



State of Connecticut
DEPARTMENT OF BANKING
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 HARTFORD, CONNECTICUT 06106



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SECURITIES AND BUSINESS INVESTMENTS DIVISION

BULLETIN

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IN THIS ISSUE:

A Word from the Banking Commissioner	1
Our Readers Respond	2
New Legislation Raises Fees	3
Tips on Branch Office Registration	4
Enforcement Highlights:	
. Cease and Desist Orders	5
. Stipulation and Agreements	6
. Licensing Actions	12
. Criminal Matters	12
Quarterly Statistical Summary	14

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A WORD FROM THE BANKING COMMISSIONER

While the principal responsibility of the Securities and Business Investments Division of the Connecticut Department of Banking lies in administering the state's securities, business opportunity and tender offer laws, including their enforcement, the Division is also devoting much time to investor education programs. A number of new efforts in this regard have been made.

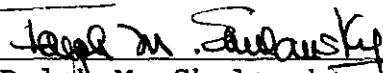
Connecticut's major broadcast television stations and cable television systems were recently provided with a series of four public service announcements produced by the Division and featuring celebrity spokesperson Betty White. Originally filmed in Nevada and personalized for use in Connecticut, the announcements caution viewers about the dangers of investing in questionable securities via high-pressure sales tactics used by "boiler room" operators making unsolicited telephone calls. The "Phone Fraud" and "Financial Planners" spots are aimed at general audiences while the "Seniors" and "Widows" segments target a more specialized group of potential investors.

The Division has also released a general educational pamphlet entitled "What You Should Know About Investing." The pamphlet briefly discusses how securities and business opportunities are regulated in Connecticut and points out common types of investment fraud so the public can better recognize scams. The pamphlet also includes a checklist of danger signals.

A new twenty page booklet, "Raising Capital Through Securities Offerings - A Guide For Small Businesses", is also available from the Division. The publication introduces small businesses to Connecticut's securities laws and includes sections on frequently used registration exemptions as well as the Small Corporate Offering Registration form (or SCOR).

Both publications are available free of charge from the Division. I should also mention that both the television announcements and the publications were made available through an investor education program funded by administrative settlements under our securities laws, and that no tax dollars were used for their production or printing.

I also urge you to mark October 19th on your calendar as the tentative date for Securities Forum '92 which will be held at the Hilton hotel in Bridgeport, Connecticut. This year's seminar will target capital formation, especially by small businesses. We expect that a major, nationally known speaker will deliver the keynote address. In addition, the Forum will feature a general round table discussion and several informative break-out sessions. Hope to see you there!



Ralph M. Shulansky
Banking Commissioner

OUR READERS RESPOND

Back in December, 1991, we asked our readers to respond to a survey on the content of the Securities Bulletin. We extend our appreciation to the survey's 41 respondents, the vast majority of whom were broker-dealers and investment advisers.

Although our survey was by no means scientific, by and large our readership was satisfied with the amount of coverage allocated to specific topical areas. The most common criticism was that the Bulletin was not published more frequently. We have attempted to rectify that concern by publishing the Bulletin on a quarterly basis. About half of the respondents urged us to include more information on legislative changes, legal opinions, policy statements, investor education, blue sky (securities registration) and licensing issues. This issue of the Bulletin features an update on legislative changes as well as some tips on facilitating the branch office registration process. Perhaps not surprisingly, almost 25% of those responding advocated less statistical coverage.

The comment section of the survey was a mixed bag. A common suggestion was that the Bulletin include more information on how to avoid compliance mistakes. One respondent remarked that our past coverage of securities law forums was "good." Another recommended that we provide more detailed coverage on forum speakers' presentations. Still another suggested more advance notice concerning when and where the forum would be held. (For information on the next Securities Forum, see the Commissioner's comments on page 1 of this issue.)

Espousing a "there's always room for improvement" philosophy, we will be giving careful consideration to the comments made by our survey respondents and thank them once again for participating.

In addition, we would encourage our readers to submit to us any general regulatory questions they may have so that we might address those questions in upcoming issues of the Securities Bulletin.

NEW LEGISLATION RAISES FEES

On May 22, 1992, Governor Weicker signed into law Public Act 92-89, An Act Concerning the Assessments and Fees of the Department of Banking and Registration Renewal Fees for Optometrists. Public Act 92-89 took effect upon passage and raised various fees imposed under The Connecticut Uniform Securities Act, The Connecticut Business Opportunity Investment Act and The Connecticut Tender Offer Act.

SUMMARY OF FEE INCREASES

CONNECTICUT UNIFORM SECURITIES ACT

- Securities registration fee for face-amount certificate companies, open-end management companies and unit investment trusts: Increased from \$300 to \$500 (Section 10 of P.A. 92-89, amending C.G.S. § 36-488(b)).

NOTE: The registration fee for all other securities registrants remains the same.

- Securities renewal registration fee for face-amount certificate companies, open-end management companies and unit investment trusts: Increased from \$300 to \$500 (Section 11 of P.A. 92-89, amending C.G.S. § 36-488(k)).
- Private offering exemption fee (including Regulation D filings): Increased from \$100 to \$150 (Section 12 of P.A. 92-89, amending C.G.S. § 36-490(b)(9)).
- Registration renewal fee (broker-dealer agents, agents of issuer and investment adviser agents): Increased from \$30 to \$40 (Section 9 of P.A. 92-89, amending C.G.S. § 36-481(b)).

CONNECTICUT BUSINESS OPPORTUNITY INVESTMENT ACT

- Business opportunity registration fee: Increased from \$200 to \$400 (Section 13 of P.A. 92-89, amending C.G.S. § 36-505(a); Section 14 of P.A. 92-89, amending § 36-508(c)).

IMPORTANT NOTE: P.A. 92-89 does NOT amend § 36-521 which covers business opportunity renewal fees. Therefore, the current \$100 renewal fee remains unchanged.

CONNECTICUT TENDER OFFER ACT

- Tender offer registration fee: Increased from \$250 to \$400 (Section 8 of P.A. 92-89, amending C.G.S. § 36-465).

TIPS ON BRANCH OFFICE REGISTRATION

Since October 1989, separate branch office registration has been required under The Connecticut Uniform Securities Act for broker-dealers and investment advisers transacting business from any place of business within Connecticut. To facilitate filings for branch office registration, following are some general guidelines:

- (1) Each applicant for registration as a branch office must file with the Division a complete Application for Branch Office Registration along with an initial registration fee of \$100.00 which is not refundable.
- (2) Every Connecticut branch office must have a manager located on the premises. Each manager must 1) fulfill the experience requirement in Section 36-500-6(d) of the Regulations under The Connecticut Uniform Securities Act and 2) satisfy the examination requirement under Section 36-500-6(f) of the Regulations.
- (3) Each applicant must effect compliance with Section 31-286a(b) of the Connecticut General Statutes by completing a Workers' Compensation Coverage Questionnaire. Section 31-286a(b) of the Connecticut General Statutes provides that "[o]n and after October 1, 1986, no state department, board or agency may renew a license or permit to operate a business in this state unless the applicant first presents sufficient evidence of current compliance with the workers' compensation insurance coverage requirements of section 31-284." Questions concerning the applicability of Section 31-286a or Section 31-284 of the Connecticut General Statutes should be directed to your attorney or to the Workers' Compensation Commission at (203) 789-7783, not to the Securities and Business Investments Division.
- (4) Each applicant for branch office registration will be notified regarding any deficiencies that may exist in its filing. Prompt responses will expedite the registration process.
- (5) Registration is not effective until formally entered upon the Register of Branch Offices and appropriate written notice is forwarded to the applicant.
- (6) Any Connecticut branch office which terminates its operations must file with the Division a Notice of Termination of a Connecticut Branch Office Registration.

Please note that any change of address by a Connecticut branch office terminates that branch office's registration with the Division, and that a notice of termination must be filed with us. Another branch office application must be filed with the Division should the broker-dealer or investment adviser establish a new branch office location in Connecticut.

ENFORCEMENT HIGHLIGHTS

ADMINISTRATIVE SANCTIONS

Cease and Desist Orders

Diet Guidance International and Harold M. Gerber, M.D. a/k/a Hal Gerber

On May 27, 1992, following a Securities and Business Investments Division investigation, the Banking Commissioner issued a cease and desist order against Diet Guidance International, now or formerly of 2131 Pierce Street, Suite 5, San Francisco, California, and Harold M. Gerber, M.D. a/k/a Hal Gerber, its president. The Order alleged that in 1991 and 1992, the respondents offered and/or sold to Connecticut residents supplies and services which would enable them to start a business marketing a computerized weight loss program. The Order further alleged that Diet Guidance International, through Gerber, represented to purchaser-investors or potential purchaser-investors that it would provide support, training and marketing materials and that it would unconditionally guarantee that purchasers would derive income from the business. The Commissioner found that the arrangement offered and/or sold by the respondents constituted a business opportunity; that it was offered and/or sold in violation of Sections 36-505(a), 36-508(a) and 36-510 of The Connecticut Business Opportunity Investment Act; and that the respondents failed to provide purchaser-investors with the written disclosures required by Section 36-506(a) of the Act. Since respondent Diet Guidance International did not request a hearing within the prescribed time period, the Order became permanent as to it on June 19, 1992. Similarly, the Order became permanent as to respondent Gerber on June 24, 1992 since he did not request a hearing within the prescribed time period.

Innovative Capital Corporation and William D. Carlucci, Jr.

On May 28, 1992, following a Securities and Business Investments Division investigation, the Banking Commissioner issued a cease and desist order against Innovative Capital Corporation of 200 Broad Street, Stamford, Connecticut and William D. Carlucci, Jr., its president. The Order alleged that commencing in May 1990, and continuing at least through April 1991, Innovative Capital Corporation, through Carlucci, offered and sold interests in "seed capital investments" to Connecticut residents

in conjunction with the corporation's Residential Equity Assistance Programs. The Order further alleged that the corporation and Carlucci violated Section 36-485 of The Connecticut Uniform Securities Act in that the "seed capital investments" were not registered thereunder nor did the agency receive notice of any claim of exemption; that Carlucci transacted business as an unregistered agent of Innovative Capital Corporation in purported violation of Section 36-474(a) of the Act; that the corporation employed Carlucci as an unregistered agent in violation of Section 36-474(b) of the Act; and that, in failing to disclose any risks associated with the investment, Innovative Capital Corporation and Carlucci violated the antifraud prohibition in Section 36-472 of the Act. Since neither respondent requested a hearing within the prescribed time period, the Order became permanent as to both respondents on June 23, 1992.

Stipulation and Agreements

Specialty Merchandise Corporation and Abraham J. Levine

On April 21, 1992, the Banking Commissioner entered into a Stipulation and Agreement with Specialty Merchandise Corporation ("SMC") of 9401 DeSoto Avenue, Chatsworth, California, and its president Abraham J. Levine. The Stipulation and Agreement followed a Securities and Business Investments Division investigation which revealed indications that from at least 1989 to August 1991, SMC offered and sold unregistered business opportunities to Connecticut residents in alleged violation of Sections 36-505(a), 36-508(a) and 36-510(1) of The Connecticut Business Opportunity Investment Act and that the corporation allegedly violated Section 36-506(a) of the Act by not furnishing purchasers with a statutorily prescribed disclosure document.

Without admitting or denying the Commissioner's allegations, SMC and Levine agreed to refrain from violating the provisions of the Act and from further offering or selling business opportunities constituting or which would constitute a violation of the Act. In addition, SMC agreed to 1) file an application for business opportunity registration no later than thirty days following the Commissioner's execution of the Stipulation and Agreement; 2) refrain from making business opportunity offers or sales until the registration was declared effective; and 3) pay to the agency the sum of \$5,500 representing reimbursement for division investigative costs and back registration fees as well as an administrative fine.

Dean Witter Reynolds, Inc.

On April 23, 1992, the Banking Commissioner entered into a Stipulation and Agreement with Dean Witter Reynolds, Inc. of 130 Liberty Street, New York, New York. The Stipulation and Agreement followed a Securities and Business Investments Division investigation which revealed indications that, in contravention of Section 36-474(b) of the Connecticut Uniform Securities Act, the firm had, between December 1989 and August 1991, employed one Gregory Dolin as an agent while Mr. Dolin was not registered as such under the Act.

Pursuant to the Stipulation and Agreement, the firm agreed to 1) pay a \$150 fine to the agency; 2) reimburse the agency \$50 for the agency's investigative costs; 3) pay to the department \$50 representing uncollected registration fees during the time Mr. Dolin transacted business as an unregistered agent; and 4) review its supervisory procedures to detect and prevent regulatory violations.

Creative Funding Corporation

On April 28, 1992, the Banking Commissioner entered into a Stipulation and Agreement with Creative Funding Corporation of 699 Bloomfield Avenue, Bloomfield, Connecticut. The Stipulation and Agreement followed a Securities and Business Investments Division investigation which uncovered evidence that in December, 1989, the corporation employed an unregistered investment adviser agent in alleged violation of Section 36-474(c) of the Connecticut Uniform Securities Act.

Pursuant to the Stipulation and Agreement, the corporation agreed to 1) accept a letter of caution from the agency; 2) review and modify its supervisory and compliance procedures to detect and prevent regulatory violations; and 3) pay the department \$50 representing uncollected back registration fees for the unregistered investment adviser agent.

Leonard Weinstein

On April 28, 1992, the Banking Commissioner entered into a Stipulation and Agreement with Leonard Weinstein of Westport, Connecticut. The Stipulation and Agreement was the result of a Securities and Business Investments Division investigation which revealed indications that between 1983 and 1992, Mr. Weinstein had transacted business as an investment adviser in Connecticut absent registration and in alleged violation of Section 36-474(c) of the Connecticut Uniform Securities Act.

Pursuant to the Stipulation and Agreement, Mr. Weinstein agreed

to 1) review his supervisory and compliance procedures to detect and prevent regulatory violations; 2) pay a \$1,000 civil penalty to the agency; and 3) pay the department \$1,050 representing uncollected back registration fees for the period when Mr. Weinstein was not registered as an investment adviser in the state.

Kidder, Peabody Municipal Money Market Series and Kidder Peabody & Co. Incorporated

On May 4, 1992, the Banking Commissioner entered into a Stipulation and Agreement with Kidder, Peabody Municipal Money Market Series (the "Fund") of 60 Broad Street, New York, New York and with Kidder, Peabody & Co. Incorporated (the "Distributor") of 10 Hanover Square, New York, New York. The Stipulation and Agreement followed a Securities and Business Investments Division investigation which revealed indications that from approximately November 7, 1991 to March 1992, the Fund, through the Distributor, offered and sold unregistered non-exempt shares of the Fund's Connecticut and New York portfolios to Connecticut residents at a time when no renewal registration was in effect. Such transactions allegedly violated Section 36-485 of The Connecticut Uniform Securities Act.

Pursuant to the Stipulation and Agreement, the Fund and the Distributor agreed to refrain from further regulatory violations. The Fund and the Distributor also agreed to initiate and/or continue a manual review of their state securities registration procedures with a view toward effectively implementing a revised system that would ensure compliance with blue sky registration requirements. The Fund and the Distributor also agreed to jointly file a quarterly written report summarizing the progress of that review; such reporting requirement would be deemed discharged upon receipt of written notice by the Division that implementation of a revised compliance system, including computerization of records, had been achieved. The Stipulation and Agreement reserved the agency's ability to reinstate the reporting requirement if necessary upon consideration of such factors as, among other things, whether other portfolios of the Fund or other investment company offerings for which the Distributor acted as distributor failed, following the date of the Stipulation and Agreement, to effect a timely renewal of their Connecticut registration where required by law to do so. Finally, the Distributor agreed to remit \$10,000 to the agency representing an administrative fine and reimbursement for Division investigative costs.

NCN Communications, Inc. d/b/a National Communications Network

On May 26, 1992, the Banking Commissioner entered into a

Stipulation and Agreement with NCN Communications, Inc. d/b/a National Communications Network of 1440 North Fiesta Boulevard, Suite 1000, Gilbert, Arizona. The Stipulation and Agreement followed a Securities and Business Investments Division investigation which revealed indications that from approximately 1989 through 1991, the corporation sold unregistered business opportunities in Connecticut in alleged violation of Sections 36-505(a), 36-508(a) and 36-510 of The Connecticut Business Opportunity Investment Act, and that the corporation failed to provide purchaser-investors with the disclosures required by Section 36-506(a) of the Act.

Pursuant to the Stipulation and Agreement, NCN Communications, Inc. agreed to 1) refrain from offering or selling business opportunities in Connecticut absent compliance with regulatory requirements; 2) refrain from offering or selling business opportunities in Connecticut unless such business opportunities were registered or unless the corporation notified the agency in writing thirty days prior to the commencement of the offering concerning the legal basis for any claim of exclusion or exemption under the Act; 3) where the corporation intended to effect material modifications to a business opportunity being offered or sold, or proposed to be offered or sold, in Connecticut, provide written notice to the agency of such modifications at least thirty days prior to their implementation or at least thirty days prior to the offer and/or sale, whichever first occurred; and 4) pay \$3,500 to the department representing back registration fees, reimbursement for investigative costs and an administrative fine.

Widmann, Siff & Co., Inc.

On May 26, 1992, the Banking Commissioner entered into a Stipulation and Agreement with Widmann, Siff & Co., Inc. of 40 Morris Avenue, Suite 120, Bryn Mawr, Pennsylvania. The Stipulation and Agreement followed a Securities and Business Investments Division investigation which was made in connection with the corporation's pending broker-dealer registration. The Division's investigation uncovered indications that the firm had transacted business as a broker-dealer prior to registration and had employed an unregistered agent.

Pursuant to the Stipulation and Agreement, the firm agreed to review and modify its supervisory and compliance procedures to detect and prevent regulatory violations and to pay a \$750 fine to the department.

Maredo Ltd.

On May 27, 1992, the Banking Commissioner entered into a Stipulation and Agreement with Maredo Ltd. of 386 Park Avenue South, New York, New York. The Stipulation and Agreement followed a Securities and Business Investments Division investigation which revealed indications that the firm had transacted business as an investment adviser absent registration under The Connecticut Uniform Securities Act.

Pursuant to the Stipulation and Agreement, the firm agreed to review and modify its supervisory and compliance procedures to detect and prevent regulatory violations and to pay a \$500 civil penalty to the department.

Train, Smith Counsel

On June 15, 1992, the Banking Commissioner entered into a Stipulation and Agreement with Train, Smith Counsel of 667 Madison Avenue, New York, New York. The Stipulation and Agreement followed a Securities and Business Investments Division investigation which revealed indications that, between 1986 and 1992, the firm had transacted business as an investment adviser absent registration under The Connecticut Uniform Securities Act.

Pursuant to the Stipulation and Agreement, the firm
1) acknowledged that it had reviewed and modified its written supervisory and compliance procedures; 2) agreed to maintain written supervisory and compliance procedures reasonably designed to detect and prevent regulatory violations; and 3) agreed to pay \$12,050 to the agency, \$10,000 of which constituted a civil penalty; \$1,050 of which represented back registration fees and \$1,000 of which represented reimbursement to the department for the Division's investigative costs. In addition, the firm agreed to reimburse the Division for the cost, not to exceed \$1,000, of an examination to be conducted within eighteen months following the Commissioner's execution of the Stipulation and Agreement.

Fairport Asset Management Corporation

On June 19, 1992, the Banking Commissioner entered into a Stipulation and Agreement with Fairport Asset Management Corporation of 830 Post Road East, Westport, Connecticut. The Stipulation and Agreement followed a Securities and Business Investments Division investigation which revealed indications

that, between February 1990 and July 1991, the firm had employed unregistered investment adviser agents in alleged violation of Section 36-474(c) of The Connecticut Uniform Securities Act.

Pursuant to the Stipulation and Agreement, the firm agreed to review and modify its supervisory and compliance procedures to detect and prevent regulatory violations and to pay a \$4,000 fine to the agency.

Barrett and Company

On June 22, 1992, the Banking Commissioner entered into a Stipulation and Agreement with Barrett and Company of 1130 Hospital Trust Building, Providence, Rhode Island. The Stipulation and Agreement followed a Securities and Business Investments Division investigation which uncovered indications that, between July 1991 and January 1992, the firm had employed unregistered agents in alleged violation of Section 36-474 of The Connecticut Uniform Securities Act.

Pursuant to the Stipulation and Agreement, the firm agreed to be placed on administrative probation for a period of one year following the Commissioner's execution of the Stipulation and Agreement. The firm also agreed that, within six months following the Commissioner's execution of the Stipulation and Agreement, Paul J. McDermott would take and successfully pass the National Association of Securities Dealers Series 63 examination. In addition, the firm agreed to pay a \$5,000 civil penalty to the agency and to reimburse the department for the cost, not to exceed \$500, of an examination of the firm's main office to be conducted within eighteen months following the Commissioner's execution of the Stipulation and Agreement. Finally, Barrett and Company agreed to offer rescission to those Connecticut residents entitled thereto pursuant to the terms of the firm's February 5, 1991 Stipulation and Agreement with the department.

Mahler & Emerson, Inc.

On June 30, 1992, the Banking Commissioner entered into a Stipulation and Agreement with Mahler & Emerson, Inc. of 67 Wall Street, 21st Floor, New York, New York. The Stipulation and Agreement followed a Securities and Business Investments Division investigation which revealed indications that the firm had transacted business as a broker-dealer absent registration under the Connecticut Uniform Securities Act and had employed unregistered agents, all in alleged violation of Section 36-474 of the Act.

Pursuant to the Stipulation and Agreement, the firm agreed to review and modify its supervisory and compliance procedures to prevent and detect regulatory violations and to pay a \$500 fine to the department.

Licensing Actions

Investment Center of Southern Connecticut, Inc. - Notice of Intent to Revoke Investment Adviser Registration Issued

On June 19, 1992, the Banking Commissioner issued a Notice of Intent to Revoke the investment adviser registration of Investment Center of Southern Connecticut, Inc. The firm maintains offices in Stratford and Bridgeport, Connecticut. In issuing the Notice of Intent to Revoke, the Commissioner alleged that the firm had 1) wilfully failed to comply with Section 36-482(b) of The Connecticut Uniform Securities Act and Section 36-500-13(b)(2)(A) of the Regulations thereunder by not filing financial reports for the years 1990 and 1991; 2) wilfully violated Section 36-500-8(c) of the Regulations by failing to have and maintain tangible assets in excess of liabilities to extent of at least \$1,000; and 3) wilfully violated Section 36-482(b) of The Connecticut Uniform Securities Act and Sections 36-500-13(b)(2)(B)(i) and 36-500-13(b)(2)(B)(ii) of the Regulations thereunder by not providing the Commissioner with telegraphic notice of its capital deficiency and by not filing up-to-date statements of its financial condition. The firm was provided with an opportunity for a hearing on the Notice of Intent to Revoke registration.

CRIMINAL MATTERS

Marilyn A. Langlais

On October 29, 1991, a warrant was issued for the arrest of Marilyn A. Langlais, now or formerly of 874 Queen Street, Bridgeport, Connecticut. The warrant, obtained by the Economic Crime Unit of the Chief State's Attorney's office, charged Ms. Langlais with four counts of securities fraud under Section 36-472 of The Connecticut Uniform Securities Act and three counts of larceny in connection with activities allegedly occurring between January and August 1987. Ms. Langlais is or was president of Rainbow Financial Corporation. The arrest warrant application alleged that Ms. Langlais offered and sold promissory notes to Connecticut residents, represented to

investors that their monies would be used for investment in real estate and used investor funds for her personal use. The matter is currently awaiting trial.

James F. Schmidt

On March 30, 1992, a warrant was issued for the arrest of James F. Schmidt, now or formerly of Macintosh Lane, Glastonbury, Connecticut. The warrant, obtained by the Economic Crime Unit of the Chief State's Attorney's office, charged Mr. Schmidt with one count of securities fraud under Section 36-472 of The Connecticut Uniform Securities Act and one count of larceny in connection with activities allegedly occurring between March and December 1988. Mr. Schmidt allegedly did business under the name Lake Forest Development Co. and was the sole shareholder of Middletown Investment Company, formerly a Connecticut corporation. Schmidt also allegedly was the vice-president of Monterey Investment Properties, Inc. The arrest warrant application alleged that Mr. Schmidt diverted to his own use and the use of CFM of Connecticut Inc., an unrelated business operated by Schmidt, funds remitted to him for investment in Adams-Middle Turnpike Venture, a limited partnership. The matter is currently awaiting trial.

Joseph Michael Harkin, Jr. a/k/a Michael Harkin

On May 21, 1992, a warrant was issued for the arrest of Joseph Michael Harkin, Jr. a/k/a Michael Harkin, now or formerly of 40 Boulder Trail, Killingworth, Connecticut. The warrant, obtained by the Economic Crime Unit of the Chief State's Attorney's office, charged Mr. Harkin with three counts of securities fraud under Section 36-472 of The Connecticut Uniform Securities Act, three counts of sale of unregistered securities under Section 36-485 of the Act and two counts of larceny in connection with activities allegedly occurring in June, October and November, 1990. Mr. Harkin was the president of National Resources, Inc., now or formerly of 175 North Main Street, Branford, Connecticut and held a secondary mortgage loan license. According to the arrest warrant application, Harkin solicited investors to purchase promissory notes, evidences of indebtedness and investment contracts. Although investor monies allegedly were to be used by Harkin to finance second mortgage loans to third parties, the arrest warrant application claimed that the funds were used instead for Harkin's personal use and that investors did not realize any return of principal or interest. The matter is pending, with bail set at \$25,000.

QUARTERLY STATISTICAL SUMMARY

April 1, 1992 through June 30, 1992

<u>REGISTRATION</u>	<u>Securities</u>	<u>Business Opportunities</u>	<u>YTD</u>
Total Coordination (Initial & Renewal)	1,206	n/a	2,565
- (Investment Co. Renewals 592)			
- (All Other Coordinations 614)			
Qualification (Initial)	1	n/a	1
Qualification (Renewal)	1	n/a	2
Regulation D Filings	331	n/a	624
Other Exemption or Exclusion Notices	107	12	166 (SE) 18 (BO)
Business Opportunity (Initial)	n/a	12	22
Business Opportunity (Renewal)	n/a	23	36

LICENSING & BRANCH OFFICE REGISTRATION

	<u>Broker-Dealers</u>	<u>Investment Advisers</u>	<u>Issuers</u>	<u>YTD</u>
Firm Initial Registrations Processed	39	39	n/a	83 (BD) 88 (IA)
Firms Registered as of 6/30/92	1,505	757	n/a	n/a
Agent Initial Registrations Processed	5,195	591	6	10,502 (BD) 1,120 (IA) 8 (IS)
Agents Registered as of 6/30/92	53,312	5,274	130	n/a
Branch Office Registrations Processed	46	3	n/a	89 (BD) 12 (IA)
Branch Offices Registered as of 6/30/92	528	122	n/a	n/a
Examinations Conducted	10	13	0	26 (BD) 27 (IA) 0 (IS)

<u>INVESTIGATIONS</u>	<u>Securities</u>	<u>Bus. Opportunities</u>	<u>YTD</u>
Investigations Opened	45	26	88 (SE) 37 (BO)
Investigations Closed	43	26	75 (SE) 45 (BO)
Investigations In Progress as of 6/30/92	85	11	n/a
Subpoenas Issued	6	2	21 (SE) 3 (BO)

<u>ADMINISTRATIVE ENFORCEMENT ACTIONS</u>	<u>Number</u>	<u>Parties</u>	<u>YTD (#/Parties)</u>
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Securities

Cease and Desist Orders	1	2	3/11
Denial, Suspension & Revocation Notices	1	1	2/2
Denial, Suspension & Revocation Orders	0	0	2/2
Cancellation Notices	0	0	0/0
Cancellation Orders	0	0	0/0
Notices of Intent to Fine	0	0	0/0
Orders Imposing Fine	0	0	0/0
Notices of Intent to Issue Stop Order	0	0	0/0
Stop Orders Issued	0	0	0/0
Miscellaneous Orders	0	0	1/1
Consent Orders Executed	0	0	2/2
Stipulation and Agreements	10	11	18/22
New Referrals (Civil)	0	0	1/6
New Referrals (Criminal)	1	2	2/4

Business Opportunities

Cease and Desist Orders	1	2	2/5
Notices of Intent to Fine	0	0	0/0
Orders Imposing Fine	0	0	0/0
Notices of Intent to Issue Stop Order	0	0	0/0
Stop Orders Issued	0	0	0/0
Miscellaneous Orders	0	0	0/0
Consent Orders Executed	0	0	0/0
Stipulation and Agreements	2	3	3/4
New Referrals (Civil)	1	1	1/1
New Referrals (Criminal)	0	0	0/0

Monetary Sanctions

	<u>\$ Assessed</u>	<u>YTD</u>
Consent Orders (Securities)	0	0
Stipulation and Agreements (Securities)	35,150	129,690
Stipulation and Agreements (Business Opportunities)	9,000	11,000
Total	44,150	\$140,690

SECURITIES BULLETIN DATA CHANGE FORM

ARE OUR RECORDS CORRECT?

Address or name changes may be made by using this form or by forwarding notice of the change to the Division. Be sure to include both old and new information as well as zip code number. Allow approximately four weeks for the change to be processed.

Data changes should be directed to the attention of Louise Hanson, State of Connecticut Department of Banking, Securities and Business Investments Division, 44 Capitol Avenue, Hartford, Connecticut 06106 (tel: 203-566-4560).

Check whichever applies: () Name change () Address change

Revised Name and/or Address

Name of contact person _____
Firm or entity _____
Street address _____
City/Town _____
State and Zip _____
Telephone () _____

Previous Name and/or Address

Former contact person _____
Former firm or entity _____
Old street address _____
Former city/town _____
Former state and zip _____
Telephone () _____

CAUTIONARY NOTE: Filing a name/address change may also require the filing of an amendment to your registration as a broker-dealer, investment adviser or branch office. This form **CANNOT** be used to meet your obligation to file the appropriate amendment.