



STATE OF CONNECTICUT  
 DEPARTMENT OF BANKING  
 SECURITIES AND BUSINESS INVESTMENTS DIVISION  
 44 CAPITOL AVENUE • HARTFORD, CT 06106



SECURITIES AND BUSINESS INVESTMENTS DIVISION

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A WORD FROM THE BANKING COMMISSIONER

Since this Bulletin was last published, Robert B. Titus has been appointed Deputy Banking Commissioner, replacing Barbara S. McGrath who accepted the position of president of the new Community Economic Development Fund ("Urbank II").

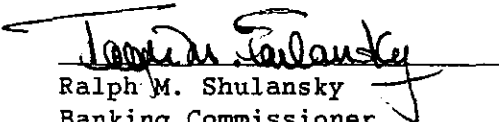
I have known Robert Titus for over twenty years, and I am very pleased to welcome someone of his professional caliber to state service. Recently, he was one of a select group of lawyers and law professors working on recodifying Connecticut's banking laws, and he has been a member of the department's Securities Advisory Council since its creation in 1977, chairing the committee from 1983 to 1987. Mr. Titus is currently on leave of absence as professor at Western New England College School of Law in Springfield, Massachusetts where he has taught since 1983. He has extensive practical experience in securities and banking law as a partner in the law firm of Day, Berry and Howard.

I look forward to working with Deputy Commissioner Titus and the dedicated staff of the Securities and Business Investments Division in continuing the agency's conscientious and effective regulation of financial markets in the state.

As indicated by many of the enforcement actions reported in this issue of the Bulletin, the Securities and Business Investments Division considers its duty to protect individual investors very important. A flexible and responsive examination and investigation program best enables the Division to readily identify and address abusive sales practices which invariably cause Connecticut investors significant losses.

When registrants, either deliberately or through ignorance of their regulatory obligations, prevent Division employees from completing examinations or investigations, the investing public can be placed at considerable risk. A case described in this issue (L.C. Wegard & Co., Inc.) is illustrative and demonstrates the department's immediate response to a challenge to its regulatory authority.

Threats to the Division's examination and investigative authority ultimately may be viewed as threats to the welfare of the general investing public. Although the vast majority of registrants satisfactorily comply with their regulatory obligations, whenever exceptional cases arise, the Division will continue to vigorously protect its regulatory role.

  
Ralph M. Shulansky  
Banking Commissioner

ENFORCEMENT HIGHLIGHTS

ADMINISTRATIVE SANCTIONS

CEASE AND DESIST ORDERS

Voss & Company, Inc. (CRD # 6405)

On October 18, 1993, following a Securities and Business Investments Division investigation, the Banking Commissioner issued a cease and desist order (CD-93-2366-S) against Voss & Company, Inc. of 6225 Brandon Avenue, Suite 120, Springfield, Virginia.

The Order alleged that from December 1983 on, the firm transacted business as a broker-dealer in Connecticut absent registration in violation of Section 36-474 of The Connecticut Uniform Securities Act. Although the firm requested a hearing on the allegations in the cease and desist order, that request was withdrawn on December 1, 1993. Accordingly, the order became permanent as to the respondent on December 1, 1993.

John J. Maziarz, Jr. (CRD # 1155601)

On November 9, 1993, following a Securities and Business Investments Division investigation, the Banking Commissioner issued a cease and desist order (CD-93-2404-S) against John J. Maziarz, Jr. of Rocky Hill, Connecticut.

The Order alleged that from at least December 1988 to January 1991, Maziarz sold investments in the form of promissory notes to Connecticut residents; that such investments were not registered under Section 36-485 of The Connecticut Uniform Securities Act; and that Maziarz violated the antifraud provisions in Section 36-472 of the Act by failing to disclose the unregistered status of the notes, the basis for offering a fixed interest rate payable at maturity and the financial risks associated with the investment. Since the respondent did not request a hearing within the prescribed time period, the order became permanent as to him on November 30, 1993.

STIPULATION AND AGREEMENTS

Mercer, Bokert, Buckman & Reid, Inc. (CRD # 23407)

On October 4, 1993, the Banking Commissioner entered into a Stipulation

and Agreement (No. ST-93-2241-S) with Mercer, Bokert, Buckman & Reid, Inc. of 75 West Front Street, Red Bank, New Jersey. The Stipulation and Agreement followed a Securities and Business Investments Division investigation which revealed indications that from September 1990 through December 1992, the firm transacted business as a broker-dealer absent registration under The Connecticut Uniform Securities Act and employed unregistered agents.

Pursuant to the Stipulation and Agreement, the firm agreed to 1) review and modify its supervisory procedures to prevent and detect regulatory violations; and 2) pay \$1,440 to the state, \$750 of which represented a civil penalty and \$690 of which represented back uncollected registration fees during the period of unregistered activity.

North American Management Corp.

On October 13, 1993, the Banking Commissioner entered into a Stipulation and Agreement (No. ST-93-2465-S) with North American Management Corp. of 10 Post Office Square, Suite 300, Boston, Massachusetts. The Stipulation and Agreement followed a Securities and Business Investments Division investigation which uncovered indications that from January 1991 through June 1993, the firm transacted business as an investment adviser absent registration under The Connecticut Uniform Securities Act.

Pursuant to the Stipulation and Agreement, the firm agreed to 1) refrain from violating the Act and the Regulations thereunder; 2) review and implement supervisory and compliance procedures designed to detect and prevent regulatory violations; and 3) pay \$890 to the state, \$500 of which represented a civil penalty and \$390 of which represented back uncollected registration fees during the period of unregistered activity.

Lifetime Asset Management Corporation a/k/a Lamp Advisors f/k/a Moneysmith Asset Management (CRD # 35155)

On October 14, 1993, the Banking Commissioner entered into a Stipulation and Agreement (No. ST-93-2478-S) with Lifetime Asset Management Corporation a/k/a Lamp Advisors f/k/a Moneysmith Asset Management of 8100 Lomo Alto, Suite 222, Dallas, Texas. The Stipulation and Agreement followed a Securities and Business Investments Division investigation which uncovered evidence that from February 1992 to July 1992, the firm transacted business as an investment adviser absent registration in contravention of Section 36-474(c) of The Connecticut Uniform Securities Act.

Pursuant to the Stipulation and Agreement, the firm agreed to 1) refrain from violating the Act and the Regulations thereunder; 2) review, revise and implement supervisory and compliance procedures designed to detect and prevent regulatory violations; and 3) pay \$700 to the state, \$500 of which represented reimbursement for Division investigative costs and \$200 of which represented back uncollected registration fees during the period of unregistered activity.

Judith Ann Mitchell (CRD # 2385452)

On November 19, 1993, the Banking Commissioner entered into a Stipulation and Agreement (No. ST-93-2498-S) with Judith Ann Mitchell, a financial planner sole proprietor maintaining a place of business at 116 1/2 Tower Road, Brookfield, Connecticut. The Stipulation and Agreement followed a Securities and Business Investments Division investigation which revealed indications that from approximately July 1, 1990 to May 5, 1993, when Mitchell filed an application for investment adviser registration, Mitchell transacted business as an investment adviser absent registration under Section 36-474 of The Connecticut Uniform Securities Act.

In furtherance of her desire to informally resolve the matter, Mitchell furnished proof to the Division that she had offered to her Connecticut advisory clients the opportunity to receive a refund of advisory fees paid to her. Pursuant to the Stipulation and Agreement, Mitchell agreed to 1) cease and desist from regulatory violations; and 2) pay a \$250 civil penalty to the agency.

American National Securities, Inc. (CRD # 27986)

On December 27, 1993, the Banking Commissioner entered into a Stipulation and Agreement (No. ST-93-2409-S) with American National Securities, Inc. of 357 South Robertson Boulevard, Suite 100, Beverly Hills, California. The Stipulation and Agreement followed a Securities and Business Investments Division investigation which uncovered evidence that the firm had 1) transacted business as a broker-dealer without being registered as such under The Connecticut Uniform Securities Act; 2) employed unregistered agents; and 3) transacted business from branch offices which were not registered under the Act.

Pursuant to the Stipulation and Agreement, the firm agreed to 1) review and modify its supervisory procedures to prevent and detect regulatory violations; 2) pay a \$1,000 civil penalty to the department; 3) reimburse the agency \$1,000 for the agency's costs of investigation; 4) for two years, notify the Division in writing on a quarterly basis of any written securities-related complaints (including their disposition) received from Connecticut residents; and 5) for two years, conduct annual compliance audits of its Connecticut branch offices and file with the Division a copy of each written audit report no later than thirty days following completion of the audit.

LICENSING ACTIONS

M. Rimson & Co., Inc. (CRD # 5250) - Notice of Intent to Revoke Broker-Dealer Registration Issued

On October 4, 1993, the Banking Commissioner issued a Notice of Intent to Revoke the broker-dealer registration of M. Rimson & Co., Inc. of 160

Broadway, Suite 5E, New York, New York (Docket No. NR-93-2481-S). The Commissioner alleged that from at least June 1991 to July 1992, the firm had wilfully violated Section 36-485 of The Connecticut Uniform Securities Act by selling unregistered non-exempt securities of Madison Group Associates, Inc. (f/k/a Canaveral International Corporation), Integrated Resources Technologies, Inc. (f/k/a International BankCard Services Corporation) and Watchdog Patrols Incorporated to Connecticut residents. The Commissioner also alleged that the repeated sales of unregistered securities demonstrated that the firm had failed to establish, maintain and enforce an adequate system for applying its written supervisory procedures and that this failure to supervise constituted a dishonest and unethical practice under Section 36-500-15(a)(2)(H)(i)(aa)(mmm) of the Regulations under the Act. Furthermore, the Commissioner alleged that the firm's failure to supervise its agents constituted a basis for revocation of the firm's registration under Section 36-484(a)(2)(K) of the Act. A hearing on the matter was held on December 14, 1993.

**Moshe Rimson (CRD # 376877) - Notice of Intent to Revoke Broker-dealer Agent Registration Issued**

On October 4, 1993, the Banking Commissioner issued a Notice of Intent to Revoke the registration of Moshe Rimson as an agent of M. Rimson & Co., Inc., a broker-dealer (Docket No. NR-93-2481-S). Moshe Rimson was also the president and owner of the firm. The Commissioner's action was based on allegations that, from at least June 1991 to July 1992, Moshe Rimson wilfully violated Section 36-485 of The Connecticut Uniform Securities Act by selling unregistered non-exempt securities issued by Integrated Resources (f/k/a International BankCard Services Corporation) to Connecticut-based persons. The Commissioner also alleged that Moshe Rimson, as the designated supervisor for the firm's business, failed to reasonably supervise agents of the firm who purportedly sold unregistered non-exempt securities of Madison Group Associates, Inc. (f/k/a Canaveral International Corporation), Integrated Resources Technologies, Inc. (f/k/a International BankCard Services Corporation) and Watchdog Patrols Incorporated to Connecticut residents in violation of Section 36-485 of the Act. A hearing on the matter was held on December 14, 1993.

**Michael John Sullo (CRD # 2037711) - Agent Registration Revoked**

On November 3, 1993, the Commissioner entered an order revoking the registration of Michael John Sullo as an agent of Chubb Securities Corp., a broker-dealer (Docket No. NR-93-2380-S). The order was based on findings that, in connection with his application for registration as an agent of Chubb Securities Corp., Sullo wilfully failed to disclose that on August 18, 1990, he had been arrested and charged with criminal attempt at larceny in the third degree (a Class D felony under Connecticut law); criminal larceny in the fourth degree (a Class A misdemeanor under Connecticut law); and forgery in the third degree (a Class B misdemeanor under Connecticut law). The Commissioner also found that Sullo failed to file a correcting amendment to his Form U-4 while employed as an agent of Pruco Securities Corp. in purported violation of Section 36-500-13(c) of

the Regulations under The Connecticut Uniform Securities Act. The revocation order had been preceded by a Notice of Intent to Revoke registration issued on October 12, 1993 which Mr. Sullo did not contest by requesting a hearing within the prescribed time period.

**Louis Cattaruzza (CRD # 724491) - Notice of Intent to Deny Broker-dealer Agent Registration Issued**

On December 10, 1993, the Banking Commissioner issued a Notice of Intent to Deny the registration application of Louis Cattaruzza as an agent of G.R. Stuart & Company, Inc., a broker-dealer (Docket No. ND-93-2432-S). The Commissioner's action was based on allegations that Cattaruzza filed false or misleading statements in connection with his current and former applications for registration as an agent of G.R. Stuart & Company, Inc., Financial Services Network, Inc. and First Affiliated Securities. Specifically, the agency alleged that Cattaruzza failed to disclose or amend his application to disclose that a judgment of \$161,484.50 had been entered against him and against Douglas Bremen and Company, Inc. in the matter of Thomas D. Lefevre, et al. v. Douglas Bremen and Company, Inc. and Louis Cattaruzza, Docket No. CV89-0102919 (Connecticut Superior Ct., 10/18/92). The agency also alleged that Cattaruzza's failure to pay the civil judgment constituted a basis for the denial of his registration pursuant to Section 52-400e of the Connecticut General Statutes. Cattaruzza was afforded an opportunity for a hearing on the allegations in the Notice of Intent to Deny Registration.

**L.C. Wegard & Co., Inc. (CRD # 3722) - Notice of Intent to Suspend Registration as a Broker-Dealer Issued; Registration Summarily Suspended**

On December 27, 1993, the Banking Commissioner issued a Notice of Intent to Suspend the broker-dealer registration of L.C. Wegard & Co., Inc. of 17 Battery Place, Suite 2232, New York, New York. On the same day, the Commissioner ordered that the firm's broker-dealer registration be summarily suspended under Section 36-484 of the Connecticut Uniform Securities Act (Docket No. SS-93-2526-S). The Commissioner's action was predicated on the firm's alleged refusal to furnish material information to the agency in connection with an investigation and an examination of the respondent's Providence, Rhode Island branch office and New York City main office. Such refusal allegedly constituted a basis for administrative action under Section 36-484(a)(2)(L) of the Act. The respondent was afforded an opportunity for a hearing on both the Notice of Intent to Suspend Registration and the summary suspension order.

**Portfolio Asset Management/USA Financial Group Inc. (CRD # 13741) - Notice of Intent to Revoke Registration as a Broker-Dealer Issued**

On December 30, 1993, the Banking Commissioner issued a Notice of Intent to Revoke the broker-dealer registration of Portfolio Asset Management/USA

Financial Group Inc. of 307 Texas Avenue, El Paso, Texas (Docket No. NR-93-2444-S). The Commissioner's action was based on allegations that the firm had wilfully violated Section 36-474(b) of The Connecticut Uniform Securities Act in that it employed unregistered agents, to wit, Lloyd Newton, Scott Wolfe and Ken Oliver who purportedly sold limited partnership interests in Interlink Fiber Optic Partners Limited Partnership to Connecticut residents. The Commissioner's action was also predicated on the fact that on July 28, 1993 and August 8, 1993, respectively, the States of Vermont and New Hampshire had revoked the respondent's broker-dealer registration and that on September 3, 1993, the respondent was suspended from membership in the National Association of Securities Dealers for failing to comply with written requests to submit financial reports. The respondent was afforded an opportunity for a hearing on the Notice of Intent to Revoke Registration.



QUARTERLY STATISTICAL SUMMARY

October 1, 1993 through December 31, 1993

<u>REGISTRATION</u>	<u>Securities</u>	<u>Business Opportunities</u>	<u>YTD</u>
Total Coordination (Initial & Renewal)	2,001	n/a	6,589
- (Investment Co. Renewals 1,232)			
- (All Other Coordinations 769)			
Qualification (Initial)	7	n/a	23
Qualification (Renewal)	0	n/a	2
Regulation D Filings	459	n/a	1,522
Other Exemption or Exclusion Notices	82	12	309 (SE) 74 (BO)
Business Opportunity (Initial)	n/a	9	47
Business Opportunity (Renewal)	n/a	3	29

LICENSING & BRANCH OFFICE

<u>REGISTRATION</u>	<u>Broker- Dealers</u>	<u>Investment Advisers</u>	<u>Issuers</u>	<u>YTD</u>
Firm Initial				
Registrations Processed	45	29	n/a	240 (BD) 151 (IA)
Firms Registered as of 12/31/93	1,702	901	n/a	n/a
Agent Initial Registrations				
Processed	6,103	448	10	24,277 (BD) 2,031 (IA) 85 (IS)
Agents Registered as of 12/31/93	64,181	6,981	187	n/a
Branch Office Registrations				
Processed	37	29	n/a	163 (BD) 66 (IA)
Branch Offices Registered				
as of 12/31/93	679	184	n/a	n/a
Examinations Conducted	16	9	0	60 (BD) 61 (IA) 0 (IS)

<u>INVESTIGATIONS</u>	<u>Securities</u>	<u>Business Opportunities</u>	<u>YTD</u>
Investigations Opened	42	13	164 (SE) 99 (BO)
- Referred from Attorney General	0	0	3 (SE); 2 (BO)
- Referred from Other Agencies	4	0	11 (SE); 0 (BO)
Investigations Closed	34	19	167 (SE) 102 (BO)
Investigations in Progress			
as of 12/31/93	69	19	n/a
Subpoenas Issued	19	0	41 (SE) 2 (BO)

ADMINISTRATIVE  
ENFORCEMENT ACTIONS

Number                      Parties                      YTD (#/Parties)

Securities

Stipulation and Agreements	5	5	29/29
Cease and Desist Orders	2	2	7/10
Denial, Suspension & Revocation Orders	2	2	4/4
Other Notices and Orders	6	6	8/8
Referrals (Civil)	0	0	0
Referrals (Criminal)	1	1	4/4

Business Opportunities

Cease and Desist Orders	0	0	1/2
Other Notices and Orders	0	0	0
Stipulation and Agreements	0	0	0
Referrals (Civil)	0	0	0
Referrals (Criminal)	0	0	0

MONETARY SANCTIONS

\$ Assessed

YTD

Stipulation and Agreements		
- Securities	5,280	96,260
- Business Opportunities	0	0
	<hr/>	<hr/>
Totals	5,280	\$ 96,260

PUBLIC REIMBURSEMENT FOLLOWING INFORMAL DIVISION INTERVENTION

Voluntary Restitution Offers; Other Monetary Relief

YTD

<u>Securities:</u>	11,330	1,126,257
<u>Business Opportunities:</u>	27,000	139,100
	<hr/>	<hr/>
Totals	38,330	1,265,357

**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: ( ) Add ( ) Delete  
( ) Name change ( ) Address change

Please check: ( ) Broker-dealer  
( ) Broker-dealer agent  
( ) Investment adviser (including financial planners)  
( ) Investment adviser agent  
( ) Other

**NEW OR 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.