

**ANNUAL REPORT**

**OF THE**

**Banking Commissioner**

**OF THE**

**STATE OF CONNECTICUT**

**FOR THE YEAR ENDED DECEMBER 31, 1987**

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**HOWARD B. BROWN**  
**BANKING COMMISSIONER**

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**44 Capitol Avenue, Hartford, Connecticut 06106**

## SECURITIES AND BUSINESS INVESTMENTS DIVISION

The Securities and Business Investments Division is responsible for the following areas subject to the general supervision of the Banking Commissioner: 1) the registration of tender offers, securities and business opportunity programs for sale in Connecticut; 2) broker-dealer and investment adviser and agent registration; 3) routine examinations of broker-dealer and investment adviser registrants; and 4) enforcement of the Connecticut tender offer, securities and business opportunity laws.

As of year-end 1987, the division was comprised of a division director, an assistant division director, eighteen examiners, one Pre-Professional Trainee and ten support personnel.

### *Activities*

Jurisdiction of the Banking Commissioner over the tender offer, securities and business opportunity laws emanates from Chapters 661a, 662 and 662a of the Connecticut General Statutes, respectively.

In connection with the securities and business opportunity laws, as of the year-end 1987, 47,332 persons were registered to engage in selling securities and to offer advice and management services regarding investments in securities. This represents 15.64% increase over the number of registrants in 1986. Sixty percent of those registered were engaged in the general brokerage business.

In 1987, 4,513 registration statements of issuers of securities prior to their sale in Connecticut were received. Fifty-three registrations by sellers of business opportunity programs were received. Seventeen business opportunity registrations were renewed.

During 1987, 140 securities complaints/investigations and 35 business opportunity complaints/investigations were completed. Also during 1987, 26 routine broker-dealer and 86 investment adviser examinations were undertaken. Two hundred and ten securities and 39 business opportunity investigations were initiated. Eight cease and desist orders were issued in the securities area compared to a total of four the previous year. Four securities matters were referred for criminal action. Of all the complaints handled and investigations opened, most were resolved on the administrative level prior to their closure.

Many of the administrative resolutions took the form of consent orders wherein the division sought monetary fines as well as reimbursement of its investigatory costs. The division found the use of a consent order as an effective method supplementing a large array of enforcement tools.

## LEGISLATION

During the 1987 session of the General Assembly, the following public acts affecting areas regulated by the Department of Banking were approved and signed into law:

clinic, with a copy of the consumer's credit report attached and adverse entries to be modified clearly marked. Contracts which do not comply with the provisions of the Act are void and payments made by the consumer under the voided contract must be returned to the consumer. A violation of any provision of the Act will be considered an unfair or deceptive trade practice pursuant to Section 42-110b of the General Statutes. The Act also amends Section 36-432 of the General Statutes to require disclosure of information by a credit rating agency to the consumer, without charge, if the request for disclosure is made not more than 30 days after notification of an adverse action by a creditor.

### *Credit Unions*

P.A. 87-5, *An Act Removing the One Year Limitation on Credit Union Share Secured Loans* (effective October 1, 1987) amends Section 36-206(g) of the General Statutes to eliminate the one year limitation on the maximum term of a loan which is fully secured by the borrowing member's own shares.

P.A. 87-7, *An Act Concerning Additional Classification of Credit Union Shares* (effective October 1, 1987) amends Section 35-210(c) of the General Statutes to eliminate the time for which shares have been fully paid as a criterion which a credit union may use in establishing a dividend rate and includes the classes of shares as established by the board of directors as a permissible criterion.

P.A. 87-23, *An Act Concerning Credit Union Membership* (effective October 1, 1987) amends Section 36-196(a) of the General Statutes to broaden the field of membership of a credit union to include members of the immediate family of a person within a group located in a well-defined neighborhood, community or rural district. The act amends the definition of "immediate family" in Section 36-194(e) of the General Statutes to include any person who is related by blood, adoption or marriage to a person within the field of membership.

### ***Securities and Business Investments***

P.A. 87-353, *An Act Concerning the Imposition of Civil Penalties for Violation of the Connecticut Business Opportunity Investment Act* (effective October 1, 1987) amends Section 36-515 of the General Statutes to permit the Banking Commissioner to impose a fine not exceeding \$10,000 for each violation of the Connecticut Business Opportunity Investment Act or for each violation of any regulation, rule or order issued under authority of that Act. The Act requires a hearing to be held for any person or persons charged with any such violation prior to imposing a fine, and increases the amount of a fine that a court may impose on any person who has violated an order of the Commissioner to a maximum of \$10,000 per violation.

P.A. 87-375, *An Act Amending the Connecticut Uniform Securities Act* (effective October 1, 1987) amends Section 36-471(b)(1) of the General Statutes to correct an inaccurate statutory reference within the definition of "agent". The Act also amends Section 36-474(c) of the General Statutes to

prohibit an investment adviser from engaging the services of an investment adviser agent unless the agent is registered pursuant to the Connecticut Uniform Securities Act. The Act renders as ineffective the registration of any investment adviser agent who is not associated with a particular investment adviser registered pursuant to the Connecticut Uniform Securities Act and requires notification to the Commissioner by both an investment adviser and investment adviser agent when they begin or terminate an association. An investment adviser or investment adviser agent who has given such notice shall not be liable for the failure of the other to give such notice. The Act amends Section 36-479 of the General Statutes to permit the Commissioner to waive the requirement that a photograph of the applicant must accompany each person's application for registration under the Connecticut Uniform Securities Act. It amends Section 36-484(a)(2)(E) of the General Statutes to permit the Commissioner to deny, suspend or revoke any registration under the Connecticut Uniform Securities Act if the applicant or registrant is the subject of a cease and desist order of the Commissioner, and adds Section 36-484(g) of the General Statutes, which authorizes the Commissioner to deny an application for registration under the Connecticut Uniform Securities Act if the applicant fails to provide information required under that Act. The Act requires the Commissioner to notify the applicant in writing of a 60-day limit for responding with the required information and allows denial of an application without a hearing for failure to provide the required information. The filing fee for an application denied for failure to provide required information is nonrefundable. Denial of an application pursuant to Section 36-484(g) of the General Statutes shall not preclude the applicant from submitting a new application for registration. This legislation amends Section 36-488(1) of the General Statutes to clarify the standard the Commissioner may utilize in deciding whether to permit the post-sale registration of securities. The Act amends Section 36-496 of the General Statutes to permit the Banking Commissioner, following a hearing, to impose a fine not exceeding \$10,000 for each violation of the Connecticut Uniform Securities Act or any regulation, rule or order issued under that Act. The Act also increases the amount of a fine which a court may impose on any person who has violated an order of the Commissioner issued under authority of the Connecticut Uniform Securities Act to a maximum of \$10,000 per violation. Finally, the Act amends Section 36-498 of the General Statutes to establish civil liability for investment advisers who engage in fraudulent or deceptive practices or who do not provide adequate disclosure to their clients.

### *Security Deposits*

P.A. 87-154, *An Act Concerning Forfeiture of Interest on Security Deposits and Prohibited Terms in Rental Agreements* (effective October 1, 1987) amends Section 47a-21(i) of the General Statutes to provide that a tenant or resident who has been delinquent for more than 10 days in the payment of any monthly rent shall not forfeit any interest payable to him for that month if the rental agreement imposes a late charge for failure to pay such rent within the time period provided by Section 47a-15a of the General Statutes. The Act also amends Section 47a-4 of the General Statutes to specify

**Table No. 35**  
**REGISTRATIONS:**  
**BROKER-DEALERS, INVESTMENT ADVISERS AND AGENTS**

	In Effect Dec. 31		Increase	
	1987	1986	1987	1986
Broker-Dealers .....	1,418	1,321	6.73%	6.8%
Agents .....	47,332	40,929	15.64%	21.75%
Investment Advisers .....	468	399	17.29%	17.0%
Investment Adviser Agents.....	3,645	2,286	59.45%	37.1%
Agents of Issuer .....	258	254	1.57%	14.9%

	<u>Broker-Dealers</u>	<u>Agents</u>	<u>Investment Advisers</u>	<u>Investment Adviser Agents</u>
Applications:				
Received .....	344	31,096	127	913
Withdrawn by Request .....	1	2	0	0
Withdrawn Voluntary .....	87	27	23	0
Special Review (Agents) .....		102		
Registrations Approved .....	266	16,738	98	879

**Table No. 36**  
**CLASSIFICATIONS OF BROKER-DEALER REGISTRANTS**

Type of Business	Number		Percent	
	1987	1986	1987	1986
General Brokerage .....	848	742	14.3%	7.5%
Investment Trust .....	17	15	13.3%	.0%
Other Specialists .....	553	564	1.9%	6.0%
<b>TOTALS .....</b>	<b>1,418</b>	<b>1,321</b>	<b>7.3%</b>	<b>6.8%</b>

**Table No. 37**  
**MAIN OFFICE**  
**BROKER-DEALER AND INVESTMENT ADVISER REGISTRANTS**

	1987 Broker-Dealers	Investment Advisers
Alabama .....	0	0
Alaska .....	0	0
Arizona .....	6	0
Arkansas .....	3	0
California .....	89	15
Colorado .....	48	4
Connecticut .....	148	196
Delaware .....	3	1
District of Columbia .....	16	1
Florida .....	55	5
Georgia .....	21	3
Hawaii .....	0	0
Idaho .....	0	0
Illinois .....	54	4
Indiana .....	6	2
Iowa .....	5	0
Kansas .....	2	0
Kentucky .....	1	0
Louisiana .....	3	0
Maine .....	3	0
Maryland .....	16	3
Massachusetts .....	90	31
Michigan .....	8	1
Minnesota .....	20	3
Missouri .....	24	2
Mississippi .....	2	0
Montana .....	0	0
Nebraska .....	6	0
Nevada .....	1	0
New Hampshire .....	4	1
New Jersey .....	79	14
New Mexico .....	0	0
New York .....	492	159
North Carolina .....	6	0
North Dakota .....	0	0
Ohio .....	17	2
Oklahoma .....	4	0
Oregon .....	2	0
Pennsylvania .....	57	11
Rhode Island .....	11	0
South Carolina .....	4	0
South Dakota .....	2	0
Tennessee .....	9	0
Texas .....	44	2
Utah .....	5	1
Vermont .....	4	2
Virginia .....	17	3
Washington .....	12	0
West Virginia .....	2	0
Wisconsin .....	11	1
Wyoming .....	0	0
Bermuda .....	0	0
British West Indies .....	0	0
Puerto Rico .....	0	0
Belgium .....	0	1
Canada .....	1	0
<b>Totals .....</b>	<b>1,418</b>	<b>468</b>

**Table No. 38**  
**TREND IN BROKER-DEALER, INVESTMENT ADVISER AND AGENT REGISTRATIONS**

Year	Broker — Dealers	Percent Increase/ Decrease	Agents	Percent Increase/ Decrease	Investment Advisers	Percent Increase/ Decrease	Investment Adviser Agents	Percent Increase/ Decrease	Agents of Issuer	Percent Increase/ Decrease
1955	251	13.1	1,177	47.3	22	29.4	13	8.3	....	....
1960	312	24.3	2,223	88.8	24	8.3	23	77.0	....	....
1965	345	10.5	3,268	47.0	42	75.0	62	169.5	....	....
1966	346	.0	3,703	13.3	47	11.9	85	37.0	....	....
1967	353	2.0	4,112	11.0	56	19.6	110	29.4	....	....
1968	390	10.5	5,159	25.7	60	7.1	125	13.6	....	....
1969	434	11.3	5,955	15.4	72	20.0	145	16.0	....	....
1970	451	3.9	6,429	9.6	81	12.5	171	17.9	....	....
1971	464	2.9	6,522	1.4	86	6.2	191	11.7	....	....
1972	499	7.5	7,305	12.0	103	19.7	226	18.3	....	....
1973	464	(7.0)	7,519	2.9	109	5.8	235	4.0	....	....
1974	463	(.2)	7,543	.3	121	11.0	188	22.6	....	....
1975	453	(2.2)	7,899	4.7	135	11.6	322	11.8	....	....
1976	476	5.1	8,926	13.0	156	15.6	355	10.2	....	....
1977	494	3.8	9,611	7.7	186	19.2	383	7.9	3	....
1978	530	7.3	10,809	12.5	199	7.0	438	14.4	22	63.3
1979	511	(3.6)	11,318	4.7	189	(5.0)	453	3.4	178	254.5
1980	575	12.5	12,962	14.5	193	2.1	495	9.3	136	74.4
1981	647	11.1	14,700	11.8	200	3.5	618	19.9	193	29.5
1982	745	13.2	18,707	21.4	214	6.5	775	20.3	241	19.9
1983	916	22.9	22,587	20.7	263	22.9	1,095	41.2	151	(37.3)
1984	1,154	24.9	28,964	28.0	310	17.9	1,547	41.5	169	11.9
1985	1,237	7.2	33,790	16.7	341	10.0	1,798	16.2	194	14.8
1986	1,321	6.8	40,929	21.75	399	17.0	2,286	37.1	254	14.9
1987	1,418	6.7	47,332	15.64	468	17.3	3,645	59.5	258	1.6

**Table No. 39**  
**ROUTINE EXAMINATIONS**  
**BROKER-DEALERS AND INVESTMENT ADVISERS**

	1987	1986
Broker-Dealers .....	26	30
Investment Advisers .....	16	18

**Table No. 40**  
**REGISTRATIONS FILED AND EFFECTED OF**  
**SECURITIES, TENDER OFFERS AND BUSINESS OPPORTUNITIES**

	Received		Effectuated	
	1987	1986	1987	1986
Securities				
Open End Management Investment Companies	333	412	629	353
Renewals .....	1,813	1,289	1,776	1,047
Unit Investment Trusts .....	693	821	671	856
Renewals .....	12	30	3	29
Post-Sale Registrations .....	8	14	7	11
All Others .....	1,664	1,881	1,595	1,558
Total Securities Registrations .....	4,523	4,447	4,681	3,854
Tender Offer Registrations .....	0	1	0	1
Business Opportunity Registrations .....	53	80	28	26
Business Opportunity Renewals .....	17	13	10	9
Exempted Filings .....	2,182	2,341	2,182	2,341
Inquiries Received .....	1,114	702		

**Table No. 41**  
**ENFORCEMENT ACTIVITIES**  
**SECURITIES AND BUSINESS OPPORTUNITIES**

	Securities		Business Opportunities	
	1987	1986	1987	1986
Investigations Opened .....	210	164	39	19
Investigations Closed .....	140	135	35	9
Complaints Handled .....	275	438	76	48
Cease and Desist Orders Issued .....	8	4	4	6
Show Cause Orders Issued .....	0	6	0	1
Revocations Orders Issued — Broker-Dealer .	2	0	0	0
Denial Orders Issued — Broker-Dealer .....	4	1	N/A	N/A
Subpoenas Issued .....	35	35	7	0
Referrals for Criminal Action .....	0	4	0	0
Referrals for Civil Action .....	1	2	0	0
Other Referrals, (NASD, SEC, etc.) .....	0	0	N/A	N/A
Consent Orders .....	4	8	N/A	N/A
Cancellation of Orders .....	0	2	N/A	N/A



## ROSTER

## DEPARTMENT OF BANKING

## ADMINISTRATION

Howard B. Brown, Banking Commissioner

Jeanne M. Charbonneau, Secretary to the Commissioner

Lawrence S. Brick  
Executive AssistantRobert J. Carragher  
Executive AssistantAlbert R. Maule  
Executive AssistantRobin J. Kroogman  
Executive AssistantSaroja N. Setty  
Secretary 2Diane E. Lisitano  
Secretary 2

David Tedeschi, Jr., Public Information Officer

## Banking Legal Staff

Gayle S. Fierer, Banking Chief Administrative Attorney

## Banking Senior Administrative Attorney

Cynthia E. Antanaitis

William Nahas Jr.

Nirja N. Savill

## Banking Administrative Attorney

Daniel F. Scudder

Debra J. Gershman

Robert S. Rosenthal

Mary Beth Anderson  
Secretary 2Tina M. Daigle  
Secretary 2Maria C. Mendes  
Secretary 1

## Personnel and Business Office

Charles Fischer, Administrative Services Officer 3

Debbie L. Patterson  
Administrative Services Officer 1Anne Sblendorio  
Personnel OfficerSharon Ramos  
Connecticut Careers TraineeDorothy N. Stephenson  
Accountant 1Paul L. Ligas  
Accountant 1Michael S. Combs  
Mail Handler 1Ventura Ramos  
Financial ClerkFrances M. Roy  
Senior ClerkPaul P. Boccaccio  
Mail Handler 1Yvette C. Levesque  
Business Services OfficerLisa J. Levy  
Telephone OperatorYvette R. Jenkins  
Clerk

## BANK EXAMINATION DIVISION

Joseph A. Pandiscia, Director

Glenn W. Hayes, Assistant Director

Howard F. Pitkin, Jr., Assistant Director

## Chief Examiners

Robert S. Greenwood

Frank R. Kern, Jr.

William J. MacDonald

## Examiner 4 (General)

Thomas J. Catania  
Lewis S. Clark  
Joseph M. Harris  
Clifford J. Jones  
Barry A. Elliott  
Edward D. KaliszewskiRobert J. Kelly  
Raymond J. Milot  
Clayton L. Parker  
Leo J. Pelletier  
Vernelle J. Davis  
Sebastian F. ScarfeAlfred G. Reutter  
Leonard A. Rich  
Curtis E. Warren  
Walter C. Wirsul  
Andrew J. Paczkowski

**BANKING COMMISSIONER'S REPORT****Examiner 3 (General)**

John A. Beaty  
Ronald J. Wood

David L. O'Brien  
Jacqueline Somerside  
Malcolm G. Campbell, Jr.

Eugene L. Terrill  
Irene A. Costello

**Examiner 2**

Robert L. Becker  
Thomas J. Caruso  
Terralyn D. Cooper

Frances S. Morocco  
Phyllis S. England  
Mary M. Galligan  
Joyce A. DeAngelo

Mary C. Divigard  
Anna M. Emanuel  
Thomas E. DiMaio

**Examiner 1**

Randolph J. Connolly, Jr.

Paul D. Lombardo  
Deborah A. Sementa

Donald F. Dooling

**Connecticut Careers Trainees**

Mary E. O'Neill  
Janis A. Bureau  
Doreen A. Sims

**Staff Assistants**

Maria L. O'Toole  
Administrative Assistant

Elizabeth A. Laurettil  
Statistical Typist

Ana M. Vazquez  
Clerk Typist

Carmen G. Calderon  
Clerk Typist

**SECURITIES AND BUSINESS INVESTMENTS DIVISION**

Ralph A. Lambiase, Director

Eric J. Wilder, Assistant Director

**Examiner 4 (Securities)**

Sidney A. Igdalsky

Arthur F. Kleffke

Joseph H. Mulvey

**Examiner 3 (Securities)**

Norma F. Heckendorf  
Maryellen R. Meara

Margot T. O'Grady  
John P. Walsh

**Examiner 2**

Thomas C. Dolan  
Jeffrey S. Goodson  
Tia M. Poncini

Kevin R. Maher  
Sylvia A. Morgan  
William E. Olesky

**Examiner 1**

William E. Bartol  
Salvatore Cannata

Naomi C. Church  
Lisa M. Barone

**Pre-Professional Trainee**

Jean M. Foto

**Staff Assistants**

Louise E. Hanson  
Secretary 2  
June R. Christensen  
Senior Clerk  
Ellen C. Morrison  
Clerk Typist

Dorothy E. Jackson  
Secretary 2  
Doris A. Kinsley  
Senior Clerk  
Pamela J. Sailor  
Clerk Typist  
Judith A. Mercier  
Clerk Typist

Virginia A. Wagner  
Secretary 1  
Olympia M. Thompson  
Senior Clerk  
Kristine M. Fonte  
Clerk Typist

**CREDIT UNION DIVISION**

Chester E. Uliasz, Director

**Examiner 4 (General)**

Patricia A. Budnick      Thomas J. Zaleski

**Examiner 3 (General)**

Adeline P. Costa      Robert J. Daly      Russell L. Sarrazin

**Examiner 2**

Moses O. Olasanoye

**Examiner 1**

Jeffrey F. Hackett      Rita R. Redler

**Accounting Careers Trainee**

Stephanie A. England

**Staff Assistants**

Angela M. DiDomizio      Cheryl L. Hawkins  
Administrative Assistant      Head Hearing Reporter  
Darlene M. Testa      Eula Bridges      Carmen M. Calderon  
Clerk Typist      Clerk Typist      Clerk

**CONSUMER CREDIT DIVISION**

Robert C. Focht, Banking Director  
Roger N. LaBonte, Assistant Director

**Banking Examiner 4 (Consumer Credit)**

Harry S. Donnelly, Jr.

**Banking Examiner 3 (Consumer Credit)**

Frank J. Accetura      Jeffrey W. Hubbell      Dena L. Wood

**Banking Examiner 2**

Marlene M. Mannix

**Connecticut Career Trainee**

Anne Sponzo

**Staff Assistants**

Larisa L. Hull  
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Senior Clerk

Olive R. Mihm  
Clerk Typist