFORE, THEY ARE CENSURED AND FINED \$2,500, JOINTLY AND SEVERALLY - (NASD RULES 2110 AND 3110 - RESPONDENT MEMBER, ACTING THROUGH RESPONDENT GORENSTEIN, FAILED TO PREPARE AND MAINTAIN ORDER TICKETS FOR OVER-THE-COUNTER EQUITY ORDERS THAT RESPONDENT GORENSTEIN RECEIVED IN THE FIRM'S CHICAGO OFFICE FROM RESPONDENT MEMBER'S INSTITUTIONAL CUSTOMERS).</p> <p><b>**\$2,500.00 PAID J&amp;S ON 7/31/97, INVOICE #97-8A-623**</b></p>

**Reporting Source:** Firm



<b>Current Status:</b>	Final
<b>Allegations:</b>	JOINTLY AND SEVERALLY-NASD RULES 2110 AND 3110 - RESPONDENT MEMBER, ACTING THROUGH RESPONDENT GORENSTEIN, FAILED TO PREPARE AND MAINTAIN ORDER TICKETS FOR OVER-THE-COUNTER EQUITY ORDERS THAT RESPONDENT GORENSTEIN RECEIVED IN THE FIRM'S CHICAGO OFFICE FROM RESPONDENT MEMBER'S INSTITUTIONAL CUSTOMERS
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC
<b>Date Initiated:</b>	07/08/1997
<b>Docket/Case Number:</b>	C8A970045
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	07/08/1997
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$2,500.00
<b>Other Sanctions Ordered:</b>	NON-APPLICABLE
<b>Sanction Details:</b>	NON-APPLICABLE
<b>Firm Statement</b>	ON 7/8/1997 DISTRICT NO.8 NOTIFIED RESPONDENTS SHERWOOD SECURITIES CORP. AND ANDREW SCOTT GORENSTEIN THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NOC8A970045 WAS ACCEPTED; THEREFORE, THEY ARE CENSURED AND FINE \$2500. FINE WAS PAID ON 7/31/97, INVOICE #97-8A-623

#### Disclosure 13 of 32

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	07/02/1997



**Docket/Case Number:** CMS970023AWC

**Principal Product Type:**

**Other Product Type(s):**

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

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

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 07/02/1997

**Sanctions Ordered:** Monetary/Fine \$1,000.00

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement**

LETTER OF ACCEPTANCE, WAIVER & CONSENT NO. CMS970023 AWC.

ON JULY 2, 1997, SHERWOOD SECURITIES CORP. (SHWD) 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 SHWD VIOLATED CONDUCT RULE 2110 AND IM-2110-2 FOR TRADING THROUGH A LIMIT ORDER WITHOUT FILLING THE CUSTOMER'S ORDER.

SHWD WAS FINED \$1,000.

\*\*\*\$1,000.00 PAID ON 08/15/97, INVOICE #97-MS-698\*\*\*

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** LETTER OF ACCEPTANCE, WAIVER & CONSENT NO.CMS970023 AWC. ON 7/2/97, SHERWOOD SECURITIES CORP.(SHWD) WAS NOTIFIED THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT(AWC) IT SUBMITTED WAS ACCPETED BY THE MARKET REGULTION AND THE NATIONAL BUSINESS CONDUCT COMMITTEES. THE AWC ALLEGES THAT SHWD VIOLATED CONDUCT RULE 2110 AND IM-2110-2 FOR TRADING THROUHG A LIMIT ORDER WITHOUHGT FILLING THE CUSTOMER'S ORDER.

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





**Date Initiated:** 07/02/1997  
**Docket/Case Number:** CMS-970023-AWC  
**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:** 07/02/1997  
**Sanctions Ordered:** Monetary/Fine \$1,000.00  
**Other Sanctions Ordered:** NON-APPLICABLE  
**Sanction Details:** NON-APPLICABLE  
**Firm Statement** SHWD WAS FINES \$1000,00. FINE WAS PAID ON 8/15/97, INVOICE #97-MS-698

#### Disclosure 14 of 32

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** COMPLAINT NO. CMS970018 WAS ISSUED BY THE MARKET REGULATION COMMITTEE ON JULY 3, 1997. THE COMPLAINT ALLEGES THREE CAUSES. CAUSE ONE ALLEGES VIOLATIONS OF RULE 11AC1-1(C) OF THE SECURITIES AND EXCHANGE ACT OF 1934, MARKETPLACE RULE 4613(B) AND CONDUCT RULES 2110 AND 3320 (FAILURE TO HONOR PUBLISHED QUOTATIONS). CAUSE TWO ALLEGES A VIOLATION OF MARKETPLACE RULE 4613(B) AND CONDUCT RULES 2110 AND 3320 AND CAUSE THREE ALLEGES A VIOLATION OF CONDUCT RULES 2110 AND 3010.  
 11-24-99, APRIL 22, 1999 - FIRM WAS CENSURED AND FINED \$10,000.  
**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.  
**Date Initiated:** 07/03/1997  
**Docket/Case Number:** CMS970018  
**Principal Product Type:** Other



**Other Product Type(s):**

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

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

**Resolution:** Decision & Order of Offer of Settlement

**Resolution Date:** 04/22/1999

**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 \$10,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS CENSURED AND FINED \$10,000. THE FIRM WAS NOT FOUND TO HAVE VIOLATED SEC EXCHANGE ACT RULE 11AC1-1(C).

**Regulator Statement** 11-24-99, \$10,000 PAID ON 6/7/99, INVOICE #99-MS-458

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** COMPLAINT NO.CMS970018 WAS ISSUED BY THE MARKET REGULATION COMMITTEE ON 7/3/97. THE COMPLAINT ALLEGES THREE SAUCES. CAUSE ON ALLEGES VIOLATIONS OF RULE 11AC1-1(C) OF THE SECURITIES AND EXCHANGE ACT OF 1934, MARKET PLACE RULE 4613(B) AND CONDUCT RULES 2110 AND 3320 (FAILURE TO HONOR PUBLISHED QOUTATIONS). CAUSE TWO ALLEGES A VIOLATION OF MARKET PLACE RULE 4613(B0 AND CONDUCT RULES 2110 AND 3320 AND CAUSE THREE ALLEGES A VIOLATION OF CONDUCT RULES 2110 AND 3010.

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

**Date Initiated:** 07/03/1997

**Docket/Case Number:** CMS970018



**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

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

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

**Resolution:** Decision & Order of Offer of Settlement

**Resolution Date:** 04/22/1999

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

**Other Sanctions Ordered:** NON-APPLICABLE

**Sanction Details:** NON-APPLICABLE

**Firm Statement** \$10,000 FINE PAID ON 6/7/99, INVOICE # 99-MS-458

#### Disclosure 15 of 32

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:**

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

**Date Initiated:** 06/16/1997

**Docket/Case Number:** CMS 960212 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:** 06/16/1997

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

**Other Sanctions Ordered:**

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

LETTER OF ACCEPTANCE, WAIVER & CONSENT NO. CMS960212 AWC.

ON JUNE 16, 1997, SHERWOOD SECURITIES CORP. (SHWD) 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 SHWD VIOLATED MARKETPLACE RULE 4613(e) FOR ENTERING OR MAINTAINING QUOTATIONS IN THE NASDAQ STOCK MARKET, DURING NORMAL BUSINESS HOURS, WHICH CAUSED A LOCKED MARKET CONDITION TO OCCUR IN FOUR SECURITIES.

SHWD WAS FINED \$6,000 AND IS REQUIRED TO CONDUCT A RULE EDUCATION CLASS FOR ITS TRADERS.

\*\*\*\$6,000.00 PAID ON 07/21/97, INVOICE #97-MS-547\*\*\*

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

LETTER OF ACCEPTANCE, WAIVER, & CONSENT NO.CMS960212-AWC. ON 6/16/97, SHERWOOD SECURTIES CORP.(SHWD) 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 SHWD VIOLATED MARKETPLACE RULE 4613(E) FOR ENTERING OR MAINTAINING QOUTATIONS IN THE NASDAQ STOCK MARKET, DURING NORMAL BUSINESS HOURS, WHICH CAUSED A LOCKED MARKET CONDITION TO OCCUR IN FOUR SECURITIES.

**Initiated By:**

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC

**Date Initiated:**

11/06/1996

**Docket/Case Number:**

CMS-960212-AWC

**Principal Product Type:**

Equity - OTC

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


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

<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	06/16/1997
<b>Sanctions Ordered:</b>	Monetary/Fine \$6,000.00
<b>Other Sanctions Ordered:</b>	NON-APPLICABLE
<b>Sanction Details:</b>	NON-APPLICABLE
<b>Firm Statement</b>	SHWD WAS FINED \$6,000 AND IS REQUIRED TO CONDUCT A RULE EDUCATION CLASS FOR ITS TRADERS. FINE WAS PAID ON 7/21/97, INVOICE #97-MS-547

**Disclosure 16 of 32**

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	06/13/1997
<b>Docket/Case Number:</b>	CMS960230 AWC

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

<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	06/13/1997
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$6,000.00

**Other Sanctions Ordered:**
**Sanction Details:**

<b>Regulator Statement</b>	LETTER OF ACCEPTANCE, WAIVER & CONSENT NO. CMS960230 AWC.
----------------------------	---



ON JUNE 13, 1997, SHERWOOD SECURITIES CORP. (SHWD) 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 SHWD VIOLATED CONDUCT RULE 2110, IM-2110-2 AND SEC RULES 17a-3 AND 17a-4. SHWD TRADED THROUGH A 700 SHARE LIMIT ORDER WHICH WAS EVENTUALLY EXECUTED. IN ADDITION, SHWD FAILED TO MAINTAIN A PHYSICAL RECORD THAT MEMORIALIZED THE CANCELLATION TIMES FOR SIX ORDERS.

SHWD WAS CENSURED AND FINED \$6,000.

\*\*\*\$6,000.00 PAID ON 07/21/97, INVOICE #97-MS-552\*\*\*

---

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	LETTER OF ACCEPTANCE, WAIVER, CONSENT NO.CMS960230 (AWC) ON 6/13/97, SHERWOOD SECURITIES CORP.(SHWD) WAS NOTIFIED THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT(AWC) IT SUBMITTED WAS ACCEPTED BY THE MARKET REGULATION AND THE NATINAL BUSINESS CONDUCT COMMITTEES. THE AWC ALLEGES THAT SHWD VIOLATED CONDUCT RULE 2110, IM-2110-2 AND SEC RULES 17Z-3 AND 17A-4. SHWD TRADED THROUGH A 700 SHARE LIMIT ORDER WHICH WAS EVENTUALLY EXECUTED. IN ADDITION, SHWD FAILED TO MAINTAIN A PHYSICAL RECORD THAT MEMORIALIZED THE CANCELLATION TIMES FOR SIX ORDERS.
<b>Initiated By:</b>	NATIONAL ASSOCIATION SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	11/08/1996
<b>Docket/Case Number:</b>	CMS960230-AWC
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)



<b>Resolution Date:</b>	07/01/1997
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$6,000.00
<b>Other Sanctions Ordered:</b>	NON-APPLICABLE
<b>Sanction Details:</b>	NON-APPLICABLE
<b>Firm Statement</b>	SHWD WAS CENSURED AND FINES \$6,000. FINE WAS PAIND ON 7/21/97 INVOICE #97-MS-552

#### Disclosure 17 of 32

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	04/02/1992
<b>Docket/Case Number:</b>	CMS920061-AWC
<b>Principal Product Type:</b>	
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	06/03/1992
<b>Sanctions Ordered:</b>	Monetary/Fine \$2,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	
<b>Regulator Statement</b>	6/10/92: MARKET SURVEILLANCE COMMITTEE COMPLAINT #CMS920061-AWC:  A LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED APRIL 2, 1992 AGAINST RESPONDENT MEMBER SHERWOOD SECURITIES CORP. ALLEGING VIOLATIONS OF PART VI, SECTION 2(d) OF SCHEDULE D FOR ENTERING



## NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.

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

\*\*\$2,000.00 PAID ON 6/18/92 INVOICE #92-MS-581\*\*

---

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	6/10/92: MARKET SURVEILLANCE COMMITTEE COMPLAINT #CMS920061-AWC: A LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED APRIL 2, 1992 AGAINST REPSONDENT MEMBER SHERWOD SECURITIES CORP. ALLEGING VIOLATIONS OF PART VI, SECTION 2(D) OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	04/02/1992
<b>Docket/Case Number:</b>	CMS920061-AWC
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	06/03/1992
<b>Sanctions Ordered:</b>	Monetary/Fine \$2,000.00
<b>Other Sanctions Ordered:</b>	NON-APPLICABLE
<b>Sanction Details:</b>	NON-APPLICABLE
<b>Firm Statement</b>	THE LETTER OF ACCEPTANCE, WAIVER, CONSENT WAS ACCPETED ON 5/8/92 BY THE MARKET SURVEILLANCE COMMITTEE ND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON 6/3/92/ FINE OF \$2000.00 WAS PAID ON 6/18/93, INVOICE#02-MS-581

---





Disclosure 18 of 32

Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	09/29/1988
Docket/Case Number:	MS-774-AWC
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	10/13/1988
Sanctions Ordered:	Monetary/Fine \$500.00
Other Sanctions Ordered:	
Sanction Details:	
Regulator Statement	<p>MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-774-AWC:</p> <p>THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED ON SEPTEMBER 29, 1988 AGAINST RESPONDENT SHERWOOD SECURITIES 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 NOVEMBER 29, 1988 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON OCTOBER 13, 1988.</p> <p>\$500 FINE</p> <p>\$500 FINE PAID 1/10/89</p>

Reporting Source: Firm



**Current Status:** Final

**Allegations:** MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-774-AWC: THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED ON 9/19/88 AGAINST THE RESPONDENT SHERWOOD SECURITIES CORP.(SHWD) ALLEGING VIOLATIONS OF PART VI, SECTION 2(D)OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING ECESS SPREADS.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITES DEALERS, INC.

**Date Initiated:** 09/29/1988

**Docket/Case Number:** MS-774-AWC

**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:** 10/13/1988

**Sanctions Ordered:** Monetary/Fine \$500.00

**Other Sanctions Ordered:** NON-APPLICABLE

**Sanction Details:** NON-APPLICABLE

**Firm Statement** THE LETTER OF ACCPETANCE, WAIVER, AND CONSENT WAS ACPETED BY THE MARKET SURVEILLANCE COMMITTEE ON NOVEMBER 29, 1988 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON 10/13/88. \$500.00 FINE WAS PAID ON 1/10/89

#### Disclosure 19 of 32

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** VIOLATIONS OF ARTICLE III, SECTIONS 1 AND 27 OF THE RFP.

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

**Date Initiated:** 02/11/1988

**Docket/Case Number:** MS-660



<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Decision & Order of Offer of Settlement
<b>Resolution Date:</b>	01/18/1989
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$20,000.00
<b>Other Sanctions Ordered:</b>	COMPLY WITH ITS UNDERTAKING TO IMPLEMENT AND ENFORCE WRITTEN PROCEDURES TO ADEQUATELY SUPERVISE THE CONDUCT OF ASSOCIATED PERSONS WITH RESPECT TO REPORTING TRANSACTIONS IN ALL NASDAQ AND NON-NASDAQ SECURITIES. AS PART OF THE UNDERTAKING SHALL CONDUCT QUARTERLY INTERNAL AUDITS FOR A ONE YEAR PERIOD TO DETERMINE THAT SUCH TRANSACTIONS ARE PROPERLY REPORTED. THE RESULTS OF THE FOUR INTERNAL AUDITS WILL BE MADE AVAILABLE TO THE MARKET SURVEILLANCE DEPARTMENT. SHALL IMPLEMENT AND MAINTAIN A COMPUTER SYSTEM DESIGNED TO ACCOMPLISH SIMULTANEOUSLY THE ORDER ENTRY AND AUTOMATIC REPORTING OF LAST SALE DATA.
<b>Sanction Details:</b>	\$20,000 PAID 2/28/89
<b>Regulator Statement</b>	TOP] MARKET SURVEILLANCE COMMITTEE (MSC) COMPLAINT #MS-660, FILED ON 2/11/88 NAMING AS SHERWOOD SECURITIES CORP. (SHWD), MEMBER, PATRICK M. KOLENIK, STEVEN M. KESSLER, GENE C. BRUNZEL, AND EDWARD L. BYRD, FRANK DYER, III AND ROBERT P. ROSSO. THERE ARE 19 CAUSES OF COMPLAINT. THE 19TH CAUSE OF COMPLAINT ALLEGES VIOLATIONS OF ARTICLE III, SECTIONS 1 AND 27 OF THE RFP, IN THAT SHWD, KOLENIK, KESSLER AND BRUNZEL FAILED TO ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES TO ASSURE COMPLIANCE WITH APPLICABLE SECURITIES RULES AND REGULATIONS DURING VARIOUS PERIODS BETWEEN 8/15/86 AND 4/23/87. ALL OF THE RESPONDENTS SUBMITTED OFFERS OF SETTLEMENT (OFFERS) WHICH WERE ACCEPTED BY THE MSC ON 10/25/88 AND THE NBCC ON 1/12/89. THE DECISION ACCEPTING THE RESPONDENTS' OFFERS WAS ISSUED ON 1/18/89. UNDER THE TERMS OF THE OFFERS, THE MSC FOUND THE VIOLATIONS AS ALLEGED IN THE COMPLAINT WITH RESPECT TO SHWD, BRUNZEL, BYRD, DYER AND ROSSO. BASED UPON THE MSC'S ACCEPTANCE OF THE OFFERS SUBMITTED BY ALL RESPONDENTS THE FOLLOWING SANCTIONS ARE IMPOSED:



SHERWOOD SECURITIES CORPORATION IS CENSURED, FINED \$20,000 AND ORDERED TO COMPLY WITH ITS UNDERTAKING TO IMPLEMENT AND ENFORCE WRITTEN PROCEDURES TO ADEQUATELY SUPERVISE THE CONDUCT OF ASSOCIATED PERSONS WITH RESPECT TO REPORTING TRANSACTIONS IN ALL NASDAQ AND NON-NASDAQ SECURITIES. AS PART OF THE UNDERTAKING SHWD SHALL CONDUCT QUARTERLY INTERNAL AUDITS FOR A ONE YEAR PERIOD TO DETERMINE THAT SUCH TRANSACTIONS ARE PROPERLY REPORTED. THE RESULTS OF THE FOUR INTERNAL AUDITS WILL BE MADE AVAILABLE TO THE MARKET SURVEILLANCE DEPARTMENT. ALSO, SHWD SHALL IMPLEMENT AND MAINTAIN A COMPUTER SYSTEM DESIGNED TO ACCOMPLISH SIMULTANEOUSLY THE ORDER ENTRY AND AUTOMATIC REPORTING OF LAST SALE DATA.  
\$20,000 PAID 2/28/89

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-660, FILED ON 2/11/88 NAMING AS RESPONDENTS SHERWOOD SECURITIES CORP. (SHWD), MEMBER, PATRICK M. KOLENIK(KOLENIK), STEVEN M. KESSLER(KESSLER), GENE C. BRUNZEL(BRUNZEL), REGISTERED PRINCIPALS, AND EDWARD L. BYRD(BYRD), FRANK DYER III(DYER) AND ROBERT P ROSSO(ROSSO), GENERAL SECURITIES REPRESENTATIVES AND TRADERS. THERE ARE NINETEEN(19) CAUSES OF COMPLAINT. CAUSE(1) THROUGHT FIVE(5) ALLEGE VIOLATIONS OF ARTICLE III, SECTION 1 AND 19 OF THE RULES OF FAIR PRACTICE WITH RESPECT TO ROSSO AND CAUSE EIGHT(8) AND CAUSES ELEVEN(11) THROUGH FIFTEEN(15) WITH RESPECT TO BYRD, IN THAT THEY WRONGFULLY AFECTED REPORTED PRICES IN VARIOUS SECURITIES DURING VARIOUS PERIODS BETWEEN 8/15/86 AND 4/23/87 BY ENTERING REPORTS OF FICTITIOUS TRADES AND ENGAGING IN THE PRACTICE KNOWN AS "MARKING THE CLOSE". CAUSE SIX(6) ALLEGES VIOLATIONS OF ARTICLE III, SECTIONS 1 AND 5 OF THE ASSOCIATION'S RULES OF FAIR PRACTICE WITH RESPECT TO ROSSO, CAUSE NINE(9) WITH RESPECT TO DYER AND CAUSE SIXTEEN(16)WITH RESPECT TO BYRD, IN THAT THEY PUBLISHED AND CIRCULATED REPORTS OF NON-BONA FIDE AND FICTIOUS TRANSACTIONS IN NATINAL MARKET SYSTEMS SECURITIES DURING VARIOUS PERIODS BETWEEN 8/15/86 - 4/23/87. CAUSES 7(7), TEN(10) AD SEVENTEEN(17) ALLEGE VIOLATIONS OF ARTICLE III, SECTION 1 OF THE RULES OF FAIR PRACTICE AND SCHEDULE D OF THE BY-LAWS AS TO ROSSO, DYER AND BYRD RESPECTIVELY, IN THAT THEY ENTERED REPORTS FICTITIOUS TRANSACTIONS IN NMS SECURITIES DURING VARIOUS PERIODS BETWEEN 8/15/86-4/23/87. CASUE EIGHTEEN(18) ALLEGES VIOLATIONS OF ARTICLE III, SECTION 1 OF THE</p>



RULES OF FAIR PRACTICE AND SCHEDULE D OF THE BY-LAWS WITH RESPECT TO BYRD FOR FAILURE TO REPORT 92 TRANSACTIONS IN NATIONAL MARKET SYSTEM SECURITIES DURING THE PERIOD 1/7/87 THROUGH 3/30/87

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

**Date Initiated:** 02/11/1988

**Docket/Case Number:** MS-660

**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:** 01/18/1989

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

**Other Sanctions Ordered:** NON-APPLICABLE

**Sanction Details:** NON-APPLICABLE

**Firm Statement** PLEASE REFER TO THE REPSONSE IN QUESTION #7

#### Disclosure 20 of 32

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:**

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

**Date Initiated:** 10/05/1987

**Docket/Case Number:** MS-625-AWC

**Principal Product Type:**

**Other Product Type(s):**

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


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

**Resolution:** Consent

**Resolution Date:** 12/08/1987

**Sanctions Ordered:** Monetary/Fine \$500.00

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement** MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-625-AWC:

LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) FILED 10/5/87 ALLEGES VIOLATIONS OF PART VI, SECTION 2(d) OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS. THE AWC WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON 11/10/87 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON 12/8/87. \$500 FINE PAID

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-625-AWC: LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) FILED 10/5/87 ALLEGES VIOLATIONS OF PART VI, SECTION 2(D) OF SCHEDULE D FOR D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS. THE AWC WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON 11/10/87 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON COMMITTEE ON 12/8/87. \$500.00 FINE PAID.

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

**Date Initiated:** 10/05/1987

**Docket/Case Number:** MS-625-AWC

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

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

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



<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	12/08/1987
<b>Sanctions Ordered:</b>	Monetary/Fine \$500.00
<b>Other Sanctions Ordered:</b>	NON-APPLICABLE
<b>Sanction Details:</b>	NON-APPLICABLE
<b>Firm Statement</b>	PLEASE REFER TO THE RESPONSE IN QUESTION #7

---

**Disclosure 21 of 32**

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	07/20/1973
<b>Docket/Case Number:</b>	N-BA-32
<b>Principal Product Type:</b>	
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Decision
<b>Resolution Date:</b>	07/20/1973
<b>Regulator Statement</b>	NASDAQ COMPLAINT N-BA-32 FILED 7-20-73 NO MONETARY PENALTY IMPOSED

---

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	AS OVER 25 YEARS HAVE ELAPSED SINCE THIS MATTER WAS ADJUDICATED, WE AHVE BEEN UNABLE TO LOCATE THE FILE THAT CORRESPONDS TO THIS MATTER
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.



<b>Date Initiated:</b>	07/20/1973
<b>Docket/Case Number:</b>	N-BA-32
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Decision
<b>Resolution Date:</b>	07/20/1973
<b>Sanctions Ordered:</b>	
<b>Other Sanctions Ordered:</b>	NO MONETARY PENALTY IMPOSED
<b>Sanction Details:</b>	NON-APPLICABLE
<b>Firm Statement</b>	NASDAQ COMPLAINT N-BA-32 FILED N-BA-32 FILED 7-20-73, NO MONETARY PENALTY IMPOSED

---

**Disclosure 22 of 32**

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	05/18/1973
<b>Docket/Case Number:</b>	SC-37
<b>Principal Product Type:</b>	
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Decision
<b>Resolution Date:</b>	07/05/1973





<b>Regulator Statement</b>	COMPLAINT #CA: SC-37 FILED 5-18-73 7-5-73: FINAL
<hr/>	
<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	AS OVER 25 YEARS HAVE ELAPSED SINCE THIS MATTER WAS ADJUDICATED, WE HAVE BEEN UNABLE TO LOCATE THE FILE THAT CORRESPONDS TO THIS MATTER
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	05/18/1973
<b>Docket/Case Number:</b>	SC-37
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Decision
<b>Resolution Date:</b>	07/05/1973
<b>Sanctions Ordered:</b>	
<b>Other Sanctions Ordered:</b>	NON APPLICABLE
<b>Sanction Details:</b>	NON APPLICABLE
<b>Firm Statement</b>	COMPLAINT #CA: SC-37 FILED 5/18/73 - 7/5/73 FINAL

**Disclosure 23 of 32**

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	05/17/1973
<b>Docket/Case Number:</b>	N-V-298



Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief  
Sought:

Other Sanction(s)/Relief  
Sought:

Resolution: Decision

Resolution Date: 09/20/1973

Sanctions Ordered: Monetary/Fine \$25.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement NASDAQ COMPL. N-V-298 FILED 05/17/73  
08/06/73: FINED \$25.00  
08/21/73: PAID  
09/20/73: FINAL

Reporting Source: Firm

Current Status: Final

Allegations: AS OVER 25 YEARS HAVE ELAPSED SINCE THIS MATTER WAS  
ADJUDICATED, WE HAVE BEEN UNABLE TO LOCATE THE FILE THAT  
CORRESPONDS TO THIS MATTER

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 05/17/1973

Docket/Case Number: N-V-298

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief  
Sought:

Other Sanction(s)/Relief  
Sought:

Resolution: Decision

Resolution Date: 09/20/1973



Sanctions Ordered:	Monetary/Fine \$25.00
Other Sanctions Ordered:	NON-APPLICABLE
Sanction Details:	NON-APPLICABLE
Firm Statement	NASDAQ COMPL. N-V-298 FILED 5/17/73-8/6/73: FINED \$25.00. PAID ON 9/20/73

Disclosure 24 of 32

Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	08/04/1972
Docket/Case Number:	N-BA-26

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

Resolution:	Decision
Resolution Date:	02/01/1973
Sanctions Ordered:	Monetary/Fine \$200.00
Other Sanctions Ordered:	
Sanction Details:	

Regulator Statement	NASDAQ COMPLAINT N-BA-26 FILED 08/04/72 12/18/72: FINED \$200.00 01/04/73: PAID 02/01/73: FINAL
---------------------	--

Reporting Source:	Firm
Current Status:	Final



**Allegations:** AS OVER 25 YEARS HAVE ELAPSED SINCE THIS MATTER WAS ADJUDICATED, WE HAVE BEEN UNABLE TO LOCATE THE FILE THAT CORRESPONDS TO THIS MATTER.

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

**Date Initiated:** 08/04/1972

**Docket/Case Number:** N-BA-26

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Decision

**Resolution Date:** 02/01/1973

**Sanctions Ordered:** Monetary/Fine \$200.00

**Other Sanctions Ordered:** NON-APPLICABLE

**Sanction Details:** NON-APPLICABLE

**Firm Statement** NASDAQ COMPLAINT N-BA-26 FILED ON 8/4/72-12/18/72: FINED \$200.00 1/4/73 PAID ON 2/1/73.

#### Disclosure 25 of 32

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:**

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

**Date Initiated:** 04/13/1995

**Docket/Case Number:** CMS950038 AWC

**Principal Product Type:**

**Other Product Type(s):**

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


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

**Resolution:** Consent

**Resolution Date:** 08/15/1995

**Sanctions Ordered:** Censure  
Monetary/Fine \$15,000.00

**Other Sanctions Ordered:**
**Sanction Details:**

**Regulator Statement** MARKET SURVEILLANCE COMMITTEE COMPLAINT NO. CMS950038 AWC

LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) FILED APRIL 13, 1995 AGAINST SHERWOOD SECURITIES CORP. (SHWD) ALLEGING VIOLATIONS OF SCHEDULE D TO THE ASSOCIATION'S BY-LAWS, PART X, SECTION 2(a)(8), PART XI, SECTION 2(a)(8) AND THE INTERPRETATION OF THE BOARD OF GOVERNORS CONCERNING THE OBLIGATIONS OF MEMBERS TO REPORT TRANSACTIONS WITHIN 90 SECONDS OF EXECUTION. THIS AWC ALSO CONSTITUTES VIOLATIONS OF ARTICLE III, SECTION 1 OF THE ASSOCIATION'S RULES OF FAIR PRACTICE. RESPONDENT SHWD REPORTED OR CAUSED TO BE REPORTED TO THE NASDAQ SYSTEM, TRADE REPORTS THAT WERE LATE AND IN EXCESS OF 90 SECONDS OF EXECUTION. THE AWC WAS ACCEPTED BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON AUGUST 15, 1995. RESPONDENT SHWD WAS CENSURED AND FINED \$15,000. THE AWC BECAME FINAL ON AUGUST 15, 1995.

\*\*\$15,000.00 PAID ON 9/1/95, INVOICE #95-MS.505\*\*

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** MARKET SURVEILLANCE COMMITTEE COMPLAINT NO.CMS950038 (AWC) LETTER OF ACCEPTANCE, WAIVER, AND CONSENT (AWC) FILED 4/13/95 AGAINST SHERWOOD SECURITIES CORP. ALLEGING VIOLATIONS OF SCHEDULE D TO THE ASSOCIATION'S BY-LAWS, PART X, SECTION 2(A)(8), PART XI, SECTION 2(A)(8), PART XI, SECTION 2(A)(8) AND THE INTERPRETATION OF THE BOARD OF GOVERNORS CONCERNING THE



OBLIGATIONS OF MEMBERS TO REPORT TRANSACTIONS WITHIN 90 SECONDS OF EXECUTION. THIS AWC ALSO CONSTITUTES VIOLATIONS OF ARTICLE III, SECTION 1 OF THE ASSOCIATION'S RULES OF FAIR PRACTICE. RESPONDENT SHERWOOD SECURITIES (SHWD) REPORTED OR CAUSED TO BE REPORTED TO THE NASDAQ SYSTEM, TRADE REPORTS THAT WERE LATE AND IN EXCESS OF 90 SECONDS OF EXECUTION. THE AWC WAS ACCEPTED BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON 8/15/95. RESPONDENT SHWD WAS CENSURED AND FINED \$15,000.00. THE AWC BECAME FINAL ON 8/15/95 AND THE FINE WAS PAID IN FULL ON 9/1/95, INVOICE #95-MS.505

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

**Date Initiated:** 04/13/1995

**Docket/Case Number:** CMS950038-AWC

**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:** 08/15/1995

**Sanctions Ordered:** Censure  
Monetary/Fine \$15,000.00

**Other Sanctions Ordered:** NON-APPLICABLE

**Sanction Details:** NON-APPLICABLE

**Firm Statement** PLEASE REFER TO THE RESPONSE IN QUESTION #7

#### Disclosure 26 of 32

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** THROUGH RESPONSES THE DIVISION RECEIVED TO INVESTIGATORY SUBPOENAS DUCES TECUM THE DIVISION WAS INFORMED THAT SHERWOOD HAD EFFECTED TRANSACTIONS IN SECURITIES IN THE ACCOUNTS OF 8 MASSACHUSETTS CUSTOMERS BETWEEN DECEMBER 1,



8 AND  
DECEMBER 31, 1989 WHILE IT WAS NOT REGISTERED AS A  
BROKER-DEALER IN MASSACHUSETTS. THIS WAS IN VIOLATION OF M.G.L.  
c.110A SECTION 201. THE DIVISION ALSO FOUND THAT SHERWOOD SOLD  
TO MASS CUSTOMERS AT LEAST 3 SECURITIES ISSUES WHICH WERE NOT  
REGISTERED NOR EXEMPT FROM REGISTRATION. THIS WAS IN VIOLATION  
OF THE ACT AT SECTION 301. AS A PART OF ITS APPLICATION FOR  
REGISTRATION SHERWOOD FILED A STATEMENT UNDER OATH THAT IT  
HAD  
DISCLOSED ALL TRANSACTIONS IN WHICH IT HAD ENGAGED WITH MASS  
CUSTOMERS WHEN IT WAS NOT REGISTERED AS A BROKER-DEALER IN  
MASS. HOWEVER SHERWOOD DID NOT DISCLOSE ALL TRANSACTIONS  
MAKING  
THAT A FALSE FILING IN VIOLATION OF THE ACT AT SECTION 404. THE  
DIVISION MAKES NO FINDING THAT SHERWOOD KNOWINGLY OR  
INTENTIONALLY FILED A DOCUMENT CONTAINING FALSE OR MISLEADING  
STATEMENTS WITH THE DIVISION.

**Initiated By:** MASSACHUSETTS SECURITIES DIVISION

**Date Initiated:** 12/31/1993

**Docket/Case Number:** E-92-171

**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:** 01/03/1995

**Sanctions Ordered:** Monetary/Fine \$5,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:**

**Sanction Details:** Not Provided

**Regulator Statement** ON JANUARY 3, 1995 THE MASSACHUSETTS SECURITIES  
DIVISION ENTER AN ORDER APPROVING REGISTRATION UPON  
CONDITIONS  
AFTER SHERWOOD AGREED TO THE CONSENT ORDER. THE CONDITIONS  
ARE



AS FOLLOWS: SHERWOOD HSALL COMPLY WITH ALL STATUTE AND REGULATIONS RELATING TO THE TRANSACTIONS OF BUSINESS IN SECURITIES IN MASS; SHERWOOD SHALL IMPLEMENT AND MAINTAIN WRITTEN PROCEDURES APPROPRIATELY DESIGNED TO ENSURE COMPLIANCE WITH THE STATUTES AND REGULATIONS RELATING TO THE TRANSACTION OF BUSINESS IN SECURITIES IN MASS; SHERWOOD SHALL MAKE WRITTEN OFFERS OF RESCISSION TO THOSE MASS CUSTOMERS WITH WHO IT CONDUCTED TRANSACTIONS IN SECURITIES AT A TIME WHEN IT WAS NOT REGISTERED AS A BROKER-DEALER IN MASS, AND SHALL PROVIDE TO THE DIVISION COPIES OF THE WRITTEN OFFERS AND THE CUSTOMERS' RESPONSE; SHERWOOD SHALL PAY AN ADMINISTRATIVE FINE IN THE AMOUNT OF \$5,000 TO THE COMMONWEALTH OF MASS; SHERWOOD SHALL DISGORGE TO THE COMMONWEALTH OF MASS THE AMOUNT OF \$7,500 WHICH SHERWOOD EARNED FROM TRANSACTIONS CONDUCTED IN VIOLATION OF THE ACT. CONTACT: 617-727-3548

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

THROUGH RESPONSES THE DIVISION RECEIVED TO INVESTIGATORY SUBPOENAS DUCES TECUM THE DIVISION WAS INFORMED THAT SHERWOOD HAD EFFECTED TRANSAXCTIONS IN SECURITIES IN THE ACCOUNTS OF 8 MASSACHUSETTS CUSTOMERS BETWEEN 12/1/89 AND 12/31/89 WHILE IT WAS NOT REGISTERED AS A BROKER-DEALER IN MASSACHUSETTS. THIS WAS IN VIOLATION OF M.G.L C.110A SECTION 201. THE DIVISION ALSO FOUND THAT SHERWOOD SOLD TO MASS. CUSTOMERS AT LEAST 3 SECURITIES ISSUES WHICH WERE NOT REGISTERED NOR EXEMPT FROM REGISTRATION. THIS WAS IN VIOLATION OF THE ACT AT SECTION 301. AS A PART OF ITS APPLICATION FOR REGISTRATION SHERWOOD FILED A STATEMENT UNDER OATH THAT IT HAD DISCLOSED ALL TRANSACTION IN WHICH IT HAD ENGAGED WITH MASS CUSTOMERS WHEN IT WAS NOT REGISTERED AS A BROKER-DEALER IN MASS. HOWEVER, SHERWOOD DID NOT DISCLOSE ALL TRANSACTIONS MAKING THAT A FALSE FILING IN VIOLATION OF THE ACT AT SECTION 404. THE DIVISION MAKES NO FINDING THAT SHERWOOD KNOWINGLY OR INTENTIONALLY FILED A DOCUMENT CONTAINING FALSE OR MISLEADING STATEMENTS WITH THE DIVISION

**Initiated By:**

MASSACHUSETTS SECURITIES DIVISION





**Date Initiated:** 12/31/1993

**Docket/Case Number:** E-92-171

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

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

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

**Resolution:** Consent

**Resolution Date:** 01/03/1995

**Sanctions Ordered:** Monetary/Fine \$5,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** NON-APPLICABLE

**Sanction Details:** NON-APPLICABLE

**Firm Statement**

ON JANUARY 3, 1995 THE MASSACHUSETTS SECURITIES DIVISION ENTERED AN ORDER APPROVING REGISTRATION UPON CONDITIONS AFTER SHERWOOD AGREED TO THE CONSENT ORDER. THE CONDITIONS ARE AS FOLLOWS: SHERWOOD SHALL COMPLY WITH ALL STATUTES AND REGULATIONS RELATING TO THE TRANSACTIONS OF BUSINESS IN SECURITIES IN MASS; SHERWOOD SHALL IMPLEMENT AND MAINTAIN WRITTEN PROCEDURES APPROPRIATELY DESIGNED TO ENSURE COMPLIANCE WITH THE STATUTES AND REGULATIONS RELATING TO THE TRANSACTION OF BUSINESS IN SECURITIES IN MASS; SHERWOOD SHALL MAKE WRITTEN OFFERS OF RESCISSION TO THOSE MASS.CUSTOMERS WITH WHO IT CONDUCTED TRANSACTIONS IN SECURITIES AT A TIME WHEN IT WAS NOT REGISTERED AS A BROKER-DEALER IN MASS, AND SHALL PROVIDE TO THE DIVISION COPIES OF THE WRITTEN OFFERS AND THE CUSTOMERS' RESPONSE; SHERWOOD SHALL PAY AN ADMINISTRATIVE FINE IN THE AMOUNT OF \$5000.00 TO THE COMMONWEALTH OF MASS; SHERWOOD SHALL DISGORGE TO THE COMMONWEALTH OF MASS THE AMOUNT OF \$7500.00 WHICH SHERWOOD EARNED FROM TRANSACTIONS CONDUCTED IN VIOLATION OF THE ACT. CONTACT:(617) 727-3548

## Disclosure 27 of 32

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:****Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.**Date Initiated:** 04/02/1992**Docket/Case Number:** CMS920055-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 \$750.00**Other Sanctions Ordered:****Sanction Details:****Regulator Statement** 6/10/92: MARKET SURVEILLANCE COMMITTEE COMPLAINT #CMS920055-AWC:

A LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED APRIL 2, 1992 AGAINST RESPONDENT MEMBER SHERWOOD SECURITIES CORP. ALLEGING VIOLATIONS OF PART VI, SECTION 5(a) OF SCHEDULE D IN THAT THE FOLLOWING RESPONDENTS FAILED TO REPORT THEIR NASDAQ VOLUME:

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. \$750.00 FINE.

\*\*\$750.00 PAID ON 6/18/92 INVOICE #92-MS-577\*\*

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

**Allegations:** 6/10/92: MARKET SURVEILLANCE COMMITTEE COMPLAINT #CMS920055-AWC: A LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED 4/2/92 AGAINST REPONDENT MEMBER SHERWOOD SECURITIES CORP. ALLEGING



VIOLATIONS OF PART VI, SECTION 5(A) OF SCHEDULE D IN THAT THE FOLLOWING RESPONDENTS FAILED TO REPORT THEIR NASDAQ VOLUME: THE LETTER OF ACCEPTANCE , WAIVER AND CONSENT WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON 5/8/92 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON 6/3/92. \$750.00 FINE PAID ON 6/18/92. INVOICE #92-MS-5777

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

**Date Initiated:** 04/02/1992

**Docket/Case Number:** CMS920055-AWC

**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:** 06/03/1992

**Sanctions Ordered:** Monetary/Fine \$750.00

**Other Sanctions Ordered:** NON-APPLICABLE

**Sanction Details:** NON-APPLICABLE

**Firm Statement** PLEASE REFER TO THE RESPONSE IN QUESTION #7

#### Disclosure 28 of 32

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NNN

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

**Date Initiated:** 12/04/1991

**Docket/Case Number:** CMS920011 AWC

**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:** 04/07/1992

**Sanctions Ordered:** Monetary/Fine \$1,000.00

**Other Sanctions Ordered:**

**Sanction Details:** FINED

**Regulator Statement** MARKET SURVEILLANCE COMMITTEE COMPLAINT #CMS920011 AWC (A) LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED DECEMBER 4, 1991 AGAINST RESPONDENT MEMBER ROBERTSON STEPHENS & COMPANY ALLEGING VIOLATIONS OF PART VI, SECTION 2(D) OF SCHEDULE D ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS.

THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED ON MARCH 18, 1992 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON APRIL 7, 1992. \*\*\$1,000.00 FINE\*\*

\*\*\*\$1,000.00 PAID ON 4/22/92 INVOICE #92-MS-397\*\*\*

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NNN

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

**Date Initiated:** 12/04/1991

**Docket/Case Number:** CMS920011AWC

**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:** 04/07/1992

**Sanctions Ordered:** Monetary/Fine \$1,000.00

**Other Sanctions Ordered:**

**Sanction Details:** FINED

**Firm Statement** MARKET SURVEILLANCE COMMITTEE COMPLAINT # CMS920011 AWC (A) LETTER OF ACCEPTANCE, WAIVER, AND CONSENT FILED DECEMBER 4, 1991 AGAINST RESPONDENT MEMBER ROBERTSON STEPHENS AND COMPANY ALLEGING VIOLATIONS OF PART VI, SECTION 2(D) OF SCHEDULED D ENTERING NASDQ QUOTATIONS CONTAINING EXCESS SPREADS. THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED ON MARCH 18, 1992, AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON APRIL 7, 1992. \*\*\*\$1000.00 FINE\*\*\* \*\*\* \$\$\$\$1,000.00 PAID ON 4/22/92 INVOICE # 92-MS-397\*\*\*

#### Disclosure 29 of 32

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:**

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

**Date Initiated:** 05/31/1991

**Docket/Case Number:** MS-1132-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:** 08/08/1991

**Sanctions Ordered:** Monetary/Fine \$250.00

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement**

MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-1132-AWC (A)  
LETTER  
OF ACCEPTANCE, WAIVER AND CONSENT FILED MAY 31, 1991 AGAINST  
RESPONDENT MEMBER SHERWOOD SECURITIES CORP. ALLEGING  
VIOLATIONS  
OF PART VI, SECTION 5(a) OF SCHEDULE D IN THAT RESPONDENTS  
FAILED TO REPORT THEIR NASDAQ VOLUME.

THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY  
THE MARKET SURVEILLANCE COMMITTEE ON JULY 1, 1991 AND BY THE  
NATIONAL BUSINESS CONDUCT COMMITTEE ON 8/8/91. \$250 FINE.

\*\*\*\$250.00 PAID ON 8/22/91 INVOICE #91-MS-995\*\*\*

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-1132-AWC. A  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED 5/31/91 AGAINST  
RESPONDENT MEMBER SHERWOOD SECURITIES CORP. ALLEGING  
VIOLATIONS OF PART VI, SECTION 5(A) OF SCHEDULE D IN THAT  
RESPONDENTS FAILED TO REPORT THEIR NASDAQ VOLUME. THE LETTER  
OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY THE  
MARKET SURVEILLANCE COMMITTEE ON JULY 1, 1991 AND BY THE  
NATIONAL BUSINESS CONDUCT COMMITTEE ON 8/8/91. \$250.00 FINE. FINE  
WAS PAID ON 8/22/91.

**Initiated By:**

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

**Date Initiated:**

05/31/1991

**Docket/Case Number:**

MS-1132-AWC

**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:**

08/08/1992

**Sanctions Ordered:**

Monetary/Fine \$250.00



**Other Sanctions Ordered:** NON-APPLICABLE

**Sanction Details:** NON-APPLICABLE

**Firm Statement** PLEASE REFER TO THE RESPONSE IN QUESTION #7

#### Disclosure 30 of 32

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:**

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

**Date Initiated:** 07/17/1989

**Docket/Case Number:** MS-811-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:** 09/25/1989

**Sanctions Ordered:** Monetary/Fine \$500.00

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement** 11/4/89< MARKET SURVEILLANCE COMMITTEE COMPLAINT NO MS-811-AWC:

LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) WAS FILED ON JULY 17, 1989, ALLEGING VIOLATIONS OF PART VI, SECTION 2(d) OF SCHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS. THE AWC WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE COMPLAINT ON AUGUST 30, 1989 AND BY THE NBCC ON SEPTEMBER 25, 1989. REPONDENT WAS FINED IN THE AMOUNT OF \$500. \*\*\*\$500.00 PAID ON 11/14/89 INVOICE #89-MS-760.\*\*\*



<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	11/4/99 MARKET SURVEILLANCE COMMITTEE COMPLAINT NO.MS-811-AWC: LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) WAS FILED ON JULY 17, 1989, ALLEGING VIOLATIONS OF PARTVI, SECTION 2(D) SHEDULE D FOR ENTERING NASDAQ QUOTATIONS CONTAINING EXCESS SPREADS. THE AWC WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE COMPLAINT ON 8/30/89 AND BY THE NBCC ON 9/25/89. RESPONDENT WAS FINED IN THE AMOUNT OF \$500.00. FINE WAS PAID ON 11/14/89 INVOICE #89-MS-760
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	07/17/1989
<b>Docket/Case Number:</b>	MS-811-AWC
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	09/25/1989
<b>Sanctions Ordered:</b>	Monetary/Fine \$500.00
<b>Other Sanctions Ordered:</b>	NON-APPLICABLE
<b>Sanction Details:</b>	NON-APPLICABLE
<b>Firm Statement</b>	PLEASE REFER TO THE RESPONSE IN QUESTION # 7

#### Disclosure 31 of 32

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.





**Date Initiated:** 05/26/1987  
**Docket/Case Number:** MS-539-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:** 03/03/1988

**Sanctions Ordered:** Monetary/Fine \$1,000.00

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement**

MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-539-AWC:

LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) FILED MAY 26, 1987 ALLEGING VIOLATIONS OF THE NMS TRADE REPORTING RULES, PART XII, SECTION 2 OF SCHEDULE D.THE AWC WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON FEBRUARY 4, 1988 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON MARCH 3, 1988. \$1000 FINE

\$1,000 FINE PAID 12/24/87

---

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** MARKET SURVEILLANCE COOMITTEE COMPLAINT #MS-539-AWC: LETTER OF ACCEPTANCE, WAIVER AND CONSENT(AWC) FILED ON 5/26/87 ALLEGING VIOLATIONS OF THE NMS TRADE REPORTING RULES, PART XII, SECTION 2 OF SCHEDULE D. THE AWC WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON 2/4/88 AND THE NATIONAL BUSINESS CONDUCT COMMITTEE ON 3/3/88. \$1000.00 FINE PAID 12/24/87

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

**Date Initiated:** 05/26/1987

**Docket/Case Number:** MS-539-AWC



**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:** 03/03/1988

**Sanctions Ordered:** Monetary/Fine \$1,000.00

**Other Sanctions Ordered:** NON-APPLICABLE

**Sanction Details:** NON-APPLICABLE

**Firm Statement** PLEASE REFER TO RESPONSE IN QUESTION #7

#### Disclosure 32 of 32

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:**

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

**Date Initiated:** 08/29/1970

**Docket/Case Number:** NV-1255

**Principal Product Type:**

**Other Product Type(s):**

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

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

**Resolution:** Decision

**Resolution Date:** 02/20/1971

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

**Other Sanctions Ordered:**

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

NV-1255 FILED 08/29/70 DEC RENDERED 01/21/71 WHEREIN RESP.  
MEMBER IS CENSURED. FINED \$1000 &  
ASSESSED COSTS OF \$85.05 TO BE FINAL 02/20/71. FINAL FINE  
PAID 01/29/71

---

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

NV-1255 FILED 8/29/70 DECISION RENDERED 1/21/71 WHERE IN REPONSE  
MEMBER IS CENSURED. FINED \$1000 AND ASSESSED COSTS OF \$85.05 TO  
BE FINAL 2/20/1971. FINAL FINE PAID 1/29/1971.  
AS OVER 30 YEARS HAVE ELAPSED SINCE THIS MATTER WAS  
ADJUDICATED, WE HAVE BEEN UNABLE TO LOCATE THE FILE THAT  
CORRESPONDS TO THIS MATTER.

**Initiated By:**

NATIONAL ASSOCIATION OS SECURITIES DEALERS, INC.

**Date Initiated:**

08/29/1970

**Docket/Case Number:**

NV-1255

**Principal Product Type:**

No Product

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

Censure

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

Decision

**Resolution Date:**

02/20/1971

**Sanctions Ordered:**

Censure  
Monetary/Fine \$1,000.00

**Other Sanctions Ordered:**

NON-APPLICABLE

**Sanction Details:**

NOM-APPLICABLE

**Firm Statement**

PLEASE REFER TO THE RESPONSE IN QUESTION #7



## 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](http://www.finra.org/awardsonline).

### Disclosure 1 of 2

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	NO OTHER CONTROVERSY INVOLVED; EMPLOYMENT-LIBEL OR SLANDER ON FORM U-5
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	06/14/2000
<b>Case Number:</b>	<a href="#">00-01643</a>
<b>Disputed Product Type:</b>	NO OTHER TYPE OF SEC INVOLVE
<b>Sum of All Relief Requested:</b>	Unspecified Damages
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	11/07/2000
<b>Sum of All Relief Awarded:</b>	\$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 2 of 2

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	EXECUTIONS-EXECUTION PRICE; EXECUTIONS-INCORRECT QUANTITY; NO OTHER CONTROVERSY INVOLVED
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	12/26/1997
<b>Case Number:</b>	<a href="#">97-05887</a>
<b>Disputed Product Type:</b>	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE



**Sum of All Relief Requested:** \$5,000,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 10/28/1998

**Sum of All Relief Awarded:** \$8,250.00

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	2	0



## Disclosure Event Details

### Regulatory - Final

#### Disclosure 1 of 2

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	DEUTSCHE BANK AG
<b>Current Status:</b>	Final
<b>Appealed To and Date Appeal Filed:</b>	N/A
<b>Allegations:</b>	DEUTSCHE BANK AG, AN AFFILIATE OF THE FILER OF THIS FORM BD FAILED TO FILE APROPRIATE NOTICES WITH THE OSLO STOCK EXCHANGE WITHIN THE TIME PERIOD REQUIRED AFTER STOCK AND OPTION PURCHASES THAT CAUSED HOLDINGS BY DEUTSCHE BANK AG TO EXCEED LEVELS SPECIFIED BY NORWEGIAN REGULATION.
<b>Initiated By:</b>	OSLO POLICE DISTRICT, SECTION OF FINANCE AND ENVIRONMENTAL CRIME
<b>Date Initiated:</b>	01/07/2004
<b>Docket/Case Number:</b>	
<b>Principal Product Type:</b>	Equity Listed (Common & Preferred Stock)
<b>Other Product Type(s):</b>	OPTIONS
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	MISDEMEANOR
<b>Resolution:</b>	Other
<b>Resolution Date:</b>	02/20/2004
<b>Sanctions Ordered:</b>	Monetary/Fine \$4,300.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	TOTAL AMOUNT OF FINE: US\$4,300.00 PORTION LEVIED AGAINST CONTROL AFFILIATE: 100% DATE PAID: TO BE DETERMINED PORTION OF PENALTY WAIVED: 0
<b>Firm Statement</b>	THE ACTION AGAINST DEUTSCHE BANK AG IS FINAL. UNDER NORWEGIAN LAW, THE VIOLATION IS A CRIMINAL MISDEMEANOR. THE MATTER WAS RESOLVED BY DEUTSCHE BANK AG ACCEPTING A FINE IN LIEU OF



PROSECUTION, WHICH RESULTED IN A TERMINATION OF THE  
PROCEEDING AGAINST DEUTSCHE BANK AG

## Disclosure 2 of 2

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	DEUTSCHE INVESTMENT MANAGEMENT AMERICAS INC. (FKA SCUDDER KEMPER INVESTMENTS, INC.)
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE SEC ALLEGED THAT THE ACTIONS GIVING RISE TO THE ADMINISTRATIVE PROCEEDING AROSE FROM THE ACTIONS OF A FORMER TRADER AT SCUDDER KEMPER'S BOSTON DERIVATIVES TRADING DESK, WHO VIOLATED APPLICABLE TRADING LIMITS ESTABLISHED BY PORTFOLIO MANAGERS IN CERTAIN INSTITUTIONAL ACCOUNTS, INCLUDING REGISTERED INVESTMENT COMPANIES, MANAGED BY SCUDDER KEMPER DURING A PERIOD FROM JULY 1997 THROUGH OCTOBER 9, 1998. THE ORDER ALLEGES THAT AS A RESULT OF THE TRADER'S MISCONDUCT, LOSSES OF MORE THAN \$16 MILLION WERE INCURRED. SCUDDER KEMPER FULLY REIMBURSED THE LOSSES. THE SEC ALLEGED THAT THE TRADER'S SUPERVISOR AND SCUDDER KEMPER FAILED TO SUPERVISE THE TRADER AND, THROUGH THE TRADER'S ACTIONS, SCUDDER KEMPER FAILED ACCURATELY TO MAINTAIN CERTAIN REQUIRED BOOKS AND RECORDS UNDER THE INVESTMENT ADVISERS ACT OF 1940 AND THE INVESTMENT COMPANY ACT OF 1940.
<b>Initiated By:</b>	UNITED STATES SECURITIES EXCHANGE COMMISSION
<b>Date Initiated:</b>	12/21/1999
<b>Docket/Case Number:</b>	3-10121
<b>Principal Product Type:</b>	Derivative(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	CEASE AND DESIST, CIVIL AND ADMINISTRATIVE PENALTIES, OTHER: SCUDDER KEMPER INVESTMENTS, INC. ("SCUDDER KEMPER") UNDERTOOK TO MAINTAIN ENHANCED SUPERVISORY POLICES AND PROCEDURES RELATING TO FIXED-INCOME DERIVATIVES AND TO INFORM AFFECTED CLIENT ACCOUNTS OF THE SEC ORDER.
<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	12/21/1999





**Sanctions Ordered:**

Censure  
Monetary/Fine \$250,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

SCUDDER KEMPER INVESTMENTS, INC. UNDERTOOK TO MAINTAIN ENHANCED SUPERVISORY POLICES AND PROCEDURES WITH RESPECT TO FIXED-INCOME DERIVATIVES AND TO INFORM AFFECTED CLIENT ACCOUNTS ABOUT THE SEC ORDER.

**Sanction Details:**

SCUDDER KEMPER INVESTMENTS, INC. WAS FINED A CIVIL MONEY PENALTY OF \$250,000.00, WHICH IT WAS OBLIGATED TO PAY TO THE UNITED STATES TREASURY WITHIN 30 DAYS OF 12/21/1999.

## End of Report



**This page is intentionally left blank.**