JUDGE OAKOFF

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, - against - THE OAKFORD CORPORATION, EDWARD J. MUEGER, INC., R.M. CARUCCI CORP., TOUCHDOWN SECURITIES, INC., MFS SECURITIES CORP., OAKWOOD SECURITIES CORP., D'ALESSIO SECURITIES, INC., WILLIAM S. KILLEEN, THOMAS W. BOCK, THOMAS J. CAVALLINO, EDWARD J. MUEGER, ROBERT J. CARUCCI, CHRISTINE A. BEYER, MICHAEL A. FRAYLER, MARK R. SAVARESE, JOHN J. SAVARESE and JOHN R. D'ALESSIO, Defendants.	98 Civ. 98CIV. 1366 COMPLAINT

FILED
U.S. DISTRICT COURT
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S.D. OF N.Y.

Plaintiff Securities and Exchange Commission ("Commission"), for its Complaint against The Oakford Corporation ("Oakford"), Edward J. Mueger, Inc., R.M. Carucci Corp., Touchdown Securities, Inc., MFS Securities Corp. ("MFS"), Oakwood Securities Corp. ("Oakwood"), D'Alessio Securities, Inc., William S. Killeen ("Killeen"),

Thomas W. Bock ("Bock"), Thomas J. Cavallino ("Cavallino"), Edward J. Mueger ("Mueger"), Robert J. Carucci ("Carucci"), Christine A. Beyer ("Beyer"), Michael A. Frayler ("Frayler"), Mark R. Savarese ("M. Savarese"), John J. Savarese ("J. Savarese") and John R. D'Alessio ("D'Alessio") (collectively "the Defendants") alleges as follows:

PRELIMINARY STATEMENT

1. Brokers working on the floor of the New York Stock Exchange ("NYSE") occupy a unique position in the nation's securities markets. From their position, they are immediately aware of changes in securities prices, large buy and sell orders for securities, and a host of other information not immediately ascertainable to other participants and investors in the markets. Accordingly, floor brokers are subject to unique laws designed to minimize their ability to profit unfairly at the expense of other market participants. The Defendants entered into illegal arrangements designed to circumvent these laws and to profit from trading opportunities the floor broker defendants learned about as a result of their unique positions.

2. Beginning in October 1993 and continuing until at least December 1996, defendants Killeen and Bock, the principals of defendant Oakford, a registered broker-dealer, entered into oral arrangements with at least eight floor brokers, including defendants Cavallino, Mueger, Carucci, Beyer, Frayler, M. Savarese, J. Savarese and D'Alessio (collectively, the "Floor Brokers"). Pursuant to the agreements, Bock and Killeen opened accounts at Oakford, falsely identified as Oakford proprietary trading

accounts ("Oakford Accounts"), which in fact were accounts controlled by the Floor Brokers. During the day, as they learned of potentially advantageous trading opportunities from their unique positions on the floor of the NYSE, the Floor Brokers initiated transactions in the Oakford Accounts. The Defendants agreed to split the profits and losses from the trading in these accounts, with Oakford generally receiving thirty percent of the profits and the Floor Brokers receiving seventy percent. To the extent the accounts suffered losses, Oakford and the Floor Brokers shared the losses in the same percentages. The Floor Brokers were members of the NYSE. The Defendants falsified various books and records to conceal the true nature of their transactions.

3. By virtue of the foregoing conduct: a) Cavallino, Mueger, Carucci, Beyer, Frayler, M. Savarese, J. Savarese and D'Alessio violated Section 11(a) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78k(a), Rule 11a-1 thereunder, 17 C.F.R. § 240.11a-1, and NYSE Rules 90(a), 95(a) and 111(a); b) MFS violated Section 11(a) of the Exchange Act and Rule 11a-1 thereunder and NYSE Rule 90(a); c) Oakford, Edward J. Mueger, Inc., R.M. Carucci Corp., Touchdown Securities, Inc., MFS, Oakwood and D'Alessio Securities, Inc. violated Section 17(a) of the Exchange Act, 15 U.S.C. § 78q(a), and Rules 17a-3(a)(7) and 17a-5 thereunder, 17 C.F.R. §§ 240.17a-3(a)(7), 240.17a-5; d) Cavallino, Mueger, Carucci, Beyer, Frayler, M. Savarese, J. Savarese and D'Alessio aided and abetted violations of Section 17(a) of the Exchange Act and Rule 17a-3(7) thereunder; and e) Killeen, Bock, Cavallino, Mueger, Carucci, Beyer, Frayler, M. Savarese, J. Savarese and D'Alessio aided and abetted Oakford's violations

of Section 17(a) of the Exchange Act and Rule 17a-3(a)(7) thereunder, f) M. Savarese and J. Savarese aided and abetted MFS's violations of Section 11(a) of the Exchange Act and Rule 11a-1 thereunder; g) Bock and Killeen aided and abetted the violations of Section 11(a) of the Exchange Act and Rule 11a-1 thereunder, by Cavallino, Mueger, Carucci, Beyer, Frayler, M. Savarese, J. Savarese, MFS and D'Alessio; and h) Oakford violated Section 17(a) of the Exchange Act and Rule 17a-3(9) thereunder.

JURISDICTION

4. The Commission brings this action pursuant to the authority conferred upon it by Sections 21(d), (e) and (f) of the Exchange Act, 15 U.S.C. §§ 78u(d), (e) and (f).

5. This Court has jurisdiction over this action pursuant to Sections 21(e) and 27 of the Exchange Act, 15 U.S.C. §§ 77u(e) and 78aa.

6. Defendants, directly and indirectly, have made use of the means and instrumentalities of, or the means or instruments of transportation or communication in, interstate commerce, or of the mails, or the facilities of a national securities exchange in connection with the transactions, acts, practices and courses of business alleged herein. Certain of these transactions, acts, practices and courses of business occurred in the Southern District of New York, including the execution of trades on the floor of the NYSE.

IDENTITY OF THE DEFENDANTS

7. **Oakford** is a broker-dealer registered with the Commission since October 15, 1991, and is located in New York, New York. Oakford is a wholly owned subsidiary of The Oakford Management Corporation, which is owned by Killeen and Bock. Currently, Oakford's primary business is trading for its own proprietary accounts and, in addition, from time to time it executes securities trades for a small number of retail customers.

8. **Edward J. Mueger, Inc.** is a broker-dealer registered with the Commission since November 1989. Edward J. Mueger, Inc. is the name under which Mueger conducts an independent floor brokerage business on the NYSE. Edward J. Mueger, Inc. is a NYSE member organization.

9. **R.M. Carucci Corp.** is a broker-dealer registered with the Commission since December 1986. R.M. Carucci Corp. is the name under which Carucci conducts an independent floor brokerage business on the NYSE. R.M. Carucci Corp. is a NYSE member organization.

10. **Touchdown Securities, Inc.** is a broker-dealer registered with the Commission since July 1991. Touchdown Securities, Inc. is the name under which Frayler conducts an independent floor brokerage business on the NYSE. Touchdown Securities, Inc. is a NYSE member organization.

11. **MFS** is a broker dealer registered with the Commission since August 1980. MFS is the name under which M. Savarese and J. Savarese conduct an independent floor

brokerage business on the NYSE. MFS is a NYSE member organization. MFS is owned by Marco Savarese, the father of M. Savarese and J. Savarese.

12. **Oakwood** is a broker-dealer registered with the Commission since 1987. Oakwood is the name under which Cavallino conducts an independent floor brokerage business on the NYSE. Oakwood is a member organization of the NYSE.

13. **D'Alessio Securities, Inc.** is a broker-dealer registered with the Commission since February 1983. D'Alessio Securities, Inc. is the name under which D'Alessio conducts an independent floor brokerage business on the NYSE. D'Alessio Securities, Inc. is a member organization of the NYSE.

14. **Killeen**, age 37, has been Oakford's Chief Executive Officer since October 1991, when he and Bock founded the firm.

15. **Bock**, age 45, has been Oakford's Chief Financial Officer since October 1991.

16. **Cavallino**, age 41, has been a floor broker on the NYSE for Oakwood Securities, Inc. since June 1991. Cavallino is a member of the NYSE.

17. **Mueger**, age 63, has been an independent floor broker on the NYSE doing business as Edward J. Mueger, Inc. since August 1974. Mueger is a member of the NYSE.

18. **Carucci**, age 36, has been an independent floor broker on the NYSE doing business as R.M. Carucci Corp. since June 1986. Carucci is a member of the NYSE.

19. **Beyer**, age 32, has been an independent floor broker on the NYSE doing

business as Beyer Securities Corp. from September 1992 through September 1996. Beyer Securities Corp. was a broker-dealer registered with the Commission from September 1992 through September 1996. Since September 1996, Beyer has conducted her independent floor broker business in her own name. Beyer has been registered with the Commission as a broker-dealer since September 1996 and she is a member of the NYSE.

20. **Frayler**, age 49, has been an independent floor broker on the NYSE doing business as Touchdown Securities, Inc. since March 1994. Frayler was a sole proprietor doing business in his own name from July 1991 through March 1994. Frayler is a member of the NYSE.

21. **M. Savarese**, age 36, has been a floor broker on the NYSE for MFS since August 1990. M. Savarese is a NYSE member.

22. **J. Savarese**, age 39, has been a floor broker on the NYSE for MFS since April 1989. J. Savarese is a NYSE member and the brother of M. Savarese.

23. **D'Alessio**, age 43, has been an independent floor broker on the NYSE doing business as D'Alessio Securities, Inc. since February 1983. D'Alessio is a NYSE member.

FACTS

Background

24. An independent floor broker is a NYSE member who effects agency executions for other NYSE member organizations. In some instances, independent floor

brokers execute orders for other NYSE member firms who do not have their own brokers on the floor of the NYSE. Floor brokers are not permitted to effect transactions for their own accounts except in limited circumstances provided by Rule 11a-1.

25. Independent floor brokers are generally compensated in the form of a commission which is based on the number of shares traded. While a floor broker and a broker-dealer are free to negotiate the amount of the commission to be paid to the floor broker for executing trades, the broker-dealer typically pays a commission for each trade of about $2.00 to $7.00 per 100 shares. Independent floor brokers were formerly known as "$2 brokers" because they used to charge a $2 commission for every 100 shares traded.

Bock And Killeen Conspire With The Floor Brokers

26. Beginning in or around October 1993, Bock and Killeen approached the Floor Brokers and offered to set up accounts for each of the Floor Brokers at Oakford. The Oakford Accounts would allow the Floor Brokers to initiate and effect securities trades on the floor of the NYSE. Bock and Killeen offered to split the profits and losses in these accounts with the Floor Brokers according to a predetermined percentage.

27. The Floor Brokers agreed to participate in Bock and Killeen's scheme and Bock and Killeen opened an account for each Floor Broker at Oakford through Oakford's clearing agent Spear, Leeds, & Kellogg ("SLK").

28. Bock and Killeen opened the following accounts at Oakford for the Floor Brokers:

Broker	Account Number	Time period account was used
Carucci	41 WK 3109	October 1993 to August 1994
	41 WK 1509	September 1994 to December 1996
Beyer	41 WK 1709	January 1995 to December 1996
Frayler	41 WK 2309	January 1994 to May 1995
	41 WK 1409	June 1996 to December 1996
Cavallino	41 WK 1509	January 1994 to August 1994
	41 WK 1209	September 1994 to December 1996
Mueger	41 WK 2709	January 1994 to December 1996
The Savareses and MFS	41 WN 1209	January 1995 to December 1996
	41 WN 1409	January 1995 to December 1996
D'Alessio	41 WK 2209	June 1994 to December 1996

29. The Floor Brokers did not contribute any of their own capital to purchase or sell securities in their Oakford accounts. Oakford, through SLK, financed all of the trading by the Floor Brokers.

30. Each of the Floor Brokers initiated, effected and executed, or caused to be executed, numerous securities transactions on the floor of the NYSE for their respective accounts at Oakford. The Floor Brokers selected what securities to purchase or sell, the number of shares, the time of execution and the price at which the transaction was

executed.

31. By initiating, effecting and executing, or causing to be executed, transactions in this manner, the Floor Brokers took unfair advantage of trading opportunities which they learned about through their unique position on the floor of the NYSE.

32. In order to conceal the Floor Brokers' discretion and control over the Oakford Accounts, the Floor Brokers, and Bock and Killeen, often created false order tickets. Bock, Killeen and various Oakford clerks under the direction of Bock and Killeen, time stamped numerous blank Oakford order tickets before the market opened and throughout the trading day. The time stamp on Oakford's order tickets purportedly reflected the time at which Oakford gave its orders to the Floor Brokers.

33. Before the Floor Brokers initiated, effected and executed, or caused to be executed, a transaction for an Oakford Account, the Floor Brokers often time stamped an order ticket on the floor of the NYSE. This time stamp purportedly reflected the time that the Floor Brokers had received an order from Oakford. After the trade was completed, the Floor Broker called or met with Bock, Killeen or an Oakford clerk to provide them with the details of each transaction, including the name of the security, the number of shares purchased or sold, the price and the time of execution. Bock, Killeen, or an Oakford clerk then looked through the blank Oakford order tickets and selected a ticket that had been time stamped prior to the time at which the Floor Broker had time stamped his order ticket. Bock and Killeen, or an Oakford clerk under their direction,

then filled in the details of the trade as reported by the Floor Broker. This conduct created the false appearance that each trade executed in the Floor Brokers' accounts was done to effect an order previously received from Oakford for one of its proprietary accounts.

34. At the end of each month, Bock and Killeen determined the profit and loss that had been generated in each of the Oakford Accounts through the Floor Brokers' trading. Oakford paid Cavallino, Carucci, Beyer, Frayler and D'Alessio approximately 70% of the profits they had generated in their Oakford accounts. Oakford paid Mueger and the Savareses approximately 90% of the profits generated in their Oakford accounts.

35. In any month when a loss occurred in the Oakford accounts of Cavallino, Carucci, Beyer and Frayler, 70% of the loss was carried forward and deducted from the profits for the next profitable month. For Mueger and the Savareses, 90% of the loss was carried forward and deducted from the profits for their next profitable month.

36. Bock and Killeen also instructed the Floor Brokers and MFS to submit false monthly invoices for the trading in their respective accounts. Bock and Killeen told the Floor Brokers that the false invoices should reflect a per share or per ticket commission, rather than a percentage of the profits from the trading activity. By creating and submitting false invoices in this fashion, the Defendants created the appearance that the Floor Brokers were merely providing legitimate floor brokerage services to Oakford. The false invoices also made it appear that the monthly payments that the Floor Brokers were receiving from Oakford were commissions rather than a percentage of the profits in

the Oakford Accounts.

37. Bock and Killeen paid the Floor Brokers and MFS their share of the monthly profits by instructing SLK to write a check to each Floor Broker or by directing payment through the National Securities Clearing Corp. ("NSCC"). The NSCC is a registered clearing agency that clears and settles approximately 99% of all stock and bond trading in the United States. SLK followed the instructions given by Bock and Killeen and sent checks to the Floor Brokers and MFS as directed. NSCC also made payments to the Floor Brokers and MFS when instructed to do so.

38. The Floor Brokers and MFS were paid a total of approximately $8.8 million in illegal profits as a result of their profitable trading in the Oakford Accounts.

39. Oakford made a total of approximately $2.3 million in illegal profits as a result of the trading in the Oakford Accounts.

40. Bock and Killeen personally received a portion of Oakford's profits and the remaining profits were used to pay various expenses associated with Oakford's business.

41. During the time that this conduct was ongoing, Oakford, Edward J. Mueger, Inc., R.M. Carucci Corp., Touchdown Securities, Inc., MFS, Oakwood and D'Alessio Securities, Inc. were required to file Part IIA of Form X-17A-5 ("FOCUS Report") which disclosed the broker-dealers' financial condition on a quarterly basis.

42. In its FOCUS Reports, Oakford incorrectly recognized all of the profits earned in the Oakford Accounts as revenue and incorrectly characterized the amounts paid to the Floor Brokers and MFS as commissions. Oakford should have reported only

its portion of the profits as revenue.

43. Edward J. Mueger, Inc., R.M. Carucci Corp., Touchdown Securities, Inc., MFS, Oakwood and D'Alessio Securities, Inc. each incorrectly identified the amounts they received from Oakford as commissions. Since these amounts were based on the net profit and loss from the Floor Brokers' trading activity, these payments should have been classified as "gains or losses on firm securities trading accounts."

FIRST CLAIM FOR RELIEF

The Floor Brokers and MFS Violated Section 11(a) of the Exchange Act, and Rule 11a-1 Thereunder

44. The Commission repeats and realleges each and every allegation contained in paragraphs 1 through 43 by reference, as if fully set forth herein.

45. As more fully set forth above, the Floor Brokers and MFS effected transactions on a national securities exchange for their own accounts, the account of an associated person, or an account with respect to which they exercised investment discretion. In addition, the Floor Brokers and MFS, while on the floor of a national securities exchange, initiated, directly or indirectly transactions in securities admitted to trading on such exchange, for accounts in which the Floor Brokers and MFS had an interest, and for accounts with respect to which the Floor Brokers and MFS had discretion as to the time of execution, the choice of security to be bought or sold, or whether the transaction was one of purchase or sale.

46. By reason of the foregoing, the Floor Brokers and MFS have violated, and unless enjoined are reasonably likely in the future to violate, Section 11(a) of the Exchange Act, 15 U.S.C. § 78k(a), and Rule 11a-1 thereunder, 17 C.F.R. § 240.11a-1.

SECOND CLAIM FOR RELIEF

The Floor Brokers Violated NYSE Rules 90(a), 95(a) and 111(a)

47. The Commission repeats and realleges each and every allegation contained in paragraphs 1 through 43 by reference, as if fully set forth herein.

48. As more fully set forth above, the Floor Brokers effected transactions in securities on the NYSE for their accounts, the accounts of associated persons or accounts with respect to which the Floor Brokers exercised investment discretion. Also, the Floor Brokers, while on the floor of the NYSE, executed or caused to be executed on the exchange transactions for the purchase and sale of stocks with respect to which transactions the Floor Brokers were vested with discretion as to: 1) the choice of security to be bought or sold, 2) the total amount of any security to be bought or sold, or 3) whether any such transaction shall be one of purchase or sale. In addition, the Floor Brokers initiated transactions, while on the floor of the NYSE, for accounts in which they had an interest without being registered as Competitive Traders with the NYSE.

49. By reason of the foregoing, the Floor Brokers have violated, and unless enjoined are reasonably likely in the future to violate, NYSE Rules 90(a), 95(a) and

111(a).

THIRD CLAIM FOR RELIEF

MFS Violated NYSE Rule 90(a)

50. The Commission repeats and realleges each and every allegation contained in paragraphs 1 through 43 by reference, as if fully set forth herein.

51. As more fully set forth above, MFS effected transactions in securities on the NYSE for its accounts, the accounts of associated persons or accounts with respect to which MFS exercised investment discretion.

52. By reason of the foregoing, MFS has violated, and unless enjoined is reasonably likely in the future to violate, NYSE Rule 90(a).

FOURTH CLAIM FOR RELIEF

Killeen and Bock Aided and Abetted the Floor Brokers' and MFS's Violations of Section 11(a) of the Exchange Act, and Rule 11a-1 Thereunder

53. The Commission repeats and realleges each and every allegation contained in paragraphs 1 through 43 by reference, as if fully set forth herein.

54. As more fully set forth above, the Floor Brokers and MFS violated Section 11(a) of the Exchange Act, and Rule 11a-1 thereunder.

55. As more fully set forth above, Bock and Killeen aided and abetted the Floor Brokers' and MFS's violations of Section 11(a) of the Exchange Act, and Rule 11a-

1 thereunder. Bock and Killeen knew of these defendants' violations and both Bock and Killeen substantially assisted in the commission of these violations. For example, Bock and Killeen opened the Oakford Accounts, caused inaccurate order tickets to be created by the Floor Brokers, MFS and Oakford, and instructed the Floor Brokers and MFS to submit false invoices to Oakford.

FIFTH CLAIM FOR RELIEF

M. Savarese and J. Savarese Aided and Abetted MFS's Violations of Section 11(a) of the Exchange Act and Rule 11a-1.

56. The Commission repeats and realleges each and every allegation contained in paragraphs 1 through 43 by reference, as if fully set forth herein.

57. As more fully set forth above, MFS violated Section 11(a) of the Exchange Act and Rule 11a-1 thereunder.

58. As more fully set forth above, M. Savarese and J. Savarese aided and abetted MFS's violations of Section 11(a) of the Exchange Act and Rule 11a-1 thereunder. M. Savarese and J. Savarese knew of MFS's violations and both M. Savarese and J. Savarese substantially assisted in the commission of these violations. For example, M. Savarese and J. Savarese initiated, effected and executed, or caused to be executed, transactions in securities on the NYSE for an account in which MFS had an interest and over which M. Savarese and J. Savarese, associated persons of MFS, exercised investment discretion.

SIXTH CLAIM FOR RELIEF

Oakford, Edward J. Mueger, Inc., R.M. Carucci Corp., Touchdown Securities, Inc., MFS, Oakwood and D'Alessio Securities, Inc. Violated Section 17(a) of the Exchange Act, and Rule 17a-3(a)(7) Thereunder

59. The Commission repeats and realleges each and every allegation contained in paragraphs 1 through 43 by reference, as if fully set forth herein.

60. As more fully set forth above, Oakford, Edward J. Mueger, Inc., R.M. Carucci Corp., Touchdown Securities, Inc., MFS, Oakwood and D'Alessio Securities, Inc. made or kept inaccurate books and records in furtherance of the unlawful scheme described above. Oakford employees, including Bock and Killeen, created order tickets which improperly indicated that orders had been placed by Oakford with the Floor Brokers. Beyer Securities Corp., Edward J. Mueger, Inc., R.M. Carucci Corp., Touchdown Securities, Inc., MFS, Oakwood, and D'Alessio Securities, Inc. through Beyer, Mueger, Carucci, Frayler, M. and J. Savarese, Cavallino and D'Alessio, respectively, also created inaccurate order tickets.

61. By reason of the foregoing, Oakford, Edward J. Mueger, Inc., R.M. Carucci Corp., Touchdown Securities, Inc., MFS, Oakwood and D'Alessio Securities, Inc. violated, and unless enjoined are reasonably likely in the future to violate, Section 17(a) of the Exchange Act, 15 U.S.C. § 78q(a), and Rule 17a-3(a)(7) thereunder, 17 C.F.R. § 240.17a-3(a)(7).

SEVENTH CLAIM FOR RELIEF

Bock, Killeen, Beyer, Mueger, Carucci, Frayler, Cavallino, M. Savarese, J. Savarese, and D'Alessio Aided and Abetted Violations of Section 17(a) of the Exchange Act, and Rule 17a-3(a)(7) Thereunder

62. The Commission repeats and realleges each and every allegation contained in paragraphs 1 through 43 by reference, as if fully set forth herein.

63. As more fully set forth above, Oakford made or kept inaccurate order tickets in violation of Section 17(a) of the Exchange Act and Rule 17a-3(a)(7) thereunder. Bock, Killeen, Beyer, Mueger, Carucci, Frayler, Cavallino, M. Savarese, J. Savarese and D'Alessio knew of these violations and substantially assisted in the commission of the violations. For example, Beyer, Mueger, Carucci, Frayler, Cavallino, M. Savarese, J. Savarese and D'Alessio communicated the time at which they had executed transactions in the Oakford Accounts to Bock and Killeen, and Bock and Killeen then prepared Oakford order tickets to create the appearance that the orders had originated with Oakford.

64. As more fully set forth above, Beyer Securities Corp., Edward J. Mueger, Inc., R.M. Carucci Corp., Touchdown Securities, Inc., MFS, Oakwood and D'Alessio Securities, Inc. made or kept inaccurate order tickets in violation of Section 17(a) of the Exchange Act and Rule 17a-3(a)(7) thereunder. Beyer, Mueger, Carucci, Frayler, M. Savarese, J. Savarese, Cavallino and D'Alessio respectively, knew of these violations and substantially assisted in the commission of the violations. For example, Beyer, Mueger,

Carucci, Frayler, M. Savarese, J. Savarese, Cavallino and D'Alessio placed a time stamp on their order tickets purportedly showing the time such orders were received from Oakford, when, in fact, the orders did not originate with Oakford.

65. By reason of the foregoing, Bock, Killeen, Beyer, Mueger, Carucci, Frayler, M. Savarese, J. Savarese, Cavallino and D'Alessio aided and abetted violations of Section 17(a) of the Exchange Act and Rule 17a-3(a)(7) thereunder, and unless enjoined are reasonably likely in the future to violate, Section 17(a) of the Exchange Act and Rule 17a-3(7) thereunder.

EIGHTH CLAIM FOR RELIEF

Oakford, Edward J. Mueger, Inc., R.M. Carucci Corp., Touchdown Securities, Inc., MFS, Oakwood and D'Alessio Securities, Inc. Violated Section 17(a) of the Exchange Act and Rule 17a-5 Thereunder

66. The Commission repeats and realleges each and every allegation contained in paragraphs 1 through 43 by reference, as if fully set forth herein.

67. As more fully set forth above, Section 17(a) of the Exchange Act and Rule 17a-5 thereunder required Oakford, Edward J. Mueger, Inc., R.M. Carucci Corp., Touchdown Securities, Inc., MFS, Oakwood and D'Alessio Securities, Inc. to file FOCUS Reports with the NYSE which disclosed their financial condition. The FOCUS Reports of Oakford, Edward J. Mueger, Inc., R.M. Carucci Corp., Touchdown Securities, Inc., MFS, Oakwood and D'Alessio Securities, Inc. were inaccurate in that Oakford incorrectly recognized all of the profits earned in the Oakford Accounts as

revenue and incorrectly characterized the amount it paid to the Floor Brokers as commissions. Also, Edward J. Mueger, Inc., R.M. Carucci Corp., Touchdown Securities, Inc., MFS, Oakwood and D'Alessio Securities, Inc. each incorrectly identified the amounts they received from Oakford as commissions.

68. By reason of the foregoing, Oakford, Edward J. Mueger, Inc., R.M. Carucci Corp., Touchdown Securities, Inc., MFS, Oakwood and D'Alessio Securities, Inc. violated, and unless enjoined are reasonably likely in the future to violate, Section 17(a) of the Exchange Act, 15 U.S.C. § 78q(a), and Rule 17a-5 thereunder, 17 C.F.R. § 240.17a-5.

NINTH CLAIM FOR RELIEF

Oakford Violated Section 17(a) of the Exchange Act and Rule 17a-3(9) Thereunder

69. The Commission repeats and realleges each and every allegation contained in paragraphs 1 through 43 by reference, as if fully set forth herein.

70. As more fully set forth above, Oakford made or kept inaccurate books and records in furtherance of the unlawful scheme described above. Oakford created records with respect to the Oakford Accounts which inaccurately indicated the name and address of the beneficial owners of the Oakford Accounts. Oakford falsely indicated that it alone was the beneficial owner of the Oakford Accounts. In fact, the Floor Brokers were the majority beneficial owners of the accounts.

71. By reason of the foregoing, Oakford violated, and unless enjoined is reasonably likely in the future to violate, Section 17(a) of the Exchange Act, 15 U.S.C. § 78q(a), and Rule 17a-3(9) thereunder, 17 C.F.R. §§ 240.17a-3(9).

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Securities and Exchange Commission respectfully requests that this Court:

I.

Enter a final judgment permanently restraining and enjoining the Defendants from, directly or indirectly, singly or in concert, violating Section 11(a) of the Exchange Act, 15 U.S.C. § 78k(a), and Rule 11a-1 thereunder, 17 C.F.R. § 240.11a-1, and NYSE Rules 90(a), 95(a) and 111(a).

II.

Enter a final judgment permanently restraining and enjoining Bock, Killeen, M. Savarese and J. Savarese from, directly or indirectly, singly or in concert, aiding and abetting violations of Section 11(a) of the Exchange Act and Rule 11a-1 thereunder.

III.

Enter a final judgment permanently restraining and enjoining Oakford, Edward J.

Mueger, Inc., R.M. Carucci Corp., Touchdown Securities, Inc., MFS, Oakwood and D'Alessio Securities, Inc. from, directly or indirectly, singly or in concert, violating Section 17(a) of the Exchange Act, and Rule 17a-3 thereunder.

IV.

Enter a final judgment permanently restraining and enjoining Bock, Killeen, Beyer, Mueger, Carucci, Frayler, Cavallino, M. Savarese, J. Savarese and D'Alessio from, directly or indirectly, singly or in concert, aiding and abetting violations of Section 17(a) of the Exchange Act, and Rule 17a-3 thereunder.

V.

Enter a final judgment permanently restraining and enjoining Oakford, Edward J. Mueger, Inc., R.M. Carucci Corp., Touchdown Securities, Inc., MFS, Oakwood and D'Alessio Securities, Inc. from, directly or indirectly, singly or in concert, violating Section 17(a) of the Exchange Act and Rule 17a-5 thereunder.

VI.

Issue an order directing the Defendants to disgorge all funds and benefits they obtained as a result of the violations alleged herein, and to pay prejudgment interest thereon.

VII.

Issue an order imposing civil money penalties against the Defendants pursuant to Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

VIII.

Grant such other and further relief as this Court may deem just and proper.

Dated: February 25, 1998
New York, New York

Carmen J. Lawrence
Regional Director

Edwin H. Nordlinger
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