

**FINANCIAL INDUSTRY REGULATORY AUTHORITY**  
**OFFICE OF HEARING OFFICERS**

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REGISTRATION & DISCLOSURE

DEPARTMENT OF ENFORCEMENT,

COMPLAINANT,

V.

LOUIS M. NOLFO (CRD No. 2439250),

RESPONDENT.

DISCIPLINARY PROCEEDING  
No. 2005001698202

**COMPLAINT**

The Department of Enforcement (the "Department") alleges:

1. Louis M. Nolfo ("Nolfo" or "Respondent") became registered with FINRA (f/k/a NASD) as a Series 7 general securities representative on February 17, 1994. On June 14, 1994, Nolfo obtained his Series 63 license and on February 10, 2004, he obtained his Series 24 general securities principal license.
2. Between July 1993 and July 2006, Nolfo was associated with various FINRA member firms.
3. From January 17, 2003 through July 24, 2006, Nolfo was associated with GunnAllen Financial, Inc. ("GunnAllen").
4. On July 24, 2006, GunnAllen filed a Form U5 on behalf of Nolfo terminating his association with that firm as of that date.

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5. Nolfo is not currently associated with any FINRA member firm but is still within the jurisdiction of FINRA pursuant to Article V, Section 4 of FINRA's By-Laws.

#### **SUMMARY**

6. This complaint alleges that: (1) Nolfo exercised control over the accounts of two customers, churned the accounts of those customers and effected numerous and excessive securities transactions in the accounts; (2) Nolfo used unsuitable levels of margin in one of the two accounts, in a manner that was reckless and inconsistent with the customer's objectives, financial situation and needs; and (3) Nolfo, while acting in a supervisory role as a Series 24 general securities principal, failed to adequately and properly supervise the trading activity of a registered representative. As a result of the foregoing, Nolfo violated NASD Conduct Rules 2110, 2120, 2310 and 3010 and IM-2310-2 as well as Section 10(b) of the Exchange Act of 1934 and Rule 10b-5 thereunder.

#### **FIRST CAUSE OF ACTION**

##### **CHURNING**

**(VIOLATIONS OF SECTION 10(b) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 10b-5 THEREUNDER, NASD CONDUCT RULES 2120 AND 2110 AND IM-2310-2)**

##### **CUSTOMER PM**

7. The Department realleges and incorporates by reference paragraphs 1 through 6, above.
8. In or about June 2004, PM received an unsolicited telephone call from Nolfo and agreed to open a securities brokerage account with GunnAllen.
9. Nolfo was the registered representative for PM's account.

10. At the time PM opened his account at GunnAllen, he was approximately 62 years old and retired with an annual income of \$50,000 to \$60,000.
11. PM's account was initially funded with the deposit of \$3,058.95 in cash with subsequent deposits totaling \$44,558.95.
12. PM's investment objective was to grow the account through conservative, long term investments.
13. PM relied on Nolfo to make appropriate investment decisions in the account.
14. At various times between October 2004 and April 2005, Nolfo exercised control over PM's account and effected or caused to be effected approximately 133 transactions in PM's account, as more fully detailed in Schedule A to this Complaint and incorporated herein by reference.
15. The transactions referred to in paragraph 14 above were excessive, resulting in monthly purchases of approximately \$1.8 million, while the average monthly equity in the account was approximately \$14,424.
16. Nolfo's trading in PM's account, from about October 2004 through about April 2005, generated an Annualized Turnover Ratio of approximately 218, an Annualized Commission-to-Equity Ratio (converted to a percentage) of approximately 498%, and an Annualized Cost-to-Equity Ratio (converted to a percentage) of approximately 503%. Accordingly, PM would have had to earn an annual return in the account of nearly 503% just to break even.
17. Additionally, PM paid approximately \$41,942 in commissions and sustained losses of approximately \$39,930, nearly 90% of his investment.

18. As part of his course of conduct, Nolfo, in connection with the purchase or sale of securities, directly or indirectly, by the use of the means or instrumentalities of interstate commerce, or of the mails, or of any facility of any national securities exchange, knowingly or recklessly: employed devices, schemes or artifices to defraud; made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person; or effected transactions in, or induced the purchase or sale of, any security by means of any manipulative, deceptive or other fraudulent device or contrivance.
19. By reason of the foregoing, Nolfo violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, NASD Conduct Rules 2110 and 2120 and IM-2310-2.

#### **SECOND CAUSE OF ACTION**

##### **EXCESSIVE TRADING AND USE OF UNSUITABLE LEVELS OF MARGIN (VIOLATION OF NASD CONDUCT RULES 2110 AND 2310 AND IM-2310-2)**

##### **CUSTOMER PM**

20. The Department realleges and incorporates by reference paragraphs 1 through 19, above.
21. At various times between October 2004 through April 2005, Nolfo, while exercising effective control over PM's account, recommended to PM approximately 133 securities transactions involving equities, as more fully detailed on Schedule A to this Complaint and incorporated herein by reference, without having reasonable grounds for believing that such transactions were suitable for PM in view of the size

and frequency of the transactions, the nature of the account and PM's financial situation, investment objectives and needs.

22. The transactions referred to in paragraph 21 were excessive, resulting in total monthly purchases of approximately \$1.8 million, while the average monthly equity in the account was approximately \$14,424.
23. Nolfo's trading activity in PM's account, from in about October 2004 through about April 2005, generated an Annualized Turnover Ratio of approximately 218, an Annualized Commission-to-Equity Ratio (converted to a percentage) of approximately 498%, and an Annualized Cost-to-Equity Ratio (converted to a percentage) of approximately 503%. Accordingly, PM would have had to earn an annual return in the account of 503% just to break even.
24. Many of the transactions referred to in paragraph 21 above were effected through the excessive use of margin and resulted in PM incurring additional costs in the form of margin interest. In fact, on October 31, 2004, PM's account had a margin balance of approximately \$43,038 while the account's equity that month was approximately \$23,246.
25. The margin utilized by Nolfo in PM's account was unsuitable for PM in view of the size and the nature of the account and PM's financial situation and needs.
26. By reason of the foregoing, Nolfo violated NASD Conduct Rules 2310 and 2110 and IM-2310-2.

**THIRD CAUSE OF ACTION**

**CHURNING**

**(VIOLATIONS OF SECTION 10(b) OF THE SECURITIES EXCHANGE ACT OF 1934 AND  
RULE 10b-5 THEREUNDER, NASD CONDUCT RULES 2120 AND 2110 AND IM-2310-2)**

**CUSTOMER DM**

27. The Department realleges and incorporates by reference paragraphs 1 through 26, above.
28. In or about January 2004 DM received an unsolicited telephone call from an individual at GunnAllen and agreed to open a securities brokerage account at GunnAllen.
29. Nolfo was the registered representative assigned to DM's account.
30. At the time DM opened his account, he was approximately 62 years old and was retired.
31. DM's stated investment objective was growth and his risk tolerance was moderate.
32. At various times between January 2004 and June 2004, Nolfo exercised control over and effected numerous and excessive securities transactions in the account of DM in a manner that was inconsistent with DM's objectives.
33. At various times between January 2004 and June 2004, Nolfo exercised control over DM's account and effected or caused to be effected approximately 77 transactions in DM's account as more fully detailed in Schedule B to this Complaint and incorporated herein by reference.
34. The transactions referred to in paragraph 33 were excessive, resulting in total monthly purchases of approximately \$3,951,493 while the average monthly equity was approximately \$61,627.

35. Nolfo's trading in DM's account generated an Annualized Turnover Ratio of approximately 128, an Annualized Commission-to-Equity Ratio (converted to a percentage) of approximately 271% and an Annualized Cost-to-Equity Ratio (converted to a percentage) of approximately 274%. Accordingly, DM would have had to earn an annual return in the account of 274% just to break even.
36. Additionally, Nolfo's activity in DM's account generated commissions totaling approximately \$83,411 and losses totaling approximately \$224,607.
37. As part of his course of conduct, Nolfo, in connection with the purchase or sale of securities, directly or indirectly, by the use of the means or instrumentalities of interstate commerce, or of the mails, or of any facility of any national securities exchange, knowingly or recklessly: employed devices, schemes or artifices to defraud; made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person; or effected transactions in, or induced the purchase or sale of, any security by means of any manipulative, deceptive or other fraudulent device or contrivance.
38. By reason of the foregoing, Nolfo violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, NASD Conduct Rules 2120 and 2110 and IM-2310-2.

**FOURTH CAUSE OF ACTION**  
**EXCESSIVE TRADING**  
**(VIOLATION OF NASD CONDUCT RULES 2110 AND 2310 AND IM-2310-2)**  
**CUSTOMER DM**

39. The Department realleges and incorporates by reference paragraphs 1 through 38, above.
40. At various times between January 2004 and June 2004, Nolfo, while exercising control over DM's account, recommended to DM approximately 77 securities transactions involving equities, as more fully detailed in Schedule B to this Complaint and incorporated herein by reference, without having reasonable grounds for believing that such transactions were suitable for DM in view of the size and frequency of the transactions, the nature of the account and DM's financial situation, investment objectives and needs.
41. The transactions referred to in paragraph 40 were excessive, resulting in total monthly purchases of approximately \$3,951,493 while the average monthly equity was approximately \$61,627.
42. Nolfo's trading activity in DM's account generated an Annualized Turnover Ratio of approximately 128, an Annualized Commission-to Equity Ratio (converted to a percentage) of approximately 271%, and an Annualized Cost-to-Equity Ratio (converted to a percentage) of approximately 274%. Accordingly, DM would have had to earn an annual return of 274% just to break even.
43. By reason of the foregoing, Nolfo violated NASD Conduct Rules 2110 and 2310 and IM-2310-2.

**FIFTH CAUSE OF ACTION**

**FAILURE TO SUPERVISE**

**(VIOLATION OF NASD CONDUCT RULES 2110 AND 3010)**

44. The Department realleges and incorporates by reference paragraphs 1 through 43, above.
45. While associated with GunnAllen, Nolfo also served as the firm's branch office manager for the firm's branch located in Boca Raton, Florida.
46. From in or about August 2004 to in or about April 2005, Nolfo was directly responsible for supervising the trading activity of Randall Ram, a registered representative employed in GunnAllen's Boca Raton branch office.
47. At various times between August 2004 to April 2005, Nolfo failed to supervise Ram by permitting him to effect excessive transactions in the heavily leveraged margin account of customer RJ and by not taking reasonable and appropriate supervisory steps to prevent Ram's trading activity.
48. At various times between August 2004 and April 2005, Ram exercised discretion and control over customer RJ's account and effected excessive securities transactions in the account, using unsuitable levels of margin, in a manner that was inconsistent with the customer's objectives.
49. Ram's trading in customer RJ's account resulted in an Annualized Turnover Ratio of approximately 175 and an Annualized Cost-to-Equity Ratio (converted to a percentage) of approximately 519%.
50. Nolfo's failure to adequately and properly supervise Ram's trading activity in customer RJ's account violated NASD Conduct Rules 2110 and 3010.

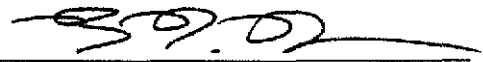
**RELIEF REQUESTED**

WHEREFORE, the Department respectfully requests that the Panel:

- A. Order that one or more of the sanctions provided under NASD Rule 8310(a) be imposed, including that the Respondent be required to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest.
- B. Order that the Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with NASD Rule 8330.

**FINRA DEPARTMENT OF ENFORCEMENT**

Date: January 25, 2008



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| Schedule A: Customer PM Trading Activity October 2004-April 2005 |            |                        |          |          |           |                  |               |               |         |
|------------------------------------------------------------------|------------|------------------------|----------|----------|-----------|------------------|---------------|---------------|---------|
|                                                                  |            |                        |          |          |           |                  |               |               |         |
|                                                                  |            |                        |          |          |           |                  |               |               |         |
|                                                                  |            |                        |          |          |           |                  |               |               |         |
|                                                                  |            |                        |          |          |           |                  |               |               |         |
|                                                                  |            |                        |          |          |           |                  |               |               | Monthly |
| #                                                                | Date       | Security Name          | Buy/Sell | Quantity | Price     | Transaction Type | Debit         | Purchases     |         |
|                                                                  |            |                        |          |          |           |                  |               |               |         |
|                                                                  |            |                        |          |          |           |                  |               |               |         |
|                                                                  |            |                        |          |          |           |                  |               |               |         |
| 1                                                                | 10/14/2004 | Tractor Supply Co      | Sell     | 1000     | \$30.3800 | Common Stock     |               |               |         |
| 2                                                                | 10/18/2004 | SanDisk Corp           | Buy      | 1500     | \$28.2600 | Common Stock     | \$ 42,409.95  |               |         |
| 3                                                                | 10/18/2004 | Tractor Supply Co      | Buy      | 1000     | \$33.2984 | Common Stock     | \$ 33,418.39  |               |         |
| 4                                                                | 10/29/2004 | Career Ed Corp Com     | Buy      | 2000     | \$28.0385 | Common Stock     | \$ 56,116.95  |               |         |
| 5                                                                | 10/29/2004 | Career Ed Corp Com     | Buy      | 2000     | \$28.0655 | Common Stock     | \$ 56,151.00  |               |         |
| 6                                                                | 10/26/2004 | Career Ed Corp Com     | Sell     | 2000     | \$27.7535 | Common Stock     |               |               |         |
| 7                                                                | 10/29/2004 | SanDisk Corp           | Sell     | 1500     | \$19.8300 | Common Stock     |               | \$ 188,096.29 |         |
|                                                                  |            |                        |          |          |           |                  |               |               |         |
| 8                                                                | 11/1/2004  | Career Ed Corp Com     | Sell     | 2000     | \$31.1826 | Common Stock     |               |               |         |
| 9                                                                | 11/2/2004  | Novatel Wireless Inc.  | Buy      | 6000     | \$24.6090 | Common Stock     | \$ 147,673.96 |               |         |
| 10                                                               | 11/2/2004  | Novatel Wireless Inc.  | Sell     | 1000     | \$23.9400 | Common Stock     |               |               |         |
| 11                                                               | 11/2/2004  | Novatel Wireless Inc.  | Sell     | 1000     | \$24.1840 | Common Stock     |               |               |         |
| 12                                                               | 11/2/2004  | Novatel Wireless Inc.  | Sell     | 1000     | \$24.3480 | Common Stock     |               |               |         |
| 13                                                               | 11/2/2004  | Novatel Wireless Inc.  | Sell     | 1000     | \$25.6600 | Common Stock     |               |               |         |
| 14                                                               | 11/2/2004  | Novatel Wireless Inc.  | Sell     | 1000     | \$23.8800 | Common Stock     |               |               |         |
| 15                                                               | 11/2/2004  | Novatel Wireless Inc.  | Sell     | 1000     | \$24.1110 | Common Stock     |               |               |         |
| 16                                                               | 11/2/2004  | Transactions Tech Inc. | Sell     | 1000     | \$24.4400 | Common Stock     |               |               |         |
| 17                                                               | 11/4/2004  | Transactions Tech Inc. | Buy      | 1000     | \$24.3600 | Common Stock     | \$ 24,429.95  |               |         |
| 18                                                               | 11/5/2004  | Myriad Genetics Inc.   | Sell     | 200      | \$17.9110 | Common Stock     |               |               |         |
| 19                                                               | 11/5/2004  | Priceline Com Inc.     | Sell     | 2000     | \$20.0575 | Common Stock     |               |               |         |
| 20                                                               | 11/8/2004  | Priceline Com Inc.     | Buy      | 2000     | \$20.7920 | Common Stock     | \$ 41,603.95  |               |         |
| 21                                                               | 11/8/2004  | Sonus Networks Inc.    | Sell     | 6500     | \$5.7652  | Common Stock     |               |               |         |
| 22                                                               | 11/9/2004  | ICOS Corp              | Sell     | 2000     | \$22.2600 | Common Stock     |               |               |         |
| 23                                                               | 11/9/2004  | Sonus Networks Inc.    | Buy      | 6500     | \$5.6384  | Common Stock     | \$ 36,669.82  |               |         |
| 24                                                               | 11/10/2004 | Ariba Inc.             | Sell     | 2500     | \$13.5300 | Common Stock     |               |               |         |
| 25                                                               | 11/10/2004 | ICOS Corp              | Buy      | 2000     | \$22.6000 | Common Stock     | \$ 45,219.95  |               |         |
| 26                                                               | 11/12/2004 | Ariba Inc.             | Buy      | 2500     | \$14.0800 | Common Stock     | \$ 35,219.95  |               |         |
| 27                                                               | 11/12/2004 | Sonus Networks Inc.    | Buy      | 6000     | \$5.4026  | Common Stock     | \$ 32,435.95  |               |         |

| #  | Date       | Security Name              | Buy/Sell | Quantity | Price     | Transaction Type | Debit        | Purchases     |
|----|------------|----------------------------|----------|----------|-----------|------------------|--------------|---------------|
| 28 | 11/16/2004 | Cyberonics Inc             | Buy      | 1500     | \$20.9079 | Common Stock     | \$ 31,381.91 |               |
| 29 | 11/16/2004 | Sonus Networks Inc.        | Sell     | 6000     | \$5.2555  | Common Stock     |              |               |
| 30 | 11/18/2004 | Corinthian Colleges Inc.   | Buy      | 1500     | \$18.3400 | Common Stock     | \$ 27,529.95 |               |
| 31 | 11/18/2004 | Cyberonics Inc             | Sell     | 1500     | \$19.6300 | Common Stock     |              |               |
|    |            |                            |          |          |           |                  |              | \$ 422,165.39 |
| 32 | 12/1/2004  | Corinthian Colleges Inc.   | Sell     | 1500     | \$16.8000 | Common Stock     |              |               |
| 33 | 12/1/2004  | El Paso Corp               | Buy      | 2200     | \$11.2400 | Common Stock     | \$ 24,947.95 |               |
| 34 | 12/10/2004 | Applied Digital Solutions  | Buy      | 2500     | \$8.5840  | Common Stock     | \$ 21,479.95 |               |
| 35 | 12/10/2004 | El Paso Corp               | Sell     | 1800     | \$10.1000 | Common Stock     |              |               |
| 36 | 12/10/2004 | El Paso Corp               | Sell     | 400      | \$10.1100 | Common Stock     |              |               |
| 37 | 12/14/2004 | Applied Digital Solutions  | Sell     | 1000     | \$6.9700  | Common Stock     |              |               |
| 38 | 12/16/2004 | Applied Digital Solutions  | Sell     | 750      | \$5.8000  | Common Stock     |              |               |
| 39 | 12/16/2004 | Applied Digital Solutions  | Sell     | 750      | \$5.9246  | Common Stock     |              |               |
| 40 | 12/20/2004 | Brocade Communications     | Buy      | 1000     | \$7.8400  | Common Stock     | \$ 7,859.95  |               |
|    |            |                            |          |          |           |                  |              | \$ 54,287.85  |
| 41 | 1/3/2005   | Brocade Communications     | Sell     | 1000     | \$7.5300  | Common Stock     |              |               |
| 42 | 1/3/2005   | Sonus Networks Inc.        | Buy      | 1200     | \$5.4700  | Common Stock     | \$ 6,733.95  |               |
| 43 | 1/7/2005   | SanDisk Corp               | Buy      | 1000     | \$23.7400 | Common Stock     | \$ 23,759.95 |               |
| 44 | 1/10/2005  | Novatel Wireless Inc.      | Sell     | 1000     | \$16.9350 | Common Stock     |              |               |
| 45 | 1/11/2005  | Cyberonics Inc             | Sell     | 1000     | \$20.9641 | Common Stock     |              |               |
| 46 | 1/11/2005  | Novatel Wireless Inc.      | Buy      | 1000     | \$16.0000 | Common Stock     | \$ 16,019.95 |               |
| 47 | 1/11/2005  | Sonus Networks Inc.        | Sell     | 1200     | \$5.3700  | Common Stock     |              |               |
| 48 | 1/12/2005  | Cyberonics Inc             | Buy      | 1000     | \$20.7949 | Common Stock     | \$ 20,814.91 |               |
| 49 | 1/12/2005  | Spatialight Inc.           | Buy      | 3500     | \$6.1499  | Common Stock     | \$ 21,544.77 |               |
| 50 | 1/13/2005  | Law Enforcement Associates | Buy      | 1000     | \$10.3100 | Common Stock     | \$ 10,329.95 |               |
| 51 | 1/13/2005  | SanDisk Corp               | Sell     | 1000     | \$24.5700 | Common Stock     |              |               |
| 52 | 1/14/2005  | Calamp Corp                | Buy      | 4500     | \$8.2740  | Common Stock     | \$ 37,252.95 |               |
| 53 | 1/14/2005  | Law Enforcement Associates | Sell     | 1000     | \$11.9100 | Common Stock     |              |               |
| 54 | 1/14/2005  | Spatialight Inc.           | Sell     | 3000     | \$5.9157  | Common Stock     |              |               |
| 55 | 1/18/2005  | Apple Computer Inc.        | Buy      | 1000     | \$65.1000 | Common Stock     | \$ 65,119.95 |               |
| 56 | 1/18/2005  | Calamp Corp                | Sell     | 4500     | \$8.5173  | Common Stock     |              |               |
| 57 | 1/18/2005  | SanDisk Corp               | Buy      | 1500     | \$24.4173 | Common Stock     | \$ 36,645.95 |               |
| 58 | 1/19/2005  | Apple Computer Inc.        | Sell     | 1000     | \$70.7780 | Common Stock     |              |               |
| 59 | 1/19/2005  | SanDisk Corp               | Sell     | 1500     | \$24.4266 | Common Stock     |              |               |
| 60 | 1/20/2005  | Spatialight Inc.           | Sell     | 500      | \$4.6901  | Common Stock     |              |               |

| #  | Date      | Security Name                 | Buy/Sell | Quantity | Price     | Transaction Type | Debit        | Purchases     |
|----|-----------|-------------------------------|----------|----------|-----------|------------------|--------------|---------------|
| 61 | 1/20/2005 | Taser Intl Inc.               | Sell     | 2000     | \$21.0825 | Common Stock     |              |               |
| 62 | 1/21/2005 | Taser Intl Inc.               | Buy      | 2000     | \$20.1900 | Common Stock     | \$ 40,399.95 |               |
| 63 | 1/21/2005 | Yahoo Inc.                    | Buy      | 1000     | \$37.7400 | Common Stock     | \$ 37,759.95 |               |
| 64 | 1/24/2005 | Qlogic Corp                   | Buy      | 1000     | \$37.8600 | Common Stock     | \$ 37,879.95 |               |
| 65 | 1/24/2005 | Yahoo Inc.                    | Sell     | 1000     | \$37.7900 | Common Stock     |              |               |
| 66 | 1/25/2005 | Qlogic Corp                   | Sell     | 1000     | \$37.1400 | Common Stock     |              |               |
| 67 | 1/25/2005 | Rambus Inc                    | Sell     | 2000     | \$21.1000 | Common Stock     |              |               |
| 68 | 1/26/2005 | Rambus Inc                    | Buy      | 2000     | \$20.3775 | Common Stock     | \$ 40,774.95 |               |
| 69 | 1/27/2005 | Altera Corp                   | Sell     | 2500     | \$17.6340 | Common Stock     |              |               |
| 70 | 1/28/2005 | Flextronics Intl Ltd          | Buy      | 3400     | \$13.0200 | Common Stock     | \$ 44,287.95 |               |
| 71 | 1/28/2005 | Altera Corp                   | Buy      | 2500     | \$18.5544 | Common Stock     | \$ 46,405.95 |               |
| 72 | 1/31/2005 | Flextronics Intl Ltd          | Sell     | 3400     | \$13.1529 | Common Stock     |              |               |
| 73 | 1/31/2005 | Mattson Technology Inc        | Buy      | 2000     | \$8.6500  | Common Stock     | \$ 17,319.95 |               |
| 74 | 1/31/2005 | SanDisk Corp                  | Buy      | 1845     | \$21.3200 | Common Stock     | \$ 39,355.35 |               |
|    |           |                               |          |          |           |                  |              | \$ 542,406.33 |
| 75 | 2/1/2005  | Mattson Technology Inc        | Sell     | 2000     | \$8.2961  | Common Stock     |              |               |
| 76 | 2/1/2005  | Openwave Sys Inc.             | Buy      | 3000     | \$14.8946 | Common Stock     | \$ 44,703.95 |               |
| 77 | 2/1/2005  | SanDisk Corp                  | Sell     | 1845     | \$20.9600 | Common Stock     |              |               |
| 78 | 2/7/2005  | Mercury Interactive Corp      | Buy      | 1000     | \$44.4000 | Common Stock     | \$ 44,419.95 |               |
| 79 | 2/7/2005  | Openwave Sys Inc.             | Sell     | 3000     | \$13.3546 | Common Stock     |              |               |
| 80 | 2/8/2005  | Ask Jeeves Inc.               | Buy      | 1500     | \$27.4979 | Common Stock     | \$ 41,266.94 |               |
| 81 | 2/8/2005  | Mercury Interactive Corp      | Sell     | 1000     | \$47.0900 | Common Stock     |              |               |
| 82 | 2/10/2005 | Activision Inc                | Buy      | 1500     | \$24.2198 | Common Stock     | \$ 36,349.71 |               |
| 83 | 2/10/2005 | Ask Jeeves Inc.               | Sell     | 1500     | \$24.7200 | Common Stock     |              |               |
| 84 | 2/11/2005 | Activision Inc                | Sell     | 1500     | \$24.2300 | Common Stock     |              |               |
| 85 | 2/11/2005 | Manhattan Associates Inc      | Sell     | 2000     | \$21.7100 | Common Stock     |              |               |
| 86 | 2/14/2005 | Cognizant Tech Solutions Corp | Buy      | 1000     | \$37.0676 | Common Stock     | \$ 37,087.55 |               |
| 87 | 2/14/2005 | Manhattan Associates Inc      | Buy      | 2000     | \$20.6175 | Common Stock     | \$ 41,254.95 |               |
| 88 | 2/15/2005 | Cognizant Tech Solutions Corp | Sell     | 1000     | \$39.5000 | Common Stock     |              |               |
| 89 | 2/15/2005 | Novatel Wireless Inc.         | Sell     | 3000     | \$11.8400 | Common Stock     |              |               |
| 90 | 2/17/2005 | Novatel Wireless Inc.         | Buy      | 3000     | \$13.5600 | Common Stock     | \$ 40,699.95 |               |
| 91 | 2/17/2005 | Sanmina Sci Corp              | Buy      | 5000     | \$6.1200  | Common Stock     | \$ 30,619.95 |               |
| 92 | 2/22/2005 | Brocade Communications        | Buy      | 4500     | \$6.2500  | Common Stock     | \$ 28,144.95 |               |
| 93 | 2/22/2005 | Sanmina Sci Corp              | Sell     | 5000     | \$6.0300  | Common Stock     |              |               |
| 94 | 2/23/2005 | Brocade Communications        | Sell     | 4500     | \$6.4500  | Common Stock     |              |               |

| #   | Date      | Security Name               | Buy/Sell | Quantity | Price     | Transaction Type | Debit        | Purchases     |
|-----|-----------|-----------------------------|----------|----------|-----------|------------------|--------------|---------------|
| 95  | 2/23/2005 | Valueclick Inc.             | Buy      | 2000     | \$13.1785 | Common Stock     | \$ 26,376.95 |               |
| 96  | 2/24/2005 | Sonus Networks Inc.         | Buy      | 5000     | \$5.5530  | Common Stock     | \$ 27,784.95 |               |
| 97  | 2/24/2005 | Valueclick Inc.             | Sell     | 2000     | \$13.0970 | Common Stock     |              | \$ 398,709.80 |
| 98  | 3/3/2005  | Omnivision Tech Inc.        | Buy      | 1000     | \$20.8100 | Common Stock     | \$ 20,829.95 |               |
| 99  | 3/3/2005  | Sonus Networks Inc.         | Sell     | 5000     | \$5.1500  | Common Stock     |              |               |
| 100 | 3/9/2005  | Delta Airlines              | Buy      | 3000     | \$5.0900  | Common Stock     | \$ 15,289.95 |               |
| 101 | 3/9/2005  | Omnivision Tech Inc.        | Sell     | 1000     | \$16.8404 | Common Stock     |              |               |
| 102 | 3/11/2005 | Comverse Tech Inc.          | Sell     | 800      | \$23.2600 | Common Stock     |              |               |
| 103 | 3/11/2005 | Delta Airlines              | Sell     | 3000     | \$5.1800  | Common Stock     |              |               |
| 104 | 3/14/2005 | Comverse Tech Inc.          | Buy      | 800      | \$51.1800 | Common Stock     | \$ 19,043.95 |               |
| 105 | 3/14/2005 | PDP1 Inc.                   | Sell     | 1000     | \$19.7450 | Common Stock     |              |               |
| 106 | 3/15/2005 | Novatel Wireless Inc.       | Sell     | 1500     | \$11.1200 | Common Stock     |              |               |
| 107 | 3/15/2005 | PDP1 Inc.                   | Sell     | 1000     | \$20.3600 | Common Stock     | \$ 16,549.95 |               |
| 108 | 3/17/2005 | Novatel Wireless Inc.       | Buy      | 1500     | \$11.0200 | Common Stock     |              |               |
| 109 | 3/17/2005 | Protein Design Labs Inc.    | Sell     | 1000     | \$14.1480 | Common Stock     |              |               |
| 110 | 3/29/2005 | ATI Tech Inc.               | Buy      | 1000     | \$16.9100 | Common Stock     | \$ 16,929.95 |               |
| 111 | 3/29/2005 | Protein Design Labs Inc.    | Buy      | 1000     | \$16.3934 | Common Stock     | \$ 16,413.39 |               |
| 112 | 3/30/2005 | ATI Tech Inc.               | Sell     | 1000     | \$16.7400 | Common Stock     |              |               |
| 113 | 3/30/2005 | Lexar Media Inc.            | Sell     | 2000     | \$6.8800  | Common Stock     |              |               |
| 114 | 3/31/2005 | Lexar Media Inc.            | Buy      | 2000     | \$5.6650  | Common Stock     | \$ 11,349.95 |               |
| 115 | 3/31/2005 | Ligand Pharmaceuticals Inc. | Sell     | 2000     | \$6.4100  | Common Stock     |              | \$ 116,407.09 |
| 116 | 4/1/2005  | Ligand Pharmaceuticals Inc. | Buy      | 2000     | \$5.4000  | Common Stock     | \$ 10,819.95 |               |
| 117 | 4/1/2005  | Merix Corp                  | Sell     | 2000     | \$9.5822  | Common Stock     |              |               |
| 118 | 4/4/2005  | Merix Corp                  | Buy      | 2000     | \$11.1583 | Common Stock     | \$ 22,336.71 |               |
| 119 | 4/4/2005  | Red Hat Inc.                | Sell     | 1500     | \$10.7533 | Common Stock     |              |               |
| 120 | 4/13/2005 | Ariba Inc.                  | Sell     | 1500     | \$7.2600  | Common Stock     |              |               |
| 121 | 4/13/2005 | Red Hat Inc.                | Buy      | 1500     | \$11.4133 | Common Stock     | \$ 17,139.95 |               |
| 122 | 4/14/2005 | Ameritrade Inc.             | Buy      | 1000     | \$10.7996 | Common Stock     | \$ 10,819.63 |               |
| 123 | 4/14/2005 | Ariba Inc.                  | Buy      | 1500     | \$7.1500  | Common Stock     | \$ 10,744.95 |               |
| 124 | 4/15/2005 | Ameritrade Inc.             | Sell     | 1000     | \$10.7904 | Common Stock     |              |               |
| 125 | 4/15/2005 | PMC Sierra Inc              | Buy      | 1500     | \$8.4800  | Common Stock     | \$ 12,739.95 |               |
| 126 | 4/19/2005 | Cree Inc.                   | Sell     | 500      | \$22.6146 | Common Stock     |              |               |
| 127 | 4/19/2005 | PMC Sierra Inc              | Sell     | 1500     | \$8.0000  | Common Stock     |              |               |



| Schedule B: Customer DM Trading Activity January 2004-June 2004 |           |                       |          |          |            |                  |               |           |               |
|-----------------------------------------------------------------|-----------|-----------------------|----------|----------|------------|------------------|---------------|-----------|---------------|
|                                                                 |           |                       |          |          |            |                  |               |           |               |
|                                                                 |           |                       |          |          |            |                  |               |           |               |
|                                                                 |           |                       |          |          |            |                  |               |           |               |
|                                                                 |           |                       |          |          |            |                  |               |           | Monthly       |
| #                                                               | Date      | Security Name         | Buy/Sell | Quantity | Price      | Transaction Type | Debit         | Purchases |               |
| 1                                                               | 1/15/2004 | T-HQ Inc.             | Buy      | 5000     | \$ 19.1500 | Common Stock     | \$ 95,769.95  |           |               |
| 2                                                               | 1/20/2004 | Vitesse Semiconductor | Buy      | 5000     | \$ 8.6472  | Common Stock     | \$ 43,255.95  |           |               |
| 3                                                               | 1/22/2004 | JDS Uniphase Corp     | Buy      | 50000    | \$ 5.1700  | Common Stock     | \$ 258,519.95 |           |               |
| 4                                                               | 1/22/2004 | Vitesse Semiconductor | Buy      | 1000     | \$ 7.9900  | Common Stock     | \$ 8,159.95   |           |               |
| 5                                                               | 1/27/2004 | JDS Uniphase Corp     | Sell     | 50000    | \$ 5.3700  | Common Stock     |               |           |               |
| 6                                                               | 1/27/2004 | JDS Uniphase Corp     | Buy      | 50000    | \$ 5.2999  | Common Stock     | \$ 265,014.95 |           |               |
| 7                                                               | 1/27/2004 | RF Micro Devices Inc. | Buy      | 4000     | \$ 10.2600 | Common Stock     | \$ 41,059.95  |           |               |
| 8                                                               | 1/29/2004 | Foundry Networks Inc. | Buy      | 5000     | \$ 24.5428 | Common Stock     | \$ 122,733.95 |           |               |
| 9                                                               | 1/30/2004 | JDS Uniphase Corp     | Sell     | 25000    | \$ 5.0400  | Common Stock     |               |           |               |
| 10                                                              | 1/30/2004 | RF Micro Devices Inc. | Sell     | 3100     | \$ 9.5600  | Common Stock     |               |           |               |
| 11                                                              | 1/30/2004 | RF Micro Devices Inc. | Sell     | 900      | \$ 9.5900  | Common Stock     |               |           |               |
| 12                                                              | 1/30/2004 | Vitesse Semiconductor | Sell     | 6000     | \$ 8.2613  | Common Stock     |               |           | \$ 834,514.65 |
| 13                                                              | 2/3/2004  | Citrix Systems Inc.   | Buy      | 4000     | \$ 20.0000 | Common Stock     | \$ 80,019.95  |           |               |
| 14                                                              | 2/4/2004  | Bea Systems           | Buy      | 10000    | \$ 12.4900 | Common Stock     | \$ 124,919.95 |           |               |
| 15                                                              | 2/4/2004  | Bea Systems           | Sell     | 8900     | \$ 12.6500 | Common Stock     |               |           |               |
| 16                                                              | 2/4/2004  | Bea Systems           | Sell     | 600      | \$ 12.6510 | Common Stock     |               |           |               |
| 17                                                              | 2/4/2004  | Bea Systems           | Sell     | 300      | \$ 12.6530 | Common Stock     |               |           |               |
| 18                                                              | 2/4/2004  | Bea Systems           | Sell     | 200      | \$ 12.6540 | Common Stock     |               |           |               |
| 19                                                              | 2/4/2004  | Nanogen Systems       | Buy      | 10000    | \$ 11.5000 | Common Stock     | \$ 115,019.95 |           |               |
| 20                                                              | 2/5/2004  | Ciena Corp            | Sell     | 15000    | \$ 5.9600  | Common Stock     |               |           |               |
| 21                                                              | 2/5/2004  | Citrix Systems Inc.   | Sell     | 4000     | \$ 19.6700 | Common Stock     |               |           |               |
| 22                                                              | 2/5/2004  | Nanogen Systems       | Sell     | 10000    | \$ 11.6080 | Common Stock     |               |           |               |
| 23                                                              | 2/5/2004  | T-HQ Inc.             | Sell     | 2900     | \$ 15.8000 | Common Stock     |               |           |               |
| 24                                                              | 2/5/2004  | T-HQ Inc.             | Sell     | 2100     | \$ 15.8200 | Common Stock     |               |           |               |
| 25                                                              | 2/5/2004  | Tivo Inc.             | Sell     | 10000    | \$ 11.4300 | Common Stock     |               |           |               |
| 26                                                              | 2/5/2004  | Tivo Inc.             | Sell     | 10000    | \$ 11.5000 | Common Stock     |               |           |               |
| 27                                                              | 2/6/2004  | Foundry Networks Inc. | Sell     | 5000     | \$ 23.4500 | Common Stock     |               |           |               |
| 28                                                              | 2/6/2004  | JDS Uniphase Corp     | Sell     | 25000    | \$ 4.7000  | Common Stock     |               |           |               |
| 29                                                              | 2/6/2004  | Tivo Inc.             | Buy      | 5000     | \$ 12.0400 | Common Stock     | \$ 60,219.95  |           |               |

| #  | Date      | Security Name              | Buy/Sell | Quantity | Price      | Transaction Type | Debit         | Purchases       |
|----|-----------|----------------------------|----------|----------|------------|------------------|---------------|-----------------|
| 30 | 2/10/2004 | Ciena Corp                 | Buy      | 15000    | \$ 6.1437  | Common Stock     | \$ 92,175.45  |                 |
| 31 | 2/12/2004 | Tivo Inc.                  | Buy      | 5000     | \$ 12.3629 | Common Stock     | \$ 61,834.45  |                 |
| 32 | 2/23/2004 | Brocade Communications Sys | Buy      | 50000    | \$ 6.4870  | Common Stock     | \$ 324,369.95 |                 |
| 33 | 2/23/2004 | Tivo Inc.                  | Buy      | 10000    | \$ 11.0000 | Common Stock     | \$ 110,019.95 |                 |
| 34 | 2/26/2004 | Net2Phone Inc.             | Sell     | 20000    | \$ 6.5400  | Common Stock     |               |                 |
| 35 | 2/26/2004 | Oracle Corp                | Sell     | 10000    | \$ 13.2900 | Common Stock     |               |                 |
| 36 | 2/26/2004 | Net2Phone Inc.             | Buy      | 10000    | \$ 6.7200  | Common Stock     | \$ 67,369.95  |                 |
| 37 | 2/26/2004 | Net2Phone Inc.             | Buy      | 10000    | \$ 6.7000  | Common Stock     | \$ 67,150.00  |                 |
| 38 | 2/26/2004 | Oracle Corp                | Buy      | 10000    | \$ 13.5500 | Common Stock     | \$ 135,519.95 |                 |
| 39 | 2/27/2004 | Brocade Communications Sys | Sell     | 50000    | \$ 6.8700  | Common Stock     |               |                 |
| 40 | 2/27/2004 | Martha Stewart Living      | Buy      | 10000    | \$ 14.5490 | Common Stock     | \$ 145,509.95 | \$ 1,384,129.45 |
| 41 | 3/1/2004  | PMC-Sierra Inc.            | Sell     | 25000    | \$ 19.9200 | Common Stock     |               |                 |
| 42 | 3/1/2004  | PMC-Sierra Inc.            | Buy      | 12500    | \$ 20.3900 | Common Stock     | \$ 255,144.95 |                 |
| 43 | 3/8/2004  | Vitesse Semiconductor      | Buy      | 30000    | \$ 8.3000  | Common Stock     | \$ 249,019.95 |                 |
| 44 | 3/10/2004 | Martha Stewart Living      | Sell     | 10000    | \$ 15.0000 | Common Stock     |               |                 |
| 45 | 3/10/2004 | PMC-Sierra Inc.            | Buy      | 12500    | \$ 19.5904 | Common Stock     | \$ 244,999.95 |                 |
| 46 | 3/10/2004 | Tivo Inc.                  | Buy      | 15000    | \$ 12.4000 | Common Stock     | \$ 186,019.95 |                 |
| 47 | 3/19/2004 | Extreme Networks           | Buy      | 14700    | \$ 6.5457  | Common Stock     | \$ 96,441.91  |                 |
| 48 | 3/19/2004 | Extreme Networks           | Sell     | 14700    | \$ 6.7900  | Common Stock     |               |                 |
| 49 | 3/22/2004 | Bea Systems                | Buy      | 10000    | \$ 12.4999 | Common Stock     | \$ 125,119.44 |                 |
| 50 | 3/22/2004 | Bea Systems                | Sell     | 10000    | \$ 12.3100 | Common Stock     |               |                 |
| 51 | 3/22/2004 | Mamma Com Inc.             | Buy      | 10000    | \$ 10.3000 | Common Stock     | \$ 103,119.95 |                 |
| 52 | 3/22/2004 | Mamma Com Inc.             | Sell     | 10000    | \$ 10.8702 | Common Stock     |               |                 |
| 53 | 3/22/2004 | Tivo Inc.                  | Sell     | 15000    | \$ 9.9952  | Common Stock     |               |                 |
| 54 | 3/23/2004 | PMC-Sierra Inc.            | Buy      | 10000    | \$ 17.4065 | Common Stock     | \$ 174,084.95 |                 |
| 55 | 3/25/2004 | AMR Corp                   | Sell     | 10000    | \$ 10.5000 | Common Stock     |               |                 |
| 56 | 3/25/2004 | PMC-Sierra Inc.            | Sell     | 5000     | \$ 16.0000 | Common Stock     |               |                 |
| 57 | 3/25/2004 | PMC-Sierra Inc.            | Sell     | 5000     | \$ 16.2334 | Common Stock     |               |                 |
| 58 | 3/25/2004 | Vitesse Semiconductor      | Sell     | 30000    | \$ 6.5500  | Common Stock     |               |                 |
| 59 | 3/29/2004 | PMC-Sierra Inc.            | Buy      | 2000     | \$ 16.4000 | Common Stock     | \$ 32,819.95  |                 |
| 60 | 3/29/2004 | PMC-Sierra Inc.            | Sell     | 2000     | \$ 16.2000 | Common Stock     |               | \$ 1,466,771.00 |
| 61 | 4/1/2004  | AMR Corp                   | Buy      | 1000     | \$ 12.3300 | Common Stock     | \$ 12,449.95  |                 |
| 62 | 4/2/2004  | AMR Corp                   | Buy      | 150      | \$ 12.4100 | Common Stock     | \$ 1,906.45   |                 |

