

## United States Securities and Exchange Commission 2004 Enforcement and Market Data

|   |    |
|---|----|
| Enforcement Milestones, Fiscal 2004 .....   | 2  |
| Enforcement Actions Initiated by the Commission.....  | 3  |
| Fiscal 2004 Enforcement Cases by Program Area .....   | 4  |
| Investigations of Possible Violations of the Acts   |    |
| Administered by the Commission .....  | 21 |
| Right to Financial Privacy.....   | 21 |
| SEC Total Investor Contacts by Fiscal Year .....  | 22 |
| Ten Most Common Complaints During Fiscal 2004 .....   | 23 |
| Unconsolidated Financial Information for Broker-Dealers .....                                   | 24 |
| Unconsolidated Annual Revenues and Expenses for<br>Broker-Dealers Doing a Public Business ..... | 25 |
| Unconsolidated Balance Sheet for Broker-Dealers Doing a Public<br>Business.....                 | 26 |
| Unconsolidated Revenues and Expenses for Carrying/Clearing Broker-Dealers.....                  | 27 |
| Unconsolidated Balance Sheet for Carrying/Clearing Broker-Dealers .....                         | 28 |
| Transaction Activity in Equities, Options and Security Futures .....                            | 29 |
| Securities Listed on Exchanges .....  | 30 |
| Value of Stocks Listed on Exchanges .....   | 31 |

**Table 1**  
**ENFORCEMENT MILESTONES**  
**FISCAL 2004**

|   |
|---|
| <ul style="list-style-type: none"> <li>• Obtained orders in SEC judicial and administrative proceedings requiring securities violators to disgorge illegal profits of approximately \$1.9 billion and to pay penalties of approximately \$1.2 billion.</li> </ul> |
|   |
| <ul style="list-style-type: none"> <li>• Sought orders barring 161 defendants and respondents from serving as officers or directors of public companies.</li> </ul>   |
|   |
| <ul style="list-style-type: none"> <li>• Sought emergency relief from federal courts in the form of temporary restraining orders (TROs) to halt ongoing fraudulent conduct in 35 actions, and sought asset freezes in 46 actions.</li> </ul>                      |
|   |
| <ul style="list-style-type: none"> <li>• Filed 11 actions to enforce investigative subpoenas.</li> </ul>  |
|   |
| <ul style="list-style-type: none"> <li>• Halted trading in securities of 33 issuers about which there was inadequate public disclosure.</li> </ul>  |
|   |
| <p>In SEC-related criminal cases, prosecutors filed indictments, informations, or contempts in 159 cases.</p>   |
|   |

**Table 2**  
**ENFORCEMENT ACTIONS INITIATED BY THE COMMISSION**  
**DURING FISCAL YEAR 2004 IN VARIOUS PROGRAM AREAS**

(Each action initiated has been included in only one category listed below, even though many actions involved multiple allegations and may fall under more than one category. The number of defendants and respondents is noted parenthetically.)

| Primary Classification                                | Civil Actions |              | Administrative Proceedings |              | 21A Reports |            | Total      |               | % of Total Actions |
|---|---------------|--------------|----------------------------|--------------|-------------|------------|------------|---------------|--------------------|
| Securities Offering Cases                             | 59            | (306)        | 39                         | 89           | 0           | (0)        | 98         | (395)         | 15%                |
| <b>Broker-Dealer Cases</b>                            |               |              |                            |              |             |            |            |               |                    |
| (a) Fraud Against Customer                            | 15            | (56)         | 90                         | (145)        | 0           | (0)        | 105        | (204)         |                    |
| (b) Failure to Supervise                              | 0             | (0)          | 14                         | (15)         | 0           | (0)        | 14         | (15)          |                    |
| (c) Other   | 2             | (2)          | 20                         | (24)         | 0           | (0)        | 22         | (26)          |                    |
| Total Broker-Dealer Cases                             | 17            | (58)         | 124                        | (187)        | 0           | (0)        | 141        | (245)         | 22%                |
| <b>Issuer Financial Statement and Reporting Cases</b> |               |              |                            |              |             |            |            |               |                    |
| (a) Issuer Financial Disclosure                       | 88            | (202)        | 81                         | (103)        | 0           | (0)        | 169        | (305)         |                    |
| (b) Issuer Reporting Other                            | 4             | (4)          | 6                          | (8)          | 0           | (0)        | 10         | (12)          |                    |
| Total Issuer Financial Statement & Reporting Cases    | 92            | (206)        | 87                         | (111)        | 0           | (0)        | 179        | (317)         | 28%                |
| <b>Other Regulated Entity Cases</b>                   |               |              |                            |              |             |            |            |               |                    |
| (a) Investment Advisers                               | 20            | (55)         | 56                         | (83)         | 0           | (0)        | 76         | (138)         |                    |
| (b) Investment Companies                              | 4             | (25)         | 10                         | (19)         | 0           | (0)        | 14         | (44)          |                    |
| (c) Transfer Agents                                   | 1             | (1)          | 3                          | (4)          | 0           | (0)        | 4          | (5)           |                    |
| Total Other Regulated Entity Cases                    | 25            | (81)         | 69                         | (106)        | 0           | (0)        | 94         | (187)         | 15%                |
| Insider Trading Cases                                 | 32            | (85)         | 10                         | (10)         | 0           | (0)        | 42         | (95)          | 7%                 |
| Market Manipulation Cases                             | 17            | (63)         | 22                         | (60)         | 0           | (0)        | 39         | (123)         | 6%                 |
| <b>Delinquent Filings Cases</b>                       |               |              |                            |              |             |            |            |               |                    |
| Issuer Reporting                                      | 0             | (0)          | 21                         | (57)         | 0           | (0)        | 21         | (57)          | 3%                 |
| Contempt Proceedings                                  | 21            | (30)         | 0                          | (0)          | 0           | (0)        | 21         | (30)          | 3%                 |
| Newsletter/Touting                                    | 0             | (0)          | 2                          | (3)          | 0           | (0)        | 2          | (3)           | 0%                 |
| Miscellaneous Cases                                   | 1             | (1)          | 0                          | (0)          | 0           | (0)        | 1          | (1)           | 0%                 |
| Fraud Against Regulated Entities                      | 0             | (0)          | 1                          | (1)          | 0           | (0)        | 1          | (1)           | 0%                 |
| <b>TOTALS</b>   | <b>264</b>    | <b>(803)</b> | <b>375</b>                 | <b>(624)</b> | <b>1</b>    | <b>(1)</b> | <b>639</b> | <b>(1454)</b> | <b>100%</b>        |

**Table 3**  
**FISCAL 2004 ENFORCEMENT CASES**  
**LISTED BY PROGRAM AREA**

| <u>Name of Case</u>  | <u>Release Number</u> | <u>Date Filed</u> |
|--|-----------------------|-------------------|
| <b>Broker-Dealer</b>                                       |                       |                   |
| <i>(a) Fraud Against Customer</i>                          |                       |                   |
| SEC v. Darlan E. Gordon                                    | none                  | 12/15/2003        |
| SEC v. Global Health, et al.                               | LR-18881              | 09/09/2003        |
| SEC v. JP Morgan Securities, Inc.                          | LR-18385              | 10/01/2003        |
| In the Matter of Joseph C. Kane, Jr.                       | 34-48628              | 10/15/2003        |
| In the Matter of Charles G. Dyer                           | 34-48642              | 10/16/2003        |
| In the Matter of Steven Hanna, et al.                      | 34-48705              | 10/27/2003        |
| SEC v. Martin J. Druffner, et al.                          | LR-18784              | 11/04/2003        |
| In the Matter of William Slone                             | 33-8336               | 11/13/2003        |
| In the Matter of Marion Sherrill                           | 33-8337               | 11/13/2003        |
| In the Matter of Morgan Stanley DW, Inc.                   | 33-8339               | 11/17/2003        |
| In the Matter of Bruce Follick, et al.                     | 34-49686              | 11/24/2003        |
| In the Matter of Lawrence M. Barsi                         | 34-48824              | 11/24/2003        |
| In the Matter of Steven E. Muth, et al.                    | 34-49790              | 11/26/2003        |
| In the Matter of Marco G. Fiore, Jr., et al.               | 34-48905              | 12/11/2003        |
| SEC v. Daniel Calugar, et al.                              | LR-18524              | 12/24/2003        |
| In the Matter of Gregg Becker                              | 34-49244              | 12/29/2003        |
| In the Matter of Edward Becker                             | 34-49006              | 12/29/2003        |
| In the Matter of Eric Stuerken                             | 34-49303              | 12/29/2003        |
| In the Matter of James L. George                           | 34-49128              | 01/26/2004        |
| SEC v. First Access Financial, LLC, et al.                 | LR-18561              | 01/28/2004        |
| In the Matter of Ronald W. Pinto                           | 34-49139              | 01/28/2004        |
| In the Matter of Mark D. Deyak                             | 34-49504              | 01/29/2004        |
| In the Matter of Michael J. Louis                          | 34-49144              | 01/29/2004        |
| In the Matter of Alfred Palagonia, et al.                  | 34-49174              | 02/03/2004        |
| In the Matter of William R. Kerr                           | 34-49202              | 02/06/2004        |
| SEC v. Carlos H. Soto, et al.                              | LR-18625              | 02/11/2004        |
| In the Matter of UBS Financial Services, Inc.              | 33-8377               | 02/12/2004        |
| In the Matter of Raymond James Financial Services, Inc.    | 33-8374               | 02/12/2004        |
| In the Matter of Linsco/Private Ledger Corp.               | 33-8371               | 02/12/2004        |
| In the Matter of Legg Mason Wood Walker, Inc.              | 33-8368               | 02/12/2004        |
| In the Matter of American Express Financial Advisors, Inc. | 33-8365               | 02/12/2004        |

| <u>Name of Case</u>   | <u>Release Number</u> | <u>Date Filed</u> |
|---|-----------------------|-------------------|
| In the Matter of Wachovia Securities, LLC                     | 33-8380               | 02/12/2004        |
| In the Matter of H.D. Vest Investment Securities, Inc.        | 33-8383               | 02/12/2004        |
| In the Matter of Brownstone Capital Corp., et al.             | 34-49249              | 02/13/2004        |
| SEC v. Patrollers Capital Fund, et al.                        | LR-18581              | 02/13/2004        |
| In the Matter of John F. Turant, Jr.                          | 34-49735              | 02/18/2004        |
| SEC v. Mark David Anderson                                    | LR-18587              | 02/19/2004        |
| SEC v. American Gold Mining Corp., et al.                     | LR-18594              | 02/23/2004        |
| In the Matter of David Shane Lewis                            | 34-49310              | 02/24/2004        |
| SEC v. MX Factors LLC, et al.                                 | LR-18619              | 02/26/2004        |
| In the Matter of Kenneth M. May, et al.                       | 34-49330              | 02/27/2004        |
| In the Matter of Steven Arevalo, et al.                       | 34-49348              | 03/02/2004        |
| In the Matter of Clifford Ray Burton                          | 34-49370              | 03/05/2004        |
| In the Matter of Robert B. Dimarco, Jr.                       | 34-49394              | 03/11/2004        |
| In the Matter of Joseph F. Desanto                            | 34-50086              | 03/11/2004        |
| SEC v. Rodney S. Shehyn, et al.                               | LR-18624A             | 03/15/2004        |
| In the Matter of Damian Delgado                               | 34-49425              | 03/16/2004        |
| In the Matter of Robert Cournoyer                             | 34-49720              | 03/26/2004        |
| In the Matter of Thomas G. Brooks                             | 34-49485              | 03/26/2004        |
| In the Matter of Terry Don Rader                              | 34-49507              | 03/31/2004        |
| In the Matter of Frank D. Gruttadauria                        | 34-49760              | 04/12/2004        |
| In the Matter of Deborah J. Breckenridge                      | 34-49558              | 04/13/2004        |
| In the Matter of CDH Affiliates, Inc., et al.                 | 34-49837              | 04/23/2004        |
| SEC v. Charles Dwain Davis, Jr.                               | LR-18707              | 05/12/2004        |
| In the Matter of David Stetson                                | 34-49703              | 05/14/2004        |
| In the Matter of Nicholas Antonelli                           | 34-49702              | 05/14/2004        |
| In the Matter of Steven Ingrassia, et al.                     | 33-8420               | 05/14/2004        |
| In the Matter of James P. Farnell                             | 34-49734              | 05/19/2004        |
| In the Matter of Christopher Kent Bagdasarian                 | 34-49753              | 05/21/2004        |
| In the Matter of Raymond P. Sobieralski                       | 34-49762              | 05/24/2004        |
| In the Matter of Currency Trading International, Inc., et al. | 34-50050              | 05/27/2004        |
| In the Matter of Michael J. Farnell                           | 34-49808              | 06/04/2004        |
| In the Matter of Thomas Hawkesworth                           | 34-49944              | 06/30/2004        |
| In the Matter of Daniel J. Berardi, Jr.                       | 34-49945              | 06/30/2004        |
| In the Matter of Mark Jackson Nichols                         | 33-8435               | 07/01/2004        |
| In the Matter of Goldman, Sachs & Co.                         | 33-8434               | 07/01/2004        |
| In the Matter of J. Michael Scarborough, et al.               | 33-8438               | 07/08/2004        |
| In the Matter of Dale Carone                                  | 34-50236              | 07/12/2004        |
| In the Matter of Randall W. Harding                           | 34-50009              | 07/13/2004        |

| <u>Name of Case</u>   | <u>Release Number</u> | <u>Date Filed</u> |
|---|-----------------------|-------------------|
| In the Matter of Frederic A. Gladle                             | 34-50011              | 07/14/2004        |
| In the Matter of Bruce H. Barbers, et al.                       | 34-50027              | 07/15/2004        |
| In the Matter of Ronald D. Brouillette, Jr.                     | 34-50268              | 07/21/2004        |
| In the Matter of Jason H. Pollak                                | 34-50128              | 07/30/2004        |
| In the Matter of Americo Robert Gallo, et al.                   | 34-50132              | 08/02/2004        |
| In the Matter of Frederick B. Hornick, Jr.                      | 34-50161              | 08/06/2004        |
| In the Matter of Joseph W. Isaac                                | 34-50180              | 08/11/2004        |
| In the Matter of Platinum Investment Corporation, et al.        | 34-50228              | 08/23/2004        |
| In the Matter of Van E. Brighton                                | 34-50258              | 08/25/2004        |
| In the Matter of David L. Knudson                               | 34-50257              | 08/25/2004        |
| SEC v. JB Oxford Holdings, Inc., et al.                         | LR-18850              | 08/25/2004        |
| SEC v. Kimberly J. Carrella, et al.                             | LR-18860              | 08/30/2004        |
| In the Matter of Marc Wein                                      | 34-50288              | 08/30/2004        |
| In the Matter of Merrell W. Williams, et al.                    | 34-50293              | 08/31/2004        |
| In the Matter of Edward Landenbaum                              | 34-50297              | 08/31/2004        |
| In the Matter of Vladislav Steven Zubkis                        | 34-50301              | 09/01/2004        |
| In the Matter of Marlon D. Tropeano                             | 34-50299              | 09/01/2004        |
| In the Matter of David Abish, et al.                            | 34-50316              | 09/03/2004        |
| In the Matter of Franklin Marone                                | 34-50439              | 09/03/2004        |
| In the Matter of Michael Sydney Newman                          | 34-50314              | 09/03/2004        |
| In the Matter of Harold B. Gallison, Jr., et al.                | 34-50321              | 09/07/2004        |
| In the Matter of Frederick Tropeano                             | 34-50320              | 09/07/2004        |
| In the Matter of Emanuele Cardaci                               | 34-50330              | 09/08/2004        |
| In the Matter of Cheryl Swain                                   | 34-50344              | 09/10/2004        |
| In the Matter of Allen Andrescu, et al.                         | 34-50348              | 09/10/2004        |
| In the Matter of Robert C. Walters                              | 34-50353              | 09/13/2004        |
| In the Matter of John A. D'Onofrio                              | 34-50352              | 09/13/2004        |
| In the Matter of Jason J. Riley                                 | 34-50350              | 09/13/2004        |
| In the Matter of Dennis J. Oslosky                              | 34-50351              | 09/13/2004        |
| In the Matter of Michael I. Nnege, et al.                       | 34-50359              | 09/14/2004        |
| In the Matter of Kenneth A. Orr                                 | 34-50363              | 09/14/2004        |
| In the Matter of Michael Yeninas                                | 34-50362              | 09/14/2004        |
| In the Matter of Anthony Gianninoto, et al.                     | 34-50382              | 09/15/2004        |
| In the Matter of Robert Snyder, et al.                          | 34-50444              | 09/24/2004        |
| In the Matter of Marshall S. Klein                              | LR-50459              | 09/28/2004        |
| In the Matter of Raymond James Financial Services, Inc., et al. | 34-50476              | 09/30/2004        |

| <u>Name of Case</u>  | <u>Release Number</u> | <u>Date Filed</u> |
|--|-----------------------|-------------------|
| <i>(b) Failure to Supervise</i>  |                       |                   |
| In the Matter of James Patrick Driver                                      | 34-48852              | 11/26/2003        |
| In the Matter of Schneider Securities, Inc.                                | 34-48849              | 11/26/2003        |
| In the Matter of Van der Moolen Specialists USA, LLC                       | 34-49502              | 03/30/2004        |
| In the Matter of Spear, Leeds & Kellogg Specialist, LLC                    | 34-49501              | 03/30/2004        |
| In the Matter of LaBranche & Co., LLC                                      | 34-49500              | 03/30/2004        |
| In the Matter of Fleet Specialist, Inc.                                    | 34-49499              | 03/30/2004        |
| In the Matter of Bear Wagner Specialist, LLC                               | 34-49498              | 03/30/2004        |
| In the Matter of David Lerner Associates, Inc.                             | 33-8423               | 05/19/2004        |
| In the Matter of Fidelity National Capital Investors, Inc.                 | 34-49824              | 06/08/2004        |
| In the Matter of Connecticut Capital Markets, LLC, et al.                  | 34-50034              | 07/16/2004        |
| In the Matter of SIG Specialist, Inc.                                      | 34-50076              | 07/26/2004        |
| In the Matter of Performance Specialist Group, LLC                         | 34-50075              | 07/26/2004        |
| In the Matter of Fidelity Brokerage Services, LLC                          | 34-50138              | 08/03/2004        |
| In the Matter of Donaldson, Lufkin & Jenrette Securities Corp.             | 34-50272              | 08/26/2004        |
| <i>(c) Other</i>   |                       |                   |
| In the Matter of Mid-Ohio Securities Corp.                                 | 34-48635              | 10/15/2003        |
| In the Matter of Brut, LLC   | 34-48718              | 10/30/2003        |
| In the Matter of Henry M. Blodget  | 34-48724              | 10/31/2003        |
| In the Matter of Jack Benjamin Grubman                                     | 34-48725              | 10/31/2003        |
| In the Matter of Lytle E. Foglesong  | 34-48792              | 11/17/2003        |
| In the Matter of Thomas Gregory Cook                                       | 34-48794              | 11/17/2003        |
| In the Matter of James H. Malbaff  | 34-48793              | 11/17/2003        |
| In the Matter of Greg Balk, et al.   | 34-49359              | 03/03/2004        |
| In the Matter of Joseph Petrolino, et al.                                  | 34-49578              | 03/16/2004        |
| In the Matter of SEI Investments Distribution Co., et al.                  | 34-50017              | 07/14/2004        |
| In the Matter of Friedman, Billings, Ramsey & Co., Inc.                    | 33-8461               | 08/25/2004        |
| In the Matter of Morgan Keegan & Co., Inc.                                 | 33-8466               | 08/25/2004        |
| In the Matter of Adams Harkness, Inc f/k/a<br>Adams, Harkness & Hill, Inc. | 33-8460               | 08/25/2004        |
| In the Matter of SG Cowen & Co., LLC<br>f/k/a SG Cowen Securities Corp.    | 33-8472               | 08/25/2004        |
| In the Matter of Needham & Company, Inc.                                   | 33-8474               | 08/25/2004        |
| In the Matter of Janney Montgomery Scott, LLC                              | 33-8475               | 08/25/2004        |















































