

of findings that the firm, acting through Benjamin, Chapa and Perusquia, failed to establish, maintain and enforce a system including written procedures, to supervise the activities of its registered persons reasonably designed to achieve compliance with NASD's Trade Reporting and Compliance Engine system (TRACE) reporting rules. The findings stated that the firm, acting through Benjamin, Chapa and Perusquia, failed to report, and failed to timely report, transaction information for corporate bond transactions through TRACE.

Benjamin's suspension began on February 6, 2006, and will conclude at the close of business on March 7, 2006. Chapa's suspension will begin on March 8, 2006, and will conclude at the close of business on April 6, 2006. Perusquia's suspension will begin on April 7, 2006, and will conclude on May 6, 2006. (NASD Case #E062004005301)

Tejas Securities Group, Inc. (CRD #36705, Austin, Texas) and Arnold Reed Durant (CRD #716150, Registered Principal, Austin, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$225,000, and Durant was fined \$10,000 and barred in all principal and supervisory capacities. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Durant: failed to disclose its ratings distribution and the meaning of those ratings on research reports; failed to include a required price chart on research reports; failed to disclose the receipt of investment banking compensation on a research report; failed to disclose its market making status on research reports; provided a copy of a research report to an issuer without redacting all necessary information, including analyst's opinions, estimates and other non-factual information, allowed an analyst to purchase warrants, at a discount, from an issuer Durant covered within two days following the issuance of a research report on that issuer; and failed to ensure that research reports contained analyst certifications. NASD also found that the firm, acting through Durant, failed to ensure that all principals were appropriately registered. NASD found that the firm, acting through Durant, failed to establish a system to maintain and preserve all emails. In addition, NASD found that the firm, acting through Durant, failed to maintain emails, and failed to implement a system to monitor, archive and retrieve

instant messages. Moreover, the findings stated that the firm, acting through Durant, failed to evidence email reviews, and failed to provide notification of retention of electronic correspondence by means of electronic storage media. The findings further stated that the firm, acting through Durant, failed to maintain records evidencing that the firm prepared a written needs analysis and training plan for the firm element of the continuing education program. In addition, NASD determined that the firm failed to report corporate bond trades through TRACE; failed to accurately report the execution time and/or quantity or price; failed to timestamp municipal trade order tickets with the receipt time, entry and execution; failed to maintain municipal trade order tickets; and failed to reflect all required information on order tickets. (NASD Case #E062004010901)

World Choice Securities, Inc. (CRD #30933, Bedford, Texas) and William Ross Morris, III (CRD #1749931, Registered Principal, Hurst, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was fined \$25,000, of which \$15,000 is jointly and severally with Morris. Morris was suspended from association with any NASD member in any principal or supervisory capacity for 60 days and required to requalify by examination as a general securities principal (Series 24) before he can reassociate with any NASD member firm in any principal or supervisory capacity. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that they failed to supervise a registered representative's unsuitable variable annuity and variable universal life insurance offers and sales to public customers.

Morris' suspension began on February 6, 2006, and will conclude at the close of business on April 6, 2006. (NASD Case #E062003037502)

Firms and Individuals Fined

American Eastern Securities, Inc. (CRD #25621, Los Angeles, California) and Charles Trangchong Hung (CRD #2006307, Registered Principal, Hacienda Heights, California) submitted a Letter of Acceptance, Waiver and Consent in which they were censured and fined \$15,000, jointly and severally, and the firm was fined an additional \$5,000. Without admitting or

denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm utilized the instrumentalities of interstate commerce to engage in securities business while failing to have and maintain sufficient net capital. The findings stated that the firm, acting under Hung's direction and control, participated in a contingency securities offering in the form of interests issued by a company, which it intended to operate as a hedge fund. The firm did not transmit investor funds it raised in the offering to an unaffiliated bank to hold in escrow for the investors until the contingency occurred. The findings further stated that the firm, acting under the direction and control of Hung, solicited investments in the contingency offering through the use of a private placement memorandum, which represented the offering would not be funded unless a minimum dollar amount was received by the specified date. NASD found that when the contingency deadline was not met, it was not extended and the investors' funds were not returned. In addition, NASD found that the release of investor funds to the control of issuer before the contingency was satisfied rendered the foregoing representations in the private placement memorandum false and misleading. (NASD Case #E0220040041-02)

D.E. Wine Investments, Inc. (CRD #21188, Houston, Texas) and Robert Anthony Yrshus (CRD #858876, Registered Principal, Houston, Texas) submitted a Letter of Acceptance, Waiver and Consent in which they were censured and the firm was fined \$20,000, \$15,000 of which is jointly and severally with Yrshus, and \$5,000 of which is jointly and severally with another individual. Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that the firm, acting through Yrshus, failed to deposit customer funds received in connection with a network offering into a bank escrow account as required by SEC Rule 15c2-4. The findings stated that the firm failed to terminate the offering and return investor funds when the minimum offering amount was not obtained. The findings also stated that the firm, acting through an individual, failed to terminate another offering and return investor funds after failing to raise the minimum offering amount during the offering period. In addition, the firm failed to make any computations or deposits into a special reserve bank account for the exclusive benefit of the offering's customers. NASD also found that the firm

filed inaccurate (FOCUS) reports. The findings also stated that the firm, acting through Yrshus, conducted a securities business while failing to maintain its required minimum net capital. (NASD Case #E062005005901)

Firms Fined

Bisys Fund Services Limited Partnership (CRD #15634, Boston, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$50,000 and required to revise its procedures regarding email communication preservation. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that its written supervisory procedures were not reasonably designed to ensure compliance with email retention requirements in that they did not provide for adequate follow-up and review to ensure that hard copies of all email communications were being retained. In determining the amount of the fine, NASD took into account the demonstrable corrective actions undertaken by the firm before the staff commenced its examination. (NASD Case #E112004043501)

Buttonwood Partners, Inc. (CRD #27108, Madison, Wisconsin) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the allegations, the firm consented to the described sanctions and to the entry of findings that it reported municipal securities transactions to the MSRB late and with inaccurate execution times. The findings also stated that the firm failed to report municipal securities transactions and reported transactions to the MSRB with inaccurate prices. NASD found that the firm failed to prepare adequate written supervisory procedures addressing the new MSRB reporting requirements. The findings also stated that the firm effected securities transactions that were reportable as TRACE transactions that it failed to timely report or reported with inaccurate execution times. NASD also found that the firm recorded inaccurate times on the municipal debt securities transactions order memoranda, and failed to evidence accurate time stamps on the order memoranda for its TRACE-eligible, corporate debt securities transactions. (NASD Case #E8A2005002801)