

FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS

RECEIVED
2003 JAN 14 A 8:57
REGISTRATION & DISCLOSURE

DEPARTMENT OF ENFORCEMENT,

COMPLAINANT,

v.

RICHARD GRANT CODY (CRD No. 2794558),

RESPONDENT.

DISCIPLINARY PROCEEDING
No. 2005003188901

COMPLAINT

The Department of Enforcement alleges:

1. In August 1996, Richard Grant Cody (Cody) first became registered with the FINRA (f/k/a National Association of Securities Dealers, Inc. or NASD) as a General Securities Representative. From December 3, 2001 through May 31, 2005, Cody was registered as a General Securities Representative of Leerink Swann & Co. (Leerink), a FINRA member firm. Since June 1, 2005, Cody has been registered as a General Securities Representative of FINRA member firm GunnAllen Financial, Inc. (GunnAllen). Accordingly, Cody is subject to FINRA's jurisdiction.

OVERVIEW

2. From February 2003 through May 2004, Cody engaged in unsuitable and excessive trading in the accounts of two customers, resulting in significant commission income for him and losses for his customers. Cody also sent a series of written statements to four customers without prior approval from Leerink management. These

000045014 2000

written statements were false or misleading in that, among other things, the statements substantially overstated the true value of the customers' accounts and/or listed securities positions that did not in fact exist. Cody also recommended to three of his customers that they purchase a particular Collateralized Mortgage Obligation (CMO) security, which was not suitable for the customers in light of their investment objectives, risk tolerance, age and income. In addition, Cody willfully failed to update his Leerink Form U4 to disclose a March 11, 2004 settlement agreement he entered into with another member firm. Further, when Cody joined the firm with which he is currently associated, he failed to disclose this settlement on the Form U4 he completed and he later failed to amend his Form U4 to disclose two settlements with his customers. Based on the foregoing conduct, Cody violated NASD Conduct Rules 2310, 2110 and IM-2310-2 and IM-1000-1.

FIRST CAUSE OF ACTION

EXCESSIVE TRADING/UNSUITABLE TRANSACTIONS

**Customer LD (Account [REDACTED])
(NASD Conduct Rules 2310 and 2110 and IM-2310-2)**

3. The Department realleges and incorporates by reference paragraphs 1 and 2 above.

4. In 1998, LD and her husband RD first became Cody's brokerage customers. When they first opened an account with Cody, RD was approximately 55 years old and working as a computer technician and LD was approximately 51 years old and working as a manager for an alcohol distiller and distributor.

5. When Cody began working at Leerink in late 2001, RD and LD transferred their accounts to Leerink. Over time, RD and LD opened at least seven

different accounts with Cody at Leerink. Cody served as the Leerink account executive for each of RD's and LD's accounts until he left the firm in May 2005.

6. For five of the seven accounts, the primary investment objective was listed as "long term growth." The investment objective for the other two accounts was listed as "growth" and "income."

7. By mid-2003, RD and LD had moved the vast majority of their liquid net worth into their seven Leerink accounts. Specifically, in June 2003, after all of the seven accounts had been opened, the aggregate value of RD's and LD's seven Leerink accounts was approximately \$840,000. A new account form completed for one of the accounts in May 2003 listed the couple's liquid net worth as \$900,000.

8. Although they were employed when they began using Cody as their broker, by 2003 both RD and LD had retired and were 60 and 56, respectively. According to the new account forms completed in opening their various accounts at Leerink, RD's and LD's combined annual income when they were employed was approximately \$136,000. RD and LD's annual income dropped to approximately \$90,000 when they retired. That amount primarily came from their investments.

9. Cody was aware that RD and LD had retired and that they were relying primarily upon the income from their Leerink accounts to support them in their retirement.

10. On or about October 15, 2002, LD opened Account [REDACTED] at Leerink with Cody, which was an IRA. During the period June 2003 through May 2004, the average month-end equity in the account was \$421,555. The new account form completed in opening the account listed the objective as "long-term growth" and the risk

tolerance as "moderate." The investment objective of "short-term trading" was available on the new account form, but was not selected. The new account form also reflected that LD was retired, had an annual income of \$96,000 and a liquid net worth of \$1 million. The new account form also indicated that LD had 20 years of investment experience.

11. LD's investment experience prior to working with Cody, however, was limited to investing in mutual funds through her IRAs and 401(k) plan. Prior to using Cody as a broker, LD had no experience investing in bonds.

12. Due to her age, the fact that she was retired and her reliance upon their investments to provide for her financial needs, LD did not want to incur significant risks in Account [REDACTED]

13. Throughout the period that Cody was her registered representative, LD relied upon and routinely followed his investment recommendations and deferred to Cody's investment recommendations in almost all instances. Accordingly, Cody effectively controlled Account [REDACTED].

14. From June 2003 through May 2004, while exercising effective control over account [REDACTED], Cody recommended to LD and effected or caused to be effected in the account numerous purchases and sales of corporate bonds and other mostly fixed income securities (as more fully detailed in Exhibit A attached to this Complaint and incorporated herein by reference). The purchases (about 84 in all) were excessive and unsuitable, costing approximately \$1,434,352 in total, while the average monthly equity in the account during the period was approximately \$421,555.

15. The transactions referred to in paragraph 14 above resulted in a turnover ratio of 3.40 and a commission-to-equity ratio (converted to a percentage) of

approximately 8.7%. Accordingly, during this time period Account [REDACTED] would have had to earn an annual 8.7% return just to break even.

16. Cody recommended and effected the transactions in Account [REDACTED] without having reasonable grounds for believing that such transactions were suitable for LD in view of the size and frequency of the transactions, the transaction costs incurred, the nature of the account and the customer's financial situation, investment objectives and needs.

17. The short-term in and out trading in the account resulted in losses or, at the most, small gains for LD and substantial commissions for Cody. From June 2003 through May 2004, customer LD paid approximately \$36,595.94 in commissions in Account [REDACTED], of which Cody was paid approximately \$14,638. During that same period, the account lost approximately \$74,755.24, or approximately 17.7% of the account's average equity during the relevant period.

18. By reason of the foregoing, Cody violated NASD Conduct Rules 2310 and 2110 and IM-2310-2.

SECOND CAUSE OF ACTION

EXCESSIVE TRADING/UNSUITABLE TRANSACTIONS

**Customer JB (Account [REDACTED])
(NASD Conduct Rules 2310 and 2110 and IM-2310-2)**

19. The Department realleges and incorporates by reference paragraphs 1 through 18 above.

20. On or about February 5, 2003, JB opened IRA Account [REDACTED] at Leerink with Cody with a rollover contribution of \$380,045.91. JB made a second rollover contribution of \$29,729.90 to the account on June 17, 2003. The new account

form completed in opening the account listed the objective for Account [REDACTED] as "income" and the risk tolerance as "low." The investment objective of "short-term trading" was available on the new account form, but was not selected.

21. The new account form also reflected that JB was 69 years old at the time the account was opened, retired, and had an annual income of \$55,000 and a liquid net worth of \$950,000. The new account form indicated that JB had 20 years of investment experience.

22. JB's investment experience before working with Cody, however, was limited to investing in mutual funds. JB had no previous experience investing in bonds. Due to his age, retired status, conservative investment objective and low risk tolerance, JB did not want to incur significant risks with his Leerink account.

23. Throughout the period that Cody was his registered representative, JB relied upon and routinely followed his investment recommendations and deferred to Cody's investment recommendations in almost all instances. Accordingly, Cody effectively controlled Account [REDACTED].

24. From February 2003 through May 2004, while exercising effective control over account [REDACTED], Cody recommended to JB and effected or caused to be effected in the account numerous purchases and sales of corporate bonds and other mostly fixed income securities (as more fully detailed in Exhibit B attached to this Complaint and incorporated herein by reference). The purchases (about 69 in all) were excessive and unsuitable, costing approximately \$1,727,726 while the average monthly equity during the period was approximately \$409,166.

25. The transactions referred to in paragraph 24 above resulted in an annualized turnover ratio of 3.17 and an annualized commission-to-equity ratio (converted to a percentage) of approximately 7.6%. Accordingly, during this time period JB would have had to earn a 7.6% annual return just to break even. Cody recommended and effected the transactions in Account [REDACTED] without having reasonable grounds for believing that such transactions were suitable for JB in view of the size and frequency of the transactions, the transaction costs incurred, the nature of the account and the customer's financial situation, investment objectives and needs.

26. The investments Cody purchased for Account [REDACTED] were also unsuitable in that they were excessively speculative and risky given JB's investment objective of income and low risk tolerance. For example, during the period January through April 2004, Cody recommended and purchased for JB's account ten separate fixed income investments that were rated by either Moody's or Standard & Poors. Of these investments, only two were rated A- or better, and they constituted, at the most, only 3.9% of the total account value.

27. By contrast, the non-investment grade and speculative investments in Bates' account amounted to a very large percentage of the total value during the January through April 2004 period. Specifically, the two fixed income securities in the account rated BB+ (considered Non Investment Grade by rating agencies) or lower, combined with the Credit Suisse First Boston Indymac 7.105% 2028 Collateralized Mortgage Obligation securities (CSFB CMO) Cody purchased in JB's account in February 2003, accounted for between 15.8% and 36% of the account value during this period.

28. The short-term in and out trading in the account resulted in losses or, at the most, small gains for JB and substantial commissions for Cody. From February 2003 through May 2004, customer JB paid approximately \$41,477.09 in commissions in Account [REDACTED], of which Cody was paid approximately \$8,295.42. During that same period, the account lost approximately \$62,346.41 in value, or approximately 15.2% of the account's average equity during the relevant period.

29. By reason of the foregoing, Cody violated NASD Conduct Rules 2310 and 2110 and IM-2310-2.

THIRD CAUSE OF ACTION

USE OF UNAPPROVED AND MISLEADING ACCOUNT STATEMENTS Customers RD and LD (NASD Conduct Rule 2110 and IM-2310-2)

30. The Department realleges and incorporates by reference paragraphs 1 through 29 above.

31. NASD Conduct Rule 3010 requires that a registered principal review all correspondence between a registered representative and that representative's customers. Leerink's Written Supervisory procedures in effect during the relevant period required such review prior to the dissemination of correspondence to a Leerink customer. Leerink's procedures further required such principal review prior to dissemination regardless of whether the correspondence was electronic or non-electronic in nature.

32. From about June 19, 2003 to on or about May 25, 2005, Cody provided RD and LD at least 22 written documents that he had prepared or caused to be prepared. These documents were not given a name or title by Cody, but they took the form of account statements or summaries, purporting to list the various fixed income securities

currently held in all the Leerink accounts held by RD and LD, the quantity of those securities, and a summary of all interest payments that they could expect to receive from their fixed income investments over a twelve-month period. Typically, Cody provided these account statements to LD and RD on an approximately monthly basis.

33. Despite the requirement to have all correspondence with customers approved by a principal, Cody sent LD and RD the monthly account statements without the knowledge or approval of Leerink management. In early 2005, when a Leerink compliance manager discovered that he was sending account statements or summaries of his own creation to customers, he was instructed to stop sending these documents out to customers unless they were first reviewed and approved by his direct manager. Despite the compliance officer's instructions, Cody continued to send the account statements to LD and RD until he left Leerink.

34. The first three account statements that Cody sent to RD and LD showed only the quantity of each bond and the expected interest payments to be received from each security listed on them. By about September 2003, however, Cody began to total quantity of the bonds purportedly held in RD's and LD's Leerink accounts and added this amount to the cash and supposed market value of other securities in their Leerink accounts. The resulting dollar figure was then described by Cody as their "Total Portfolio."

35. The account statements that Cody sent to LD and RD between approximately September 2, 2003 and July 8, 2004 were misleading because they failed to reflect or contain the actual market value of LD's and RD's holdings, including LD's holdings in Account [REDACTED] Cody's failure to include the actual market value of

their holdings made these statements confusing regarding the actual value of LD's and RD's Leerink accounts.

36. In fact, rather than disclose the market value of their holdings, in each of the nine account statements sent by Cody to LD and RD between approximately September 2, 2003 and July 8, 2004, the Total Portfolio amount Cody reported or disclosed on the document was between 24% and 46.3% greater than the combined actual account values of RD's and LD's seven Leerink accounts.

37. For example, Cody sent an account statement to RD and LD dated September 28, 2003, reflecting a Total Portfolio value of \$1,009,253. The actual value of RD's and LD's combined Leerink accounts as of September 30, 2003 was \$751,579.89. Accordingly, the Total Portfolio amount, as of September 28, 2003, on Cody's statement was approximately \$257,673.20, or 34.3%, greater than the actual value of RD's and LD's combined Leerink accounts as of September 30, 2003.

38. Just four days later, on October 2, 2003, Cody sent an adjusted account statement to RD and LD, showing the Total Portfolio amount as \$1,007,118. This amount was still approximately \$255,538.20, or 34% greater than the actual value of RD's and LD's Leerink accounts as of September 30, 2003.

39. In another instance, Cody sent an account statement to RD and LD dated May 3, 2004, giving a Total Portfolio value of \$1,091,059. The actual value of RD's and LD's combined Leerink accounts as of April 30, 2004 was \$745,535.48. Accordingly, the Total Portfolio amount, as of May 3, 2004, on Cody's statement was approximately \$345,523.60, or 46.3% greater than the actual value of RD's and LD's Leerink accounts as of April 30, 2004.

40. After receiving the account statements from Cody, RD and LD typically asked him various questions about the documents, including why the values on Cody's account statements differed from those on Leerink's statements. Rather than clarifying LD's and RD's confusion, however, Cody instead simply assured RD and LD that there were no problems in their accounts. On several occasions, Cody even told RD and LD that his account statements were more accurate than the Leerink statements, and that Leerink's statements would catch up to his figures.

41. On another occasion, Cody told RD and LD that some of his customers did not check their Leerink statements, and he asked them why they were doing so.

42. During most of the time Cody was sending RD and LD the unapproved and misleading account statements, he was also excessively trading Leerink Account [REDACTED] generating substantial commissions for himself and almost \$75,000 in losses for LD.

43. By reason of the foregoing, Cody violated NASD Conduct Rule 2110 and IM-2310-2.

FOURTH CAUSE OF ACTION

USE OF UNAPPROVED AND MISLEADING ACCOUNT STATEMENTS Customers JB and EB (NASD Conduct Rule 2110 and IM-2310-2)

44. The Department realleges and incorporates by reference paragraphs 1 through 43 above.

45. As stated above, on or about February 5, 2003, JB opened an IRA account (Account [REDACTED] at Leerink with Cody. At the time he opened Account [REDACTED] with Cody, JB was 69 and retired.

46. From about August 27, 2003 to on or about May 25, 2005, Cody provided JB with at least 22 written documents labeled as "Bond Ladders" that he had prepared or caused to be prepared.

47. From about November 6, 2003 to on or about May 25, 2005, Cody provided at least 20 Bond Ladders to JB's wife EB, who had two accounts at Leerink.

48. The Bond Ladders Cody provided to JB and EB purported to list the various fixed income securities currently held in their Leerink accounts, the quantity of those securities, and a summary of all interest payments that they could expect to receive from their fixed income investments over a twelve-month period.

49. Although Leerink's Written Supervisory Procedures required Cody to submit documents such as the Bond Ladders for approval prior to dissemination to JB and EB, Cody failed to do so. Instead, he sent the Bond Ladders to JB and EB without the approval or knowledge of Leerink management.

50. As with RD and LD, in almost all of the Bond Ladders Cody sent to JB and EB, he totaled the face value (labeled as "Quantity" on the Bond Ladders) of the bonds purportedly in the account and added this amount to the cash and supposed market value of other securities in their Leerink accounts. The resulting figure was then described by Cody as the "Total."

51. The Bond Ladders that Cody sent to JB and EB between approximately October 6, 2003 and September 28, 2004 were misleading because they failed to reflect or contain the actual market value of JB's and EB's holdings. Cody's failure to include the actual market value of their holdings made these statements confusing regarding the actual value of JB's and EB's Leerink accounts.

52. The Bond Ladders Cody sent between approximately October 6, 2003 and September 28, 2004 for JB's account caused JB and EB particular confusion, because the Total amounts were typically substantially greater than the actual market value of JB's holdings, showing gains when there were actually losses in JB's account.

53. Specifically, on at least 13 occasions between approximately October 6, 2003 and September 28, 2004, Cody provided JB Bond Ladders with Total amounts that were between 8.7% and 36.3% greater than the true value of his Leerink account. For example, Cody sent a Bond Ladder to JB dated June 7, 2004, giving a Total value of \$452,878. The actual value of JB's Leerink account as of May 31, 2004 was \$332,218.67. Accordingly, the Total figure referenced on Cody's Bond Ladder was approximately \$120,659.33, or 34.3% greater than the actual account value as of May 31, 2004.

54. The exaggerated Total values listed on the Bond Ladders Cody sent to JB effectively hid the losses in JB's account. For example, one of the securities positions listed on the Bond Ladder dated March 1, 2004 sent by Cody to JB is "Credit Suisse/7.105%" with a "Quantity" of \$105,000. The actual market value of that security in JB's account, as of February 27, 2004, was only \$44,100. Further, JB's Leerink account had suffered an unrealized loss on that investment of \$28,353.78 since the Credit Suisse investment had been purchased in February 2003, a fact that was not disclosed on the Bond Ladder.

55. The Bond Ladders that Cody sent to EB were also misleading because they frequently included bond positions that did not in fact exist in EB's Leerink accounts. For example, on the Bond Ladders Cody sent to EB dated March 1, March 30,

May 3 and August 10, 2004, a \$10,000 face value "Merrill Lynch/6.5%" bond position is listed. On the Bond Ladder Cody sent to EB dated June 28, 2004, a \$20,000 face value "Merrill Lynch/6.5%" bond position is listed.

56. During the period March 1 through August 10, 2004, however, EB did not own any Merrill Lynch fixed income securities in her Leerink accounts. It was not until August 24, 2004, that Cody purchased 20,000 Merrill Lynch Zero Coupon Notes in her account. This was the first time EB owned any Merrill Lynch debt securities in her Leerink accounts.

57. In addition to the Bond Ladders, Cody also sent JB and EB two other unapproved and misleading documents relating to their Leerink accounts. In approximately July 2004, Cody sent JB and EB each a spreadsheet entitled "Account Activity." This spreadsheet purportedly described, among other things, the sales of securities from their respective accounts in 2004 and the profit or loss from those sales. Shortly after sending the first Account Activity spreadsheets to JB and EB, Cody sent an amended version that provided much of the same basic information, but contained revised profit and loss numbers. Each version of the Account Activity spreadsheet contained a column that allowed Cody to enter notes for each transaction, if necessary.

58. These Account Activity spreadsheets were misleading in various aspects. For example, on each of the Account Activity spreadsheets Cody sent to JB and EB, he entered the notation "Called" on the line for the sale of EDS bonds from their accounts. This representation by Cody was misleading in that the EDS bonds in both JB's and EB's Leerink accounts, CUSIP 285661AD6, have never been called and continue to be traded as of the date of this Complaint.

59. Cody also entered "Called" on the line for the sale of Sears bonds from JB's and EB's Leerink accounts. This representation by Cody was misleading in that the Sears bonds in both JB's and EB's Leerink accounts, CUSIP 812387BA5, have never been called.

60. During much of the time he sent JB the unapproved Bond Ladders, Cody was also excessively trading Account 40K-611784, generating substantial commissions for himself and over \$62,000 in losses for JB. The misleading nature of the unapproved Bond Ladders and Account Activity spreadsheets suggested that Cody's recommendations were successful, when in fact JB's account was suffering losses.

61. By reason of the foregoing, Cody violated NASD Conduct Rule 2110 and IM-2310-2.

FIFTH CAUSE OF ACTION

UNSUITABLE TRANSACTIONS

Customers RD, LD and JB (NASD Conduct Rules 2310 and 2110 and IM-2310-2)

62. The Department realleges and incorporates by reference paragraphs 1 through 61 above.

63. On or about February 6, 2003, Cody recommended to JB and effected in his account (Account [REDACTED]) a purchase of 125,000 CSFB CMO securities at 69 per 100 bonds for a total cost of \$86,501.20.

64. On or about February 25, 2003, Cody recommended to and effected in RD and LD's Account [REDACTED] a purchase of 40,000 of the CSFB CMO at \$70 per 100 bonds for a total cost of \$28,217.65. On or about February 27, 2003, Cody recommended

to and effected in RD and LD's Account [REDACTED] a purchase of an additional 5,000 of the CSFB CMO at \$70 per 100 bonds for a total cost of \$3,507.46.

65. Cody had never sold a CMO prior to selling the CSFB CMO to RD, LD and JB. In fact, at the time he sold the CSFB CMO into the Leerink accounts of RD and LD and JB, Cody had no experience in evaluating CMO securities. Despite his lack of knowledge about CMOs, however, Cody did not conduct any due diligence on the CSFB CMO. He also took no steps to educate himself or his clients on the inherent risks of CMO investments, including their susceptibility to interest rate volatility and lack of liquidity.

66. Cody recommended and effected the CSFB CMO purchases without having reasonable grounds for believing that the securities were suitable for RD and LD in view of, among other things, the risks associated with CMOs and the customers' financial situation, investment objectives and needs.

67. Cody recommended and effected the CSFB CMO purchases without having reasonable grounds for believing that the securities were suitable for JB in view of, among other things, the risks associated with CMOs and the customer's financial situation, investment objectives and needs.

68. RD, LD and JB ultimately incurred significant realized losses on their respective purchases of the CSFB CMO at Cody's recommendation. The ultimate realized losses were approximately \$20,000 for RD and LD and \$56,000 for JB.

69. By reason of the foregoing, Cody violated NASD Conduct Rules 2310 and 2110 and IM-2310-2.

SIXTH CAUSE OF ACTION

WILLFUL FAILURE TO UPDATE FORM U4/WILLFUL FAILURE TO FILE AN ACCURATE FORM U4 (NASD Conduct Rule 2110 and IM-1000-1)

70. The Department realleges and incorporates by reference paragraphs 1 through 69 above.

71. On or about December 3, 2001, Cody completed a Uniform Application for Securities Industry Registration or Transfer (Form U4) to become registered with Leerink.

72. On or about September 1, 2000, Cody borrowed approximately \$244,669.60 from CGMI, a member firm with which Cody was formerly associated. As a result of this loan, CGMI became Cody's creditor.

73. On or about October 16, 2002, CGMI filed a Statement of Claim with the New York Stock Exchange (NYSE) to recover approximately \$195,700 from Cody, which represented the unpaid balance on the September 1, 2000, loan.

74. On or about September 30, 2003, the arbitration panel issued a decision awarding CGMI the sum of \$228,582.60.

75. On or about March 11, 2004, CGMI and Cody entered into a Release and Settlement Agreement under which he agreed to pay CGMI \$180,000, without interest, with payments commencing on April 1, 2004 and a final payment due on January 15, 2010.

76. The fact that Cody had entered into the settlement agreement with CGMI, which constituted a compromise with a creditor, constituted a material fact for purposes of Question 23K.(1) of Cody's Form U4.

77. After execution of the settlement agreement, Cody willfully failed to update his Leerink Form U4 to disclose this material fact in response to Question 23K.(1).

78. On or about May 27, 2005, Cody completed a Form U4 to become registered with member firm GunnAllen. Once again Cody willfully failed to disclose this material fact by failing to disclose the settlement agreement and falsely answering "no" in response to Question 23K.(1).

79. Thereafter, Cody willfully failed to disclose this material fact on his Form U4 at GunnAllen.

80. By reason of the foregoing, Cody violated NASD Conduct Rule 2110 and IM-1000-1.

SEVENTH CAUSE OF ACTION

WILLFUL FAILURE TO UPDATE FORM U4 (NASD Conduct Rule 2110 and IM-1000-1)

81. The Department realleges and incorporates by reference paragraphs 1 through 80 above.

82. Shortly after Cody left Leerink to join GunnAllen in May 2005, customers JB, EB, RD and LD called Leerink management to complain about the manner in which Cody handled their accounts. The customers each said that Cody had misled them, and that his actions had resulted in losses in their accounts.

83. After receiving these telephone calls, Leerink management contacted Cody to inform him that his former customers had made complaints about him that involved his sales practices in handling their accounts. Ultimately, with the participation of Leerink management, Cody agreed to settle his former customer's complaints.

84. On or about July 27, 2005, Cody signed a settlement agreement with JB and EB to resolve their complaints. The agreement required Cody to pay JB and EB \$56,000 by September 15, 2005.

85. On or about August 9, 2005, Cody signed a settlement agreement with RD and LD to resolve their complaints. The agreement required Cody to pay RD and LD \$20,000 by October 15, 2005.

86. The execution of these two settlement agreements constituted material facts for purposes of Cody's Form U4, obligating him to amend his pending Form U4 to disclose the settlements.

87. Although Cody was aware that the settlement agreements related to sales practice complaints against him, he willfully failed to update the answer to Question 23I.(2) of his GunnAllen Form U4 to disclose these material facts.

88. By reason of the foregoing, Cody violated NASD Conduct Rule 2110 and IM-1000-1.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

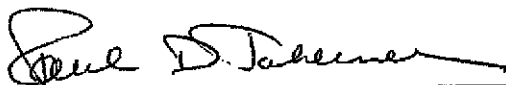
- A. order that one or more of the sanctions provided under NASD Rule 8310(a) be imposed, including that the Respondent be required to disgorge

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; and
- C. make specific findings that Respondent's conduct, as alleged in the Sixth and Seventh Causes of Action, was willful; the omitted information was material; and, the omission to state material facts was on a Form U4 application.

FINRA DEPARTMENT OF ENFORCEMENT

Date: 1/11/08



Paul D. Taberner, Regional Counsel
John M. D'Amico, Regional Chief Counsel
FINRA Department of Enforcement
99 High Street, Suite 900
Boston, MA 02110
(617) 532-3425; Fax: (202) 721-8322
paul.taberner@finra.org
john.d'amico@finra.org

Of Counsel

Rory C. Flynn
Vice President & Chief Litigation Counsel
FINRA Department of Enforcement
1801 K Street, N.W., Suite 800
Washington, D.C. 20006
(202) 974-2974; Fax: (202) 721-8318

Mark P. Dauer
Deputy Chief Litigation Counsel – Regions
FINRA Department of Enforcement
1100 Poydras Street
Energy Centre, Suite 850
New Orleans, LA 70163
(504) 522-6527; Fax: (504) 522-4077

Transactions in Leerink Swann Account [REDACTED] Customer LD/ From 06/01/2003 Through 05/31/2004

T/D	S/D	Rep	Account	B/S	Symbol/CUSIP	Description	Price	Quantity	Total (including accrued interest)
6/5/2003	6/10/2003	Q30	[REDACTED]	B	345370BP4000	FORD MTR CO DEL DEB 7.500%	\$98.0000	20,000	-20,412.21
6/5/2003	6/10/2003	Q30	[REDACTED]	B	233343AB8000	DVI INC SR NTS	\$98.5000	20,000	-20,142.00
6/5/2003	6/10/2003	Q30	[REDACTED]	S	393505QQ8000	GREEN TREE FINL CORP96 8 MFI	\$81.1250	50,000	40,830.57
6/6/2003	6/11/2003	Q30	[REDACTED]	B	233343AB8000	DVI INC SR NTS	\$96.7500	20,000	-20,067.69
6/10/2003	6/13/2003	Q30	[REDACTED]	B	977385AG8000	WITCO CORP DEB 7.750%	\$83.5000	44,000	-37,426.50
6/10/2003	6/13/2003	Q30	[REDACTED]	B	82544EAC4000	SHREVEPORT LA HSG AUTH MTG	\$99.0000	45,000	-46,063.13
6/11/2003	6/16/2003	Q30	[REDACTED]	S	345370BU3000	FORD MOTOR CO DEB 9.215%	\$109.0000	30,000	33,394.30
6/19/2003	6/24/2003	Q30	[REDACTED]	B	905572AD5000	UNION CARBIDE CHEMICALS	\$106.5000	35,000	-37,914.97
6/19/2003	6/24/2003	Q30	[REDACTED]	S	8124JFAC0000	SEARS ROEBUCK ACCEP CORP	\$108.5000	8,000	8,690.30
6/19/2003	6/24/2003	Q30	[REDACTED]	S	428040BL2000	HERTZ CORP SR NT	\$99.9400	10,000	10,161.38
6/19/2003	6/24/2003	Q30	[REDACTED]	S	694308FR3000	PACIFIC GAS & ELEC CO 1ST &	\$101.2500	20,000	20,338.14
6/23/2003	6/26/2003	Q30	[REDACTED]	B	373298BM9000	GEORGIA PACIFIC CORPDEB	\$97.0000	25,000	-24,313.32
6/23/2003	6/26/2003	Q30	[REDACTED]	B	233343AB8000	DVI INC SR NTS	\$88.5000	50,000	-46,243.22
6/23/2003	6/26/2003	Q30	[REDACTED]	S	345397SG9000	FORD MTR CR CO NT	\$99.0000	25,000	25,406.06

6/23/2003	6/26/2003	Q30			S	361446AC1000	GATX CAP CORP NT 7.750%	\$102.5000	30,000	30,906.96
7/1/2003	7/2/2003	Q30			B	NOX	NEUBERGER BERMAN INCOME	\$15.0000	1,300	-19,504.50
7/18/2003	7/23/2003	Q30			B	131347AD8000	CALPINE CORP SR NTS 10.500%	\$101.0000	25,000	-25,750.33
7/18/2003	7/23/2003	Q30			S	393505QQ8000	GREEN TREE FINL CORP 8 MFI	\$81.0000	25,000	20,289.11
8/1/2003	8/14/2003	Q30			S	233343AB8000	DVI INC SR NTS	\$41.0000	25,000	10,120.50
8/12/2003	8/15/2003	Q30			B	345370BT6000	FORD MOTOR CO BD 6.625%	\$82.0000	10,000	-8,204.50
8/13/2003	8/18/2003	Q30			S	233343AB8000	DVI INC SR NTS	\$30.5000	30,000	9,145.50
8/14/2003	8/19/2003	Q30			B	59018SQ23000	MERRILL LYNCH & CO INC	\$38.0000	20,000	-7,604.50
8/26/2003	8/29/2003	Q30			S	233343AB8000	DVI INC SR NTS	\$20.7500	35,000	7,526.82
9/1/2003	9/1/2003	Q30			B	61688AAF5000	J.P. MORGAN & COMP MEDIUM	\$18.3750	40,000	-7,354.50
9/9/2003	9/12/2003	Q30			B	642815ZK3000	NEW BRUNSWICK N J GEN IMPT	\$24.8020	100,000	-24,806.50
9/9/2003	9/12/2003	Q30			S	977385AG8000	WITCO CORP DEB 7.750%	\$78.1250	44,000	35,895.53
9/10/2003	9/15/2003	Q30			B	AMCGX	**ALGER FUND	\$6.6500	751	-4,998.65
9/10/2003	9/15/2003	Q30			B	ALGBX	**ALGER FUND	\$17.2900	289	-5,001.31
9/16/2003	9/19/2003	Q30			B	AMCGX	**ALGER FUND	\$6.8300	366	-2,504.28
9/23/2003	9/26/2003	Q30			B	370442BS3000	GENERAL MTRS CORP DEB	\$106.0000	15,000	-16,150.91
9/23/2003	9/26/2003	Q30			S	NOX	NEUBERGER BERMAN INCOME	\$13.8100	1,300	17,517.94

10/3/2003	10/8/2003	Q30			B	ALGBX	**ALGER FUND	\$17.6000	170	-2,996.50
10/21/2003	10/24/2003	Q30			B	345370BJ8000	FORD MOTOR CO DEL	\$108.3670	25,000	-27,706.41
10/21/2003	10/24/2003	Q30			S	131347AD8000	CALPINE CORP SR NTS 10.500%	\$88.7500	25,000	23,342.38
10/28/2003	10/31/2003	Q30			S	69334WAQ4000	PHH CORP INTERNOTES 7.150%	\$91.0000	5,000	4,650.76
11/3/2003	11/6/2003	Q30			B	812387BA5000	SEARS ROEBUCK & CO DEB	\$107.0000	25,000	-26,787.05
11/3/2003	11/6/2003	Q30			S	373298BM9000	GEORGIA PACIFIC CORPDEB	\$102.0000	25,000	26,349.46
11/18/2003	11/21/2003	Q30			B	345370BN9000	FORD MTR CO 7.125%	\$97.0000	10,000	-9,716.38
11/18/2003	11/21/2003	Q30			S	345370BT6000	FORD MOTOR CO BD 6.625%	\$86.0000	10,000	8,772.17
11/21/2003	11/26/2003	Q30			B	812387BA5000	SEARS ROEBUCK & PHH CORP	\$108.0000	25,000	-27,167.26
11/21/2003	11/26/2003	Q30			S	69334WAZ4000	INTERNOTES 7.750%	\$100.0000	6,000	6,125.96
11/21/2003	11/24/2003	Q30			S	3136F2NP9000	FEDERAL NATL MTG ASSN	\$95.0000	30,000	28,657.38
11/24/2003	11/28/2003	Q30			B	ALGBX	**ALGER FUND	\$17.9700	278	-5,000.16
11/26/2003	12/2/2003	Q30			B	AMCGX	**ALGER FUND	\$7.2300	-345	-2,494.35
11/26/2003	12/2/2003	Q30			B	345370BN9000	FORD MTR CO 7.125%	\$96.5000	40,000	-38,739.08
11/26/2003	12/2/2003	Q30			S	12557WBQ3000	CIT GROUP INC NT	\$100.0000	40,000	40,732.61
12/1/2003	12/4/2003	Q30			B	852060AG7000	SPRINT CAP CORP NT 6.900%	\$101.7500	15,000	-15,361.88

12/1/2003	12/4/2003	Q30		S	370442BS3000	GENERAL MTRS CORP DEB	\$103.0000	15,000	15,893.78
12/3/2003	12/8/2003	Q30		B	AMCGX	**ALGER FUND	\$7.2700	687	-4,998.99
12/3/2003	12/8/2003	Q30		B	AEP PRA	AMERICAN ELEC PWR INC	\$43.0600	400	-17,420.50
12/3/2003	12/8/2003	Q30		S	345370BP4000	FORD MTR CO DEL DEB 7.500%	\$94.8750	20,000	10,499.67
12/5/2003	12/10/2003	Q30		S	AEP PRA	AMERICAN ELEC PWR INC	\$43.4000	25	1,080.44
12/9/2003	12/11/2003	Q30		S	589962CW7000	MERIT SECURITIES CORP COLL	\$73.0000	20,000	14,639.28
12/9/2003	12/12/2003	Q30		B	345370BJ8000	FORD MOTOR CO DEL	\$114.4000	10,000	-11,806.90
12/10/2003	12/15/2003	Q30		B	ALGBX	**ALGER FUND	\$17.8000	196	-3,493.30
12/22/2003	12/26/2003	Q30		B	MEU	MOTOROLA INC EQUITY SEC UNIT	\$41.1800	500	-20,973.30
12/22/2003	12/26/2003	Q30		S	345370BJ8000	FORD MOTOR CO DEL	\$111.0000	25,000	27,737.77
12/24/2003	12/30/2003	Q30		B	AEP PRA	AMERICAN ELEC PWR INC	\$45.1500	150	-6,937.32
1/5/2004	1/8/2004	Q30		B	AYZ	ALLTEL CORP CORP	\$50.7000	250	-12,948.01
1/5/2004	1/8/2004	Q30		B	AEP PRA	AMERICAN ELEC PWR INC	\$46.0200	225	-10,596.28
1/5/2004	1/8/2004	Q30		S	MEU	MOTOROLA INC EQUITY SEC UNIT	\$44.8000	500	21,997.78
1/6/2004	1/9/2004	Q30		B	AYZ	ALLTEL CORP CORP	\$50.9600	100	-5,200.50
1/7/2004	1/12/2004	Q30		B	892335AC4000	TOYS R US INC DEB	\$110.5000	20,000	-22,741.31
1/7/2004	1/12/2004	Q30		S	812387BA5000	SEARS ROEBUCK & CO DEB	\$100.4500	50,000	51,144.98

1/8/2004	1/13/2004	Q30				B	892335AC4000	TOYS R US INC DEB	\$111.0000	35,000		-39,977.42
1/8/2004	1/13/2004	Q30				B	AYZ	ALLTEL CORP CORP	\$51.3400	225		-11,800.66
1/8/2004	1/13/2004	Q30				B	AEP PRA	AMERICAN ELEC PWR INC	\$46.3000	375		-17,722.18
1/8/2004	1/13/2004	Q30				S	345370BN9000	FORD MTR CO 7.125%	\$98.5000	50,000		49,819.46
1/9/2004	1/14/2004	Q30				B	AYZ	ALLTEL CORP CORP	\$51.3700	175		-9,181.70
1/12/2004	1/15/2004	Q30				S	852060AG7000	SPRINT CAP CORP NT 6.900%	\$104.0000	15,000		15,600.00
1/12/2004	1/15/2004	Q30				S	852060AG7000	SPRINT CAP CORP NT 6.900%	\$104.0000	-15,000		-15,600.00
1/12/2004	1/15/2004	Q30				S	852060AG7000	SPRINT CAP CORP NT 6.900%	\$104.0000	15,000		15,808.25
1/13/2004	1/16/2004	Q30				B	AYZ	ALLTEL CORP CORP	\$50.8700	250		-12,990.63
1/13/2004	1/16/2004	Q30				B	AMCGX	**ALGER FUND	\$7.6500	392		-3,003.30
1/22/2004	1/27/2004	Q30				B	EP PRA	EL PASO CORP EQUITY SECURITY	\$34.2000	500		-17,448.67
1/22/2004	1/27/2004	Q30				S	AEP PRA	AMERICAN ELEC PWR INC	\$47.5500	375		17,463.24
2/5/2004	2/10/2004	Q30				B	126117AH3000	CNA FINL CORP NT 6.950%	\$101.5000	30,000		-30,599.29
2/5/2004	2/10/2004	Q30				B	EP PRA	EL PASO CORP EQUITY SECURITY	\$32.6800	125		-4,204.25

2/5/2004	2/10/2004	Q30				S	905572AD5000	UNION CARBIDE CHEMICALS	\$96.7500	25,000	24888.47
2/5/2004	2/10/2004	Q30				S	905572AD5000	UNION CARBIDE CHEMICALS	\$94.5850	10,000	9,738.69
2/11/2004	2/17/2004	Q30				S	ALGBX	**ALGER FUND	\$19.2100	2,620	50,331.83
2/11/2004	2/17/2004	Q30				S	AMCGX	**ALGER FUND	\$7.7600	7,548	58,567.98
2/12/2004	2/18/2004	Q30				B	CVGRX	CALAMOS GROWTH FUND CLASS A	\$49.1900	914	-44,964.16
2/17/2004	2/20/2004	Q30				B	892335AC4000	TOYS R US INC DEB	\$113.0000	20,000	-23,426.03
2/26/2004	3/2/2004	Q30				B	285659AF5000	ELECTRONIC DATA SYS CORP NT	\$99.7000	15,000	-15,384.77
2/27/2004	3/3/2004	Q30				B	05873KAJ7000	BALLY TOTAL FITNESS HLDG	\$94.0000	25,000	-23,854.50
3/1/2004	3/4/2004	Q30				B	24610B107000	DELAWARE DIVIDEND INCOME	\$11.4000	3,508	-39,995.70
3/1/2004	3/4/2004	Q30				S	AEP PRA	AMERICAN ELEC PWR INC	\$49.2867	750	36,412.43
3/2/2004	3/5/2004	Q30				B	59018SB94000	MERRILL LYNCH & CO MEDIUM	\$19.9240	15,000	-2,993.10
3/4/2004	3/9/2004	Q30				B	EP PRA	EL PASO CORP EQUITY SECURITY	\$30.6480	375	-11,758.92
3/4/2004	3/9/2004	Q30				S	892335AC4000	TOYS R US INC DEB	\$111.0000	75,000	83,391.33
3/5/2004	3/10/2004	Q30				B	05873KAJ7000	BALLY TOTAL FITNESS HLDG	\$90.0000	25,000	-22,905.54

[illegible]

3/19/2004	3/24/2004	Q30		S	642815ZK3000	NEW BRUNSWICK NJ GEN IMPT	\$26.6960	100,000	26,691.50
3/24/2004	3/29/2004	Q30		B	ONE PRT	BANK ONE CAP I PFD SECS 8.0%	\$26.0800	100	-2,687.50
3/24/2004	3/29/2004	Q30		B	24610B107000	DELAWARE DIVIDEND INCOME	\$11.0000	449	-4,943.50
3/30/2004	4/2/2004	Q30		S	285659AF5000	ELECTRONIC DATA SYS CORP NT	\$97.2000	15,000	15,093.90
4/5/2004	4/8/2004	Q30		B	ONE PRT	BANK ONE CAP I PFD SECS 8.0%	\$26.0000	100	-2,679.50
4/5/2004	4/8/2004	Q30		B	24610B107000	DELAWARE DIVIDEND INCOME	\$11.2300	445	-5,001.85
4/5/2004	4/8/2004	Q30		S	345370B18000	FORD MOTOR CO DEL	\$109.4590	10,000	11,146.02
4/21/2004	4/26/2004	Q30		B	17453BAB7000	CITIZENS	\$109.6350	45,000	-51,201.81
4/21/2004	4/26/2004	Q30		S	AYZ	ALLTEL CORP CORP	\$51.2140	1,000	50,569.43
4/22/2004	4/27/2004	Q30		B	17453BAB7000	CITIZENS	\$109.5000	15,000	-17,053.88
4/22/2004	4/27/2004	Q30		B	CHI	CRESCENT REAL ESTATE EQUITIES	\$16.0200	1,000	-16,403.74
4/22/2004	4/27/2004	Q30		S	345370B18000	FORD MOTOR CO DEL	\$109.8530	30,000	33,705.78
4/27/2004	4/30/2004	Q30		B	285661AD6000	ELECTRONIC DATA SYS CORP NEW	\$96.3400	30,000	-29,351.50
4/27/2004	4/30/2004	Q30		B	TMA	THORNBURG MORTGAGE INC	\$26.9000	350	-9,653.78
4/27/2004	4/30/2004	Q30		S	ONE PRT	BANK ONE CAP I PFD SECS 8.0%	\$25.7800	1,600	40,621.28

5/10/2004	5/13/2004	Q30		B	CEI	CRESCENT REAL ESTATE EQUITIES	\$14.7000	100	-1,549.50
5/11/2004	5/14/2004	Q30		B	EOP	EQUITY OFFICE PROPERTIES TRUST	\$25.2800	400	-10,345.77
5/11/2004	5/14/2004	Q30		B	TMA	THORNBURG MORTGAGE INC	\$24.5900	350	-8,832.68
5/11/2004	5/14/2004	Q30		B	CEI	CRESCENT REAL ESTATE EQUITIES	\$15.3900	400	-6,330.53
5/11/2004	5/14/2004	Q30		S	285661AD6000	ELECTRONIC DATA SYS CORP NEW	\$90.0000	30,000	27,510.50
5/12/2004	5/17/2004	Q30		B	24610B107000	DELAWARE DIVIDEND INCOME	\$10.5900	472	-5,002.98
5/18/2004	5/21/2004	Q30		B	CVGRX	CALAMOS GROWTH FUND CLASS A	\$46.7200	53	-2,480.66
5/19/2004	5/24/2004	Q30		B	17453BAB7000	CITIZENS	\$107.5230	10,000	-10,779.93
5/19/2004	5/24/2004	Q30		S	EOP	EQUITY OFFICE PROPERTIES TRUST	\$26.9600	400	10,779.24
5/24/2004	5/27/2004	Q30		B	16161NAA8000	CHASE MANHATTAN CORP NEW	\$17.3750	30,000	-5,217.00
5/24/2004	5/27/2004	Q30		B	61688AAG3000	MORGAN J P & CO INC MEDIUM	\$17.4740	30,000	-5,246.70
5/24/2004	5/27/2004	Q30		S	59018SB94000	MERRILL LYNCH & CO MEDIUM	\$17.8750	60,000	10,720.50
5/24/2004	5/27/2004	Q30		S	CEI	CRESCENT REAL ESTATE EQUITIES	\$15.7400	100	1,569.46
5/24/2004	5/27/2004	Q30		S	TMA	THORNBURG MORTGAGE INC	\$25.5914	350	8,952.29

5/25/2004	5/28/2004	Q30			S	TMA	THORNBURG MORTGAGE INC	\$26.1100	350	9,133.78
5/26/2004	6/2/2004	Q30			B	CRTX	CRITICAL	\$7.0000	1,500	-10,504.50
5/26/2004	5/28/2004	Q30			B	16161NAA8000	CHASE MANHATTAN CORPNEW	\$17.8750	50,000	-8,942.00
5/26/2004	5/28/2004	Q30			B	61688AAG3000	MORGAN J P & CO INC MEDIUM	\$17.6250	50,000	-8,817.00
5/26/2004	6/1/2004	Q30			S	CEI	CRESCENT REAL ESTATE EQUITIES	\$16.0200	400	6,403.35
5/26/2004	5/28/2004	Q30			S	59018SB94000	MERRILL LYNCH & CO MEDIUM	\$17.5000	100,000	17,500.00
5/27/2004	6/2/2004	Q30			S	CEI	CRESCENT REAL ESTATE EQUITIES	\$16.6500	400	6,655.34

Transactions in Leerink Swann Account [REDACTED] / Customer JB/ From 2/1/2003 Through 5/31/2004

T/D	S/D	Rep	Account	B/S	Symbol/ CUSIP	Description	Price	Quantity	Total (including accrued interest)
2/6/2003	2/11/2003	T05	[REDACTED]	B	22540ABH0000	CSFB MTG SECS. CORP.	\$69.0000	125,000	-86,501.20
2/6/2003	2/11/2003	T05	[REDACTED]	B	345397TX1000	FORD MTR CR CO GLOBAL LANDMARK	\$102.0000	50,000	-51,148.94
2/6/2003	2/11/2003	T05	[REDACTED]	B	69361LAC5000	PSEG ENERGY HLDGS INC SR NT	\$102.5000	75,000	-79,587.83
2/6/2003	2/11/2003	T05	[REDACTED]	B	69361LAF8000	PSEG ENERGY HLDGS INC SR NT	\$101.0000	75,000	-75,917.00
2/6/2003	2/11/2003	T05	[REDACTED]	B	812404BH3000	SEARS ROEBUCK ACCEP CORP NT	\$100.0000	75,000	-77,479.50
2/12/2003	2/18/2003	T05	[REDACTED]	B	001043801000	AFBA HIGH YIELD FUNDCLASS A	\$8.7900	1,137	-9,998.73
3/18/2003	3/21/2003	T05	[REDACTED]	B	001043801000	AFBA HIGH YIELD FUNDCLASS A	\$8.9000	280	-2,496.50
3/19/2003	3/24/2003	T05	[REDACTED]	S	69361LAC5000	PSEG ENERGY HLDGS INC SR NT	\$105.0000	75,000	82,349.67
3/19/2003	3/24/2003	T05	[REDACTED]	B	872375AF7000	TECO ENERGY INC NT	\$92.0000	25,000	-23,612.75
3/20/2003	3/25/2003	T05	[REDACTED]	B	001043801000	AFBA HIGH YIELD FUNDCLASS A	\$8.9000	561	-4,997.40
3/26/2003	3/31/2003	T05	[REDACTED]	B	NCV	NICHOLAS APPLEGATE CONV & INCOME FUND COM	\$15.0000	3,300	-49,504.50
3/28/2003	4/2/2003	T05	[REDACTED]	B	001043801000	AFBA HIGH YIELD FUNDCLASS A	\$8.9700	278	-2,498.16

Transactions in Leerink Swann Account [REDACTED] / Customer JB/ From 2/1/2003 Through 5/31/2004

4/1/2003	4/4/2003	T05	[REDACTED]	S	812404BH3000	SEARS ROEBUCK ACCEP CORP NT	\$101.7500	75,000	76,997.06
4/1/2003	4/4/2003	T05	[REDACTED]	B	872375AC4000	TECO ENERGY INC NT	\$94.5000	75,000	-73,174.50
4/2/2003	4/7/2003	T05	[REDACTED]	B	001043801000	AFBA HIGH YIELD FUNDCLASS A	\$8.9900	278	-2,504.50
4/7/2003	4/10/2003	T05	[REDACTED]	B	001043801000	AFBA HIGH YIELD FUNDCLASS A	\$9.0500	276	-2,502.30
4/7/2003	4/10/2003	T05	[REDACTED]	S	872375AF7000	TECO ENERGY INC NT	\$95.0000	25,000	24,421.80
4/7/2003	4/10/2003	T05	[REDACTED]	B	872375AG5000	TECO ENERGY INC UTILITY ELEC NT	\$95.5000	25,000	-24,652.42
4/9/2003	4/14/2003	T05	[REDACTED]	S	69361LAF8000	PSEG ENERGY HLGDS INC SR NT	\$103.5000	75,000	78,680.66
4/10/2003	4/15/2003	T05	[REDACTED]	B	025932AB0000	AMERICAN FINL GROUP INC OHIO SR DEB	\$98.2500	50,000	-49,129.50
4/11/2003	4/16/2003	T05	[REDACTED]	B	428040BL2000	HERTZ CORP NT	\$91.7800	30,000	-27,699.96
4/11/2003	4/16/2003	T05	[REDACTED]	B	589962CW7000	MERIT SECURITIES CORP COLL BD SER 13	\$77.0000	20,000	-15,470.17
4/11/2003	4/16/2003	T05	[REDACTED]	B	589962CW7000	MERIT SECURITIES CORP COLL BD SER 13	\$77.0000	35,000	-27,064.92
4/11/2003	4/16/2003	T05	[REDACTED]	B	718154C14000	PHILIP MORRIS COS INC NT	\$99.5000	30,000	-30,385.33
4/11/2003	4/16/2003	T05	[REDACTED]	S	872375AC4000	TECO ENERGY INC NT	\$97.5000	75,000	75,595.50

Transactions in Leerink Swann Account [REDACTED] Customer JB/ From 2/1/2003 Through 5/31/2004

4/15/2003	4/21/2003	T05	[REDACTED]	B	001043801000	AFBA HIGH YIELD FUNDCLASS A	\$9.0700	551	-5,002.07
4/24/2003	4/29/2003	T05	[REDACTED]	S	428040BL2000	HERTZ CORP NT	\$95.0000	30,000	28,724.67
4/24/2003	4/29/2003	T05	[REDACTED]	B	872375AG5000	TECO ENERGY INC UTILITY ELEC NT	\$98.8300	30,000	-30,691.83
4/29/2003	5/2/2003	T05	[REDACTED]	B	345370BU3000	FORD MOTOR CO DEB 9.215% 9/15/21 B/E	\$106.5000	30,000	-32,315.42
4/29/2003	5/2/2003	T05	[REDACTED]	S	718154CI4000	PHILIP MORRIS COS INC NT	\$101.5000	30,000	31,069.67
5/6/2003	5/9/2003	T05	[REDACTED]	S	872375AG5000	TECO ENERGY INC UTILITY ELEC NT	\$99.0000	25,000	24,784.39
5/7/2003	5/12/2003	T05	[REDACTED]	B	008685AC3000	AHOLD FIN U S A INC GTD NT	\$99.5000	25,000	-25,549.81
5/14/2003	5/19/2003	T05	[REDACTED]	B	008685AC3000	AHOLD FIN U S A INC GTD NT	\$104.0000	20,000	-21,372.83
5/14/2003	5/19/2003	T05	[REDACTED]	S	025932AB0000	AMERICAN FINL GROUP INC OHIO SR DEB	\$102.7500	50,000	51,706.96
5/15/2003	5/20/2003	T05	[REDACTED]	B	211327AB7000	CONTINENTAL CORP DEB	\$109.0000	25,000	-27,807.02
6/11/2003	6/16/2003	T05	[REDACTED]	B	001043801000	AFBA HIGH YIELD FUNDCLASS A	\$9.5800	1,043	-9,996.44
6/11/2003	6/16/2003	T05	[REDACTED]	S	345397TX1000	FORD MTR CR CO GLOBAL LANDMARK	\$104.5000	50,000	53,518.42
6/11/2003	6/16/2003	T05	[REDACTED]	B	780153AF9000	ROYAL CARIBBEAN CRUISES LTD SR NT	\$103.0000	25,000	-26,051.03

Transactions in Leerink Swann Account [REDACTED] / Customer JB/ From 2/1/2003 Through 5/31/2004

6/12/2003	6/17/2003	T05	[REDACTED]	"	S	345370BU3000	FORD MOTOR CO DEB 9.215% 9/15/21 B/E	\$109.0000	30,000	33,401.98
6/13/2003	6/18/2003	T05	[REDACTED]	B	B	131347AU0000	CALPINE CORP SR NT 8.250% 8/15/05 B/E	\$93.5000	40,000	-38,532.00
6/18/2003	6/23/2003	T05	[REDACTED]	B	B	872375AG5000	TECO ENERGY INC UTILITY ELEC NT	\$101.2500	25,000	-25,569.78
6/24/2003	6/27/2003	T05	[REDACTED]	B	B	NOX	NEUBERGER BERMAN INCOME OPPORTUNITY	\$15.0000	1,000	-15,004.50
7/8/2003	7/11/2003	T05	[REDACTED]	S	S	131347AU0000	CALPINE CORP SR NT 8.250% 8/15/05 B/E	\$95.5000	40,000	38,200.00
7/8/2003	7/11/2003	T05	[REDACTED]	S	S	589962CW7000	MERIT SECURITIES CORP COLL BD SER 13	\$75.0000	35,000	26,250.00
7/9/2003	7/14/2003	T05	[REDACTED]	B	B	88033GAY6000	TENET HEALTHCARE CORP SR NT	\$101.8750	30,000	-30,562.50
7/15/2003	7/18/2003	T05	[REDACTED]	S	S	NCV	NICHOLAS APPLGATE CONV & INCOME FD COM	\$15.2000	300	4,560.00
7/24/2003	7/29/2003	T05	[REDACTED]	B	B	812387BA5000	SEARS ROEBUCK & CO DEB	\$111.5000	25,000	-27,875.00
7/24/2003	7/29/2003	T05	[REDACTED]	S	S	872375AG5000	TECO ENERGY INC UTILITY ELEC NT	\$92.5000	30,000	27,750.00
8/26/2003	8/29/2003	T05	[REDACTED]	B	B	001043801000	AFBA HIGH YIELD FUNDCLASS A	\$9.5400	262	-2,503.98

Transactions in Leerink Swann Account [REDACTED] / Customer JB/ From 2/1/2003 Through 5/31/2004

8/26/2003	8/29/2003	T05	[REDACTED]	S	NOX	NEUBERGER BERMAN INCOME OPPORTUNITY	\$13.3400	1,000	12,995.76
8/26/2003	8/29/2003	T05	[REDACTED]	B	PFL	PIMCO FLOATING RATE INCOME FD COM	\$20.0000	600	-12,004.50
9/8/2003	9/11/2003	T05	[REDACTED]	S	008685AC3000	AHOLD FIN U S A INC GTD NT	\$103.8120	45,000	47,288.40
9/8/2003	9/11/2003	T05	[REDACTED]	B	812387BA5000	SEARS ROEBUCK & CO DEB	\$110.5000	40,000	-45,558.67
9/10/2003	9/15/2003	T05	[REDACTED]	B	001043801000	AFBA HIGH YIELD FUNDCLASS A	\$9.6300	259	-2,498.67
9/22/2003	9/25/2003	T05	[REDACTED]	B	370442BS3000	GENERAL MTRS CORP DEB	\$106.0000	25,000	-26,910.23
9/22/2003	9/25/2003	T05	[REDACTED]	S	NCV	NICHOLAS APPLEGATE CONV & INCOME FD COM	\$14.9500	1,000	14,652.34
9/22/2003	9/25/2003	T05	[REDACTED]	S	NCV	NICHOLAS APPLEGATE CONV & INCOME FD COM	\$14.9700	1,000	14,667.86
9/23/2003	9/26/2003	T05	[REDACTED]	B	370442BS3000	GENERAL MTRS CORP DEB	\$106.0000	15,000	-16,150.91
9/23/2003	9/26/2003	T05	[REDACTED]	S	NCV	NICHOLAS APPLEGATE CONV & INCOME FD COM	\$14.9120	1,000	15,544.15
10/28/2003	10/31/2003	T05	[REDACTED]	B	812387BA5000	SEARS ROEBUCK & CO DEB	\$106.5000	25,000	-27,801.38

Transactions in Leerink Swann Account [REDACTED] / Customer JB/ From 2/1/2003 Through 5/31/2004

10/28/2003	10/31/2003	T05	[REDACTED]	S	872375AG5000	TECO ENERGY INC UTILITY ELEC NT	\$96.7500	25,000	25,058.00
11/18/2003	11/21/2003	T05	[REDACTED]	B	345370BN9000	FORD MTR CO 7.125% 11/15/25 B/E	\$97.0000	25,000	-24,284.19
11/18/2003	11/21/2003	T05	[REDACTED]	S	780153AF9000	ROYAL CARIBBEAN CRUISES LTD SR NT	\$104.0000	25,000	26,170.50
12/2/2003	12/5/2003	T05	[REDACTED]	B	345370BN9000	FORD MTR CO 7.125% 11/15/25 B/E	\$96.0000	10,000	-9,644.08
12/2/2003	12/5/2003	T05	[REDACTED]	S	PFL	PIMCO FLOATING RATE INCOME FD COM	\$19.7400	600	11,563.23
12/3/2003	12/8/2003	T05	[REDACTED]	B	001043801000	AFBA HIGH YIELD FUNDCLASS A	\$9.8800	404	-3,996.02
12/17/2003	12/22/2003	T05	[REDACTED]	S	370442BS3000	GENERAL MTRS CORP DEB	\$108.1510	40,000	44,593.82
12/17/2003	12/22/2003	T05	[REDACTED]	B	892335AH3000	TOYS R US INC NT 7.625% 08/01/11 B/E	\$109.3000	35,000	-39,304.76
1/12/2004	1/15/2004	T05	[REDACTED]	B	345370BN9000	FORD MTR CO 7.125% 11/15/25 B/E	\$103.0000	90,000	-93,773.25
1/12/2004	1/15/2004	T05	[REDACTED]	S	812387BA5000	SEARS ROEBUCK & CO DEB	\$100.0000	90,000	91,729.88
1/27/2004	1/30/2004	T05	[REDACTED]	S	345370BN9000	FORD MTR CO 7.125% 11/15/25 B/E	\$98.5000	35,000	34,990.03
1/27/2004	1/30/2004	T05	[REDACTED]	B	DCS	DREMAN/CLAYMOR E DIVD& INCOME FD COM	\$20.0000	1,000	-20,004.50
1/29/2004	2/3/2004	T05	[REDACTED]	B	126117AE0000	CNA FINL CORP DEB	\$105.0000	10,000	-10,661.58

Transactions in Leerink Swann Account Customer JB/ From 2/1/2003 Through 5/31/2004

2/4/2004	2/9/2004	T05		B	001043801000	AFBA HIGH YIELD FUNDCLASS A	\$10.0700	496	-4,999.22
2/18/2004	2/23/2004	T05		S	22540ABH0000	CSFB MTG SECS CORP.	\$35.0000	20,000	7,082.34
2/18/2004	2/23/2004	T05		B	484080MB9000	KANE MC HENRY COOK & DEKALB CNTYS ILL	\$44.5000	20,000	-8,904.50
3/4/2004	3/9/2004	T05		B	285661AD6000	ELECTRONIC DATA SYS CORP NEW SR NT	\$99.0000	35,000	-34,876.17
3/4/2004	3/9/2004	T05		S	892335AH3000	TOYS R US INC NT 7.625% 08/01/11 B/E	\$107.8930	35,000	38,039.75
3/8/2004	3/11/2004	T05		S	001043801000	AFBA HIGH YIELD FUNDCLASS A	\$9.8800	5,825	57,547.36
3/8/2004	3/11/2004	T05		B	370442BW4000	GENERAL MTRS CORP DEB	\$116.0000	25,000	-29,325.33
3/10/2004	3/15/2004	T05		B	ONE PRT	BANK ONE CAP I PFD SECS 8.0%	\$25.9700	400	-10,625.90
3/10/2004	3/15/2004	T05		B	EP PRA	EL PASO CORP EQUITY SECURITY UNIT	\$29.6640	500	-15,146.70
3/26/2004	3/31/2004	T05		B	IMH	AC MTG HLDGS INC C	\$26.3900	200	-5,418.88
4/5/2004	4/8/2004	T05		S	DCS	DREMAN/CLAYMOR E DIVD & INCOME FD COM	\$19.5100	1,000	19,073.53
4/5/2004	4/8/2004	T05		B	370442AU9000	GENERAL MTRS CORP NTS	\$112.1650	15,000	-17,384.29
4/12/2004	4/15/2004	T05		B	ONE PRT	BANK ONE CAP I PFD SECS 8.0%	\$25.9300	400	-10,609.66

Transactions in Leerink Swann Account

Customer JB/ From 2/1/2003 Through 5/31/2004

4/12/2004	4/15/2004	T05		S	211327AB7000	CONTINENTAL CORP DEB	\$107.0000	25,000	27,094.46
4/12/2004	4/15/2004	T05		B	IMH	IMPAC MTG HLDGS INC COM	\$19.7700	300	-6,091.91
4/15/2004	4/20/2004	T05		S	22540ABH0000	CSFB MTG SECS CORP	\$23.0000	35,000	8,176.75
4/15/2004	4/20/2004	T05		B	61688AAH1000	MORGAN JP & CO INC MEDIUM TERM SUB NTS	\$17.9630	35,000	-6,291.55
4/16/2004	4/21/2004	T05		B	IMH	IMPAC MTG HLDGS INC COM	\$20.1400	500	-10,313.39
4/20/2004	4/23/2004	T05		S	126117AE0000	CNA FINL CORP DEB	\$101.5000	10,000	10,463.69
4/20/2004	4/23/2004	T05		B	17453BAB7000	CITIZENS COMMUNICATIONS CO.	\$110.0350	10,000	-11,413.97
4/20/2004	4/23/2004	T05		B	EP PRA	EL PASO CORP EQUITY SECURITY UNIT	\$28.5000	150	-4,399.91
4/22/2004	4/27/2004	T05		B	17453BAB7000	CITIZENS COMMUNICATIONS CO.	\$109.5000	40,000	-45,469.50
4/22/2004	4/27/2004	T05		S	345277AB3000	FORD HOLDINGS INC DEBENTURES	\$112.7500	40,000	45,678.83
4/22/2004	4/27/2004	T05		B	370442AU9000	GENERAL MTRS CORP NTS	\$112.7500	20,000	-22,605.83
4/22/2004	4/27/2004	T05		S	370442BW4000	GENERAL MTRS CORP DEB	\$107.3970	25,000	27,429.13
4/23/2004	4/28/2004	T05		B	345277AB3000	FORD HOLDINGS INC. DEBENTURES	\$115.0010	40,000	-46,598.65

Transactions in Leerink Swann Account [REDACTED] / Customer JB/ From 2/1/2003 Through 5/31/2004

4/23/2004	4/28/2004	T05	[REDACTED]	S	345370BN9000	FORD MTR CO 7.125% 11/15/25 B/E	\$96.3270	40,000	39,816.72
5/3/2004	5/3/2004	T05	[REDACTED]	S	22540ABH0000	CSFB MTG SECS CORP.	\$20.5000	70,000	14,373.13
5/3/2004	5/6/2004	T05	[REDACTED]	B	61688AAH1000	MORGAN JP & CO INC MEDIUM TERM SUB NTS	\$17.5260	50,000	-8,767.50
5/4/2004	5/7/2004	T05	[REDACTED]	B	AEP PRA	AMERICAN ELEC PWR INC EQUITY UNIT	\$45.0900	250	-11,532.69
5/4/2004	5/7/2004	T05	[REDACTED]	S	ONE PRT	BANK ONE CAP I PFD SECS 8.0%	\$25.8400	800	20,256.65
5/4/2004	5/7/2004	T05	[REDACTED]	B	IMH	IMPAC MTG HLDGS INC COM	\$19.8500	500	-10,166.22
5/12/2004	5/17/2004	T05	[REDACTED]	B	17453BAB7000	CITIZENS COMMUNICATIONS CO.	\$107.4180	15,000	-16,124.91
5/12/2004	5/12/2004	T05	[REDACTED]	S	285661AD6000	ELECTRONIC DATA SYS CORP NEW SR NT	\$90.8710	35,000	32,389.52
5/12/2004	5/17/2004	T05	[REDACTED]	B	370425SE1000	GENL MTRS ACCEP CORPNOTES	\$103.0000	20,000	-20,906.24