

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

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Department of Enforcement,	:	
Complainant	:	Disciplinary Proceeding
		2008011675301
v.	:	Hearing Officer _____
Timothy B. Ruggiero [CRD No. 2119642]	:	
and	:	
Peter S. Chung [CRD No. 1700865]	:	
Respondents	:	
.....X		

The Department of Enforcement alleges:

SUMMARY

1. Between February 2006 and October 2007, Timothy B. Ruggiero, the CEO of Brookshire Securities Corporation (“Brookshire”), and Peter S. Chung, a registered representative of Brookshire who indirectly held a substantial minority interest in the firm, engaged in manipulative trading of two stocks where Brookshire ran PIPE offerings. In one of these stocks, Ruggiero and Chung bought shares and placed orders to manipulate the inside bid price, in violation of SEC Rule 10b-5 and NASD Rule 2120. During both PIPE offerings, when such trading was prohibited, Ruggiero and Chung bought shares and solicited bids, in violation of SEC Regulation M. Moreover, Ruggiero failed broadly to supervise – failed to supervise trading by Brookshire staff, and failed to supervise e-mail. Ruggiero also forged the initials of the Firm’s former Registered Options Principal on numerous option tickets.

RESPONDENTS AND JURISDICTION

2. **Timothy B. Ruggiero** entered the securities industry in 1990. In 1996 he co-founded Brookshire. During all periods set forth herein, Ruggiero was the Firm's CEO and President and held a majority interest in Brookshire's parent firm, Brookshire Holdings, Inc. Ruggiero was also the Firm's Compliance Officer, and its Head Trader.

3. Brookshire became a registered broker-dealer in 1998. FINRA canceled Brookshire's registration, effective March 26, 2009, for failure to pay renewal fees. Effective May 27, 2009, the Firm canceled its broker-dealer registration with the Securities and Exchange Commission ("SEC").

4. Ruggiero has repeatedly been suspended from acting in any capacity requiring registration, in connection with FINRA customer arbitrations.

(a) In one customer arbitration, on December 17, 2009, FINRA suspended Ruggiero, pursuant to Article VI, Section of the FINRA By-Laws and FINRA Rule 9554, for failure to comply with an arbitration award or settlement agreement or to satisfactorily respond to a FINRA request to provide information concerning the status of compliance. On April 6, 2011, this suspension was lifted.

(b) On January 11, 2010, in a separate customer arbitration, FINRA suspended Ruggiero, pursuant to Rule 9554. On July 7, 2011, this suspension was lifted. In connection with this same matter, on November 29, 2011, FINRA again suspended Ruggiero pursuant to Rule 9554. Most recently, on December 16, 2011, FINRA yet again suspended Ruggiero, this time pursuant to FINRA Rule 9553, for his failure to pay FINRA arbitration fees.

5. Beginning in 2009, after Brookshire's registrations were canceled – and across the same period in which he was being suspended and re-suspended for misconduct in customer arbitrations – Ruggiero applied for registration with other firms (which he owned or controlled) that had applied for registration with FINRA, by filing several initial and amended Form U-4 Uniform Applications for Securities Registration or Transfer. In particular, these filings included an initial Form U-4 (dated March 25, 2011) by which Ruggiero sought registration with EC, Inc. This application for registration with EC, Inc. was subsequently terminated without registration on July 3, 2012.

6. Pursuant to Section 15A of the Form U-4, Ruggiero submitted himself to FINRA's jurisdiction by filing the U-4. Ruggiero is therefore subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws, because (1) pursuant to Article I, Section (rr) of FINRA's By-Laws, Ruggiero is a natural person who applied for registration under the FINRA Rules; (2) this Complaint was filed both within two years after Ruggiero's application for registration and within two years of the date when his application for registration with EC, Inc., was terminated; and (3) the Complaint charges Ruggiero with misconduct committed while he was registered or associated with a FINRA member.

7. **Peter S. Chung** entered the securities industry in 1990. Chung became a registered representative with Brookshire in 2002. Subsequently, Chung became the owner of a substantial minority interest in Brookshire Holdings, Inc.

8. In early 2009, shortly prior to the time that Brookshire's registrations were canceled, Chung moved to another FINRA registrant firm, SEG LLC. Chung became associated with SEG LLC pursuant to a Form U-4 application filed on February 25, 2009, and remained at SEG LLC until on or about December 31, 2010. FINRA canceled SEG LLC's registration on December

30, 2010, for failure to pay outstanding fees. Chung has not been employed in the securities industry since then.

9. Chung remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws, because (1) this Complaint was filed within two years after the effective termination of Chung's registration with SEG LLC, and (2) the Complaint charges Chung with misconduct committed while he was registered or associated with a FINRA member.

FIRST CAUSE OF ACTION

Securities Exchange Act of 1934, Section 10(b) and SEC Rule 10b-5, FINRA Rule 2120 and NASD Rule 2110 – Manipulation of Securities Prices (Ruggiero and Chung)

10. Enforcement realleges and incorporates by reference paragraphs 1-9 above.

11. Section 10(b) of the Exchange Act makes unlawful the use or employment of "any manipulative or deceptive device or contrivance" in contravention of SEC Rules. 15 U.S.C. 78j(b). Exchange Act Rule 10b-5 prohibits, in addition to nondisclosure and misrepresentation, "any device, scheme, or artifice to defraud" or any practice "which operates or would operate as a fraud or deceit upon any person." 17 C.F.R. 240.10b-5.

12. FINRA Rule 2120 states that "[no] member shall effect any transaction in, or induce the purchase or sale of, any security by means of any manipulative, deceptive or other fraudulent device or contrivance."

13. NASD Rule 2110 requires that FINRA registrants observe high standards of commercial honor and just and equitable principles of trade.

14. At Brookshire, Ruggiero and Chung assisted private companies in going public by reverse mergers with publicly-held shell corporations. During the period from 2006 through 2007, Ruggiero and Chung engaged in such transactions, including PIPE offerings ("Private

Investment in Public Equity”), with Visual Management Systems, Inc., (VMSY) and MDWerks, Inc. (MDWK), both OTC Bulletin Board securities.

15. As more particularly set forth below, during the period of the PIPE offerings for VMSY and MDWK, Ruggiero and Chung entered securities purchases and limit orders that manipulated the price of both stocks, in violation of federal securities anti-fraud laws and NASD Rules 2120 and 2110.

Background: The VMSY PIPE Offering

16. The PIPE offering for VMSY shares was effective (open) from March 30, 2007 through October 25, 2007. Pursuant to the terms of the PIPE, an investor who subscribed to the offering purchased units consisting of one share of Series A convertible preferred stock and a warrant to purchase 1,000 shares of common stock. The share of convertible preferred stock was initially convertible into shares of VMSY common stock at a rate of \$2.50 per share.

17. On or about July 17, 2007, a reverse merger was effected between two predecessor corporations of VMSY, Visual Management Systems Holding, Inc. and Wildon Management Systems, Inc., with the surviving corporation taking the name of VMSY. In connection with this merger, VMSY began to trade on the OTCBB under the symbol VMSY.OB.

18. Beginning on or about July 17, 2007, investors could purchase VMSY shares either in the market at the prevailing market price, or via the PIPE offering at \$2.50 per share. If the market price for VMSY fell below \$2.50, the PIPE would be unattractive to potential investors, but if the market price rose above the PIPE conversion price of \$2.50, potential investors would have an incentive to purchase via the PIPE offering.

19. During this period, VMSY traded at prices set by a relatively small number of market-making firms. VMSY's market price was determined by these market-makers' inside bid prices (the highest price at which they were willing to purchase the stock) and inside ask prices (the lowest price at which they were willing to sell the stock). In this trading environment, a limit order to purchase shares could affect the level at which a market-maker set its inside bid price. Thus, a purchaser's limit order to purchase VMSY shares, above the current inside bid price, would likely cause the market-makers to set a higher inside bid price – and could drive the inside bid price above the PIPE conversion price, making the PIPE an attractive option and likely affecting sales of the PIPE offering.

20. Because Ruggiero and Chung controlled Brookshire, the placement agent for the VMSY PIPE offering, they stood to benefit from placement agent fees, stock, and warrants if the PIPE were successful.

**Ruggiero and Chung Enter Manipulative Orders
To Raise the Inside Bid Price of VMSY**

21. During the VMSY PIPE offering, Ruggiero and Chung entered orders that manipulated the inside bid price for VMSY shares, in order to make the PIPE offering price more attractive. They entered orders that raised the inside bid price of VMSY – sometimes when VMSY's CEO requested that they take action to keep up the market price, at other times when low inside bid prices in the market threatened to undercut the VMSY PIPE offering.

22. In September 2007, when VMSY's CEO, JG, asked them to drive up the stock price, Ruggiero and Chung entered orders to artificially raise the inside bid price for VMSY shares.

23. On September 7, 2007, at 10:39 a.m., JG sent an e-mail to Chung:

- (a) **“Can you please make sure that there at least 2-300 share on the bid at 3.50-3.75 for the duration of our raise, the 3.50 spread is detrimental for our efforts”** [sic]. At the time JG sent this e-mail, the inside ask price for VMSY was \$5.00. A \$3.50 spread reflected that the inside bid price had fallen to \$1.50, a price below the \$2.50 price of the PIPE offering. Therefore, “the \$3.50 spread” was “detrimental” to VMSY’s efforts to sell shares via its PIPE offering.
- (b) Two minutes later, Chung entered a limit order to buy 1,000 VMSY shares at \$3.90. Closely following Chung’s order, the market-making firm that executed Brookshire orders updated and raised its quotation on the inside bid from \$1.50 to \$3.80 – from significantly below the PIPE offering price to significantly above it.
24. Subsequently, JG directed a similar request for illicit price support to Ruggiero.
- (a) On September 18, 2007, at 2:25 p.m., JG sent an e-mail to Ruggiero:
- “I am trying to get investors at 2.50”** [ellipsis in original], the price of the PIPE offering. JG continued, **“and there’s trades at 2.25. can you please help me out here?????????”**
- (b) Ruggiero replied to JG,
- “I just bot at 3.5 and entered an order to purchase some more at 4”** [sic]. Ruggiero had purchased 1,000 shares of VMSY at \$3.50 at 2:01 p.m. Closely following Ruggiero’s limit order to purchase these VMSY shares, the market-making firm that executed Brookshire orders had raised its inside bid price, from \$1.50 to \$3.25 – a price above the PIPE offering price.
- (c) Six minutes after Ruggiero’s message, JG wrote back, arranging contact,

“thank you. I’ll call as soon as we’re off the phone.” Three minutes later, JG spelled out his concern with additional detail: **“the spread is 2.25 x 3.50”** [sic].

- (d) At 3:54 p.m., following these repeated messages, using a market order, Ruggiero purchased an additional 100 VMSY shares at \$3.50, again at a price above the PIPE offering price.

25. In a third case, at the end of the month, JG turned once more to Chung, with another request to manipulate the price of VMSY.

- (a) On September 28, 2007, at 2:30 p.m., JG sent an e-mail to Chung. JG began, **“please keep us up. . .”** [ellipsis in original], and then continued:
“I need a little bit of support at \$3.00 or so. I’m still talking to [another investment banker]. If you can’t fly cover I gotta start looking for some help. J.” Twenty minutes later, at 2:50 p.m., Chung wrote back: **“Got it.”** JG then replied, **“thank you. let me know if I need to call around. I’m trying to discourage trading for the next two weeks so that we don’t need to fly tight cover I know we can get this fixed”** [ellipsis in original].

- (b) At 3:53 p.m., Chung placed a limit order to purchase 1,000 shares of VMSY at \$3.00. Following on this order, Brookshire’s market-maker raised its inside bid price for VMSY from \$2.10 to \$2.75, above the PIPE offering price.

26. Ruggiero’s and Chung’s orders and purchases artificially generated increases in the inside bid price for VMSY. They sent false or misleading signals to potential investors by creating the illusion that the market placed a higher value on VMSY, misleading investors into purchasing VMSY shares via the PIPE offering.

27. In total, Ruggiero, Chung, and Brookshire solicited 70 limit orders to purchase VMSY shares. Each of these limit orders was entered at a price above, and often substantially above, the standing inside bid for VMSY. In each case, Brookshire's purchase limit order was routed to the Firm's market-maker, which updated and raised its market-maker inside bid quotation for VMSY after receiving the Brookshire order. Most of these limit orders submitted by Ruggiero, Chung, and Brookshire were followed by the market-maker's raising its inside bid. As more particularly set forth in Exhibit A (attached):

- (a) For approximately 46 out of the 70 solicited limit orders submitted by Brookshire, or 65.7% overall, Brookshire's market-maker followed the Firm's order by establishing one or more new, higher bids displayed to the market.
- (b) Ruggiero solicited approximately 23 limit orders to purchase VMSY shares. In approximately nine cases, after receiving one of these limit orders, Brookshire's market-maker established a new, higher inside bid displayed to the market.
- (c) Chung solicited approximately 32 limit orders to purchase VMSY shares. In approximately 27 cases, after receiving one of these limit orders, Brookshire's market-maker established a new, higher inside bid displayed to the market.
- (d) A third Brookshire registered representative solicited approximately 15 limit orders to purchase VMSY shares. In approximately 10 cases, after receiving one of these limit orders, Brookshire's market-maker established a new, higher inside bid displayed to the market.
- (e) Both Ruggiero and Chung were actively engaged in and responsible for the submission of these orders. As Brookshire's CEO, Ruggiero was responsible for the Firm's role in processing and submitting these orders. Of the 15 limit orders solicited by the third

Brookshire registered representative, Chung processed and submitted 13 to Brookshire's clearing firm.

28. These solicited limit orders established the majority of upward movements in VMSY's inside bid from during the period from July 17, 2007 (when VMSY shares began to trade publicly) to October 25, 2007 (when the VMSY PIPE closed). As set forth more particularly below in Exhibit B (attached):

(a) In this period, there were approximately 81 upward movements in the inside bid price for VMSY stock throughout the market as a whole. Of these upward movements in the inside bid price, 66 were made by the market-maker executing Brookshire's orders. This represented approximately 81% of all upward movements in VMSY's inside bid price.

(b) Of the 66 upward movements in the inside bid price for VMSY made by Brookshire's market-maker during this period, approximately 49 were the result of Brookshire's solicited buy orders.

(c) Thus, during this period, Brookshire's limit orders to purchase VMSY caused 75% of the upward movements in the inside bid price made by Brookshire's market-maker (49 out of 65) and 60% of the upward inside bid movements for VMSY in the overall market (49 out of 81).

29. Brookshire's purchase limit orders in this period artificially inflated the inside bid price of VMSY, and the majority affected the inside bid price by material amounts. As set forth more particularly in Exhibit A (attached):

(a) Thirteen of Brookshire's limit orders moved the VMSY inside bid upward by 20%-29%.

(c) Ten of Brookshire's limit orders moved the VMSY inside bid upward by 30%-38%.

(d) Six of Brookshire's limit orders moved the VMSY inside bid price upward by 50%-67%.

(e) Occasionally, even larger upticks were generated. Four Brookshire limit orders resulted in the VMSY inside bid price moving upward by 70%-79%, and one bid lifted the inside bid price from \$2.30 to \$3.80, a rise of 153%.

(f) Of the remaining 15 Brookshire limit orders that impacted the inside bid, seven moved the VMSY inside bid price upward by 12% to 17%, six moved the VMSY inside bid price upward by 5% to 7%, and two moved the VMSY inside bid upwards by 1% to 2%.

30. Brookshire's limit orders to purchase VMSY shares artificially generated increases in the inside bid price for VMSY shares.

31. These limit orders sent false or misleading information to the marketplace because they raised the inside bid price at which VMSY shares could be purchased in the market and made it appear to investors that the market placed a higher value on VMSY shares and that it would be more attractive to purchase VMSY shares via the PIPE offering. In soliciting these orders, Ruggiero, Chung and Brookshire created the misleading appearance of heightened market activity or interest in VMSY.

32. By engaging in the conduct set forth above, Ruggiero and Chung knowingly or recklessly employed devices, schemes or artifices to defraud, in violation of Section 10(b) of the Securities Exchange Act of 1934 and SEC Rule 10b-5, and also induced the purchase or sale of securities by means of manipulative, deceptive, or other fraudulent devices or contrivances, in violation of NASD Rule 2120. Moreover, by engaging in the conduct set forth above, Ruggiero and Chung did not comply with high standards of commercial honor and just and equitable principles of trade, and thereby violated NASD Rule 2110. Accordingly, Ruggiero and Chung each violated Section 10(b) and Rule 10b-5, FINRA Rule 2120, and NASD Rule 2110 by submitting limit

orders that were intended to, and did, artificially increase the inside bid price and made the competing PIPE offering price appear more attractive to potential investors.

SECOND CAUSE OF ACTION

Rule 101 of SEC Regulation M and NASD Rule 2110 – Unlawful Trading in VMSY and MDWK Stock During PIPE Offerings (February 2006 – June 2006 and July 2007– October 2007) (Ruggiero and Chung)

33. Enforcement realleges and incorporates by reference paragraphs 1-32 above.
34. Under SEC Regulation M, 17 C.F.R. §242.100 *et seq.*, distribution participants in a securities offering are prohibited from trading in that security beginning five business days before the offering price is set in the offering memorandum, until the close of the offering.
 - (a) Regulation M, Rule 101, 17 C.F.R. §242.101, provides that in connection with a distribution of securities, it is unlawful for a distribution participant “to bid for, purchase, or attempt to induce any person to bid for or purchase,” a security during the applicable restricted period.
 - (b) SEC Regulation M, Rule 100, C.F.R. §242.100, defines a “distribution participant” as an underwriter, broker, dealer, or other person who is participating in a distribution of securities.
 - (c) SEC Regulation M, Rule 100, C.F.R. §242.100, defines a “securities distribution” as an offering of securities for which special selling efforts, *e.g.*, written offering materials and/or compensation, are employed, and for which the magnitude of the offering is sufficient (measured in terms of the number of shares to be registered for sale by the issuer and the percentage of the outstanding shares, public float and trading volume that those shares represent).

(d) SEC Regulation M, Rule 100, C.F.R. §242.100, defines the restricted period of a securities offering as beginning on the later of five business days prior to the determination of the offering price or such time that a person becomes a distribution participant, and ending upon that person's completion of participation in the distribution.

35. During the period of the PIPE offering for VMSY, when Brookshire and its registered representatives were prohibited from soliciting limit orders to purchase VMSY stock, Ruggiero and Chung violated Regulation M. Chung personally solicited limit orders for VMSY, and Ruggiero both solicited limit orders for VMSY and processed VMSY purchases solicited by Brookshire personnel.

Violations of SEC Regulation M
During the VMSY PIPE Offering

36. Brookshire acted as private placement agent in VMSY's PIPE offering pursuant to a Confidential Private Placement Memorandum.

37. During the period of the PIPE offering, as more particularly set forth below, Ruggiero and Chung violated SEC Regulation M by purchasing and/or inducing customers to purchase VMSY shares during the offering period.

38. The PIPE offering was of sufficient magnitude to be covered by Regulation M. As of July 17, 2007, the number of VMSY shares outstanding was 6,825,405. The private offering was designed to sell 1,000 to 2,000 Units that would be convertible into 1,000,000 to 2,000,000 shares of VMSY common stock, approximately 14% to 29% of the VMSY shares outstanding, and in fact resulted in the issuance of 616,000 VMSY shares, approximately 9% of the outstanding stock.

39. The PIPE offering was also a “securities distribution” under Regulation M, because Brookshire employed special selling efforts in connection with the PIPE offering. The PIPE offering was conducted pursuant to a Confidential Private Placement Memorandum and therefore involved special written sales material. Brookshire also received special compensation in connection with the PIPE offering – for serving as placement agent, Brookshire Securities received \$123,091 in commissions, \$112,436 in expenses, 61,600 shares of VMSY common stock and warrants to purchase an additional 61,600 shares (at an original exercise price of \$1.75 per share).

40. As persons associated with or controlling Brookshire, the placement agent for the VMSY PIPE offering, Ruggiero and Chung were distribution participants.

41. The restricted period for the VMSY PIPE offering ran from March 23, 2007 (five business days prior to the private placement memorandum of March 30, 2007) to October 27, 2007 (when the PIPE offering closed). During this period, Regulation M prohibited Brookshire registered representatives from soliciting purchases of VMSY stock.

42. During the restricted period, however, Ruggiero and Chung violated Regulation M by personally entering numerous solicited purchase limit orders for VMSY stock. Ruggiero also violated Regulation M in his role as CEO of a broker-dealer whose registered representatives induced others to purchase VMSY stock in solicited transactions. As more particularly set forth in Exhibit A:

(a) Ruggiero personally solicited 23 purchase limit orders for VMSY shares during the restricted period.

(b) Chung personally solicited 32 purchase limit orders for VMSY shares during the restricted period.

(c) As CEO of Brookshire, Ruggiero was responsible for the entry of these and 15 additional solicited purchase limited orders for VMSY shares that had been solicited by the Firm's registered representatives during the restricted period (70 limit orders total).

43. Brookshire submitted bids for a total of 74,050 shares of VMSY. The total value of these 70 bid orders was approximately \$216,700. The 52 executed limit orders had a total value of approximately \$157,850.

44. Because Brookshire and its personnel were prohibited from soliciting any purchase of VMSY shares during the restricted period of the PIPE offering, each of these orders represented a violation of Regulation M.

45. By personally soliciting purchases of VMSY shares, Chung and Ruggiero purchased and induced others to purchase VMSY shares during the restricted offering period. These transactions violated Rule 101 of SEC Regulation M and NASD Rule 2110.

46. In addition, by serving as CEO of a broker-dealer whose registered representatives solicited purchases of VMSY shares, Ruggiero induced others to purchase VMSY shares during the restricted offering period. These transactions violated Rule 101 of SEC Regulation M and NASD Rule 2110.

**Violations of SEC Regulation M
During the MDWK PIPE Offering**

47. Ruggiero and Chung also violated SEC Regulation M by purchasing and inducing customers to purchase shares of MDWK stock during an offering period when such transactions were forbidden.

48. In 2006, Brookshire undertook a PIPE offering for MDWK shares pursuant to a Confidential Private Placement Memorandum. The offering began on February 1, 2006, and closed on June 28, 2006. Brookshire acted as placement agent.

49. The PIPE offering for MDWK securities was of sufficient magnitude to be covered by Regulation M. During the offering period, MDWK reported that it had 11,732,415 shares outstanding. The PIPE offering involved the sale of units that each contained one share of preferred stock and one warrant, each representing 20,000 shares of MDWK common stock. In total, 28.33 units were sold during the PIPE offering, requiring MDWK to register 566,000 MDWK shares for the preferred stock conversions and another 566,000 shares for the warrant conversions. This total of 1,132,000 shares represented approximately 9.6% of the 11,732,415 MDWK shares outstanding.

50. The PIPE offering for MDWK stock involved the use of special selling efforts, both written sales materials and compensation. The PIPE offering involved special written sales materials in that it was conducted pursuant to the Confidential Private Placement Memorandum of February 1, 2006. The PIPE offering involved special compensation in that, for serving as lead placement agent, Brookshire received \$170,000, 170,000 shares of MDWK common stock and a warrant to purchase 56,667 shares of common stock at \$1.50 per share, via a cashless exercise provision.

51. As persons associated with or controlling Brookshire, the placement agent for the MDWK PIPE offering, Ruggiero and Chung were distribution participants.

52. Under Regulation M, the restricted period for the MDWK PIPE offering ran from January 25, 2006 (five business days prior to the private placement memorandum of February 1, 2006) to June 28, 2006, when the PIPE offering closed.

53. During the restricted period, Chung violated Regulation M on numerous occasions by purchasing MDWK stock and by inducing others to purchase MDWK stock. In particular, these violations included the following transactions:

(a) On **February 2, 2006**, in a personal transaction, Chung purchased 5,000 MDWK shares, for a total of approximately \$17,475.

(b) On **February 16, 2006**, in a personal transaction, Chung purchased 1,000 MDWK shares, for a total of approximately \$3,000.

(c) On **February 22, 2006**, in personal transactions in two separate accounts, Chung purchased a total of 5,500 MDWK shares, for a total of approximately \$18,625.

(d) On **April 11, 2006**, in a personal transaction, Chung purchased 1,000 MDWK shares, for approximately \$3,000.

(e) On **April 12, 2006**, in a personal transaction, Chung purchased 8,500 MDWK shares, for approximately \$27,445.

(f) Between **May 3, 2006 and June 7, 2006**, in four separate personal transactions, Chung purchased approximately 44,000 MDWK shares from a Brookshire customer, SG.

Specifically, Chung purchased 10,000 shares on May 3; 19,000 shares on May 8; 10,000 shares on May 10; and 5,000 shares on June 7. Chung paid a total of approximately \$186,810 for these shares.

54. During the restricted period, Ruggiero violated Regulation M in that he served as CEO of Brookshire and was responsible for instances in which the Firm's registered representatives induced others to purchase MDWK stock in solicited transactions. In particular, these violations included the following transactions:

(a) On **April 28, 2006**, Brookshire registered representatives solicited purchases by six Brookshire customers who bought a total of 21,500 MDWK shares, for a total of approximately \$91,375.

(b) On **May 23, 2006**, Brookshire registered representatives solicited purchases by ten Brookshire customers who bought a total of 42,250 MDWK shares, for a total of approximately \$179,562.50.

(c) On **June 14, 2006**, Brookshire registered representatives solicited purchases by approximately 22 Brookshire customers who bought a total of approximately 65,000 MDWK shares, for a total of approximately \$276,075.50.

55. By personally purchasing MDWK shares, or by serving as CEO of a broker-dealer whose registered representatives solicited purchases of MDWK shares, Chung and Ruggiero purchased and induced others to purchase MDWK shares during the restricted offering period. These transactions violated Rule 101 of SEC Regulation M and NASD Rule 2110.

THIRD CAUSE OF ACTION

NASD Rules 3110(a) and Rule 2110 – Failure to Make and Preserve Electronic Communications (Fall 2006 - May 2008) (Ruggiero)

56. Enforcement realleges and incorporates by reference paragraphs 1-55 above.

57. Section 17 of the Securities Exchange Act of 1934 and SEC Rule 17a-4 require that broker-dealers preserve records of all communications sent and received by them related to their business, for a period of not less than three years. Additionally, SEC Rule 17a-4(f) requires that broker-dealers that employ electronic storage media use media that preserves these records “exclusively in a non-erasable and non-rewritable format.” NASD Rule 3110(a) provides that

each FINRA registrant shall make and preserve correspondence as prescribed by SEC Rule 17a-3 and Rule 17a-4.

58. As CEO of Brookshire, Ruggiero was responsible for the Firm's compliance with securities laws and rules and with the NASD rules. Moreover, Brookshire's written Supervisory Procedures Manual designated Ruggiero as Compliance Officer for the Firm, with responsibility for "[a]pproval of all incoming and outgoing correspondence."

59. Ruggiero failed to make and preserve records of electronic communications relating to the Firm's business and to document his review of e-mail correspondence.

60. As more specifically set forth below, Ruggiero persistently fell in short in assuring that Brookshire installed and employed e-mail systems that captured and preserved Firm communications.

(a) Ruggiero failed to install a Firm e-mail system employing a central server prior to the summer or fall of 2006, and possibly not until February or March 2007. Prior to January 2006, Brookshire had no firm e-mail system, and records of electronic communications for this period did not exist.

(b) Prior to the summer or fall of 2006 or February or March 2007, Ruggiero allowed individual Brookshire employees to send and receive e-mail relating to Brookshire's business entirely or substantially via personal e-mail systems on their individual computers, rather than through the Brookshire firm e-mail system.

(c) For the period from the summer or fall of 2006 to about June 2008, to the extent that e-mail was received via the Firm's e-mail system, Ruggiero had any messages that were stored on the server backed up at best semi-annually, rather than routinely or regularly.

(d) Through about October 2008, Ruggiero, as well as other Brookshire employees, used personal non-firm e-mail addresses for business communications. Such communications were not captured and preserved by the Firm's e-mail system.

61. Ruggiero also failed to ensure that Brookshire employed a non-erasable and non-rewritable format to retain e-mail correspondence. Prior to about March 2007, any e-mail communications held at Brookshire were stored on the hard drives of the computers used by individual Brookshire employees. This arrangement was inadequate in that it did not employ a non-erasable and non-rewritable format to retain e-mail correspondence.

62. Brookshire's written procedures on electronic correspondence required prior approval for electronic messages, review of incoming e-mail before delivery, and a principal's review and written endorsement of all correspondence of the Firm's associated persons pertaining to securities transactions. Ruggiero did not follow these procedures and document the reviews that they required. Prior to about May or June 2008, Ruggiero carried out reviews of e-mail correspondence on a quarterly basis, after receipt of the e-mails by Brookshire staff (not before delivery, as required by the procedures). Ruggiero only performed spot-check reviews and did not maintain documentation of these reviews.

63. By virtue of this conduct, Ruggiero violated NASD Rules 3110 and 2110 in that he caused his firm to create and maintain inaccurate books and records in violation of Section 17(a) of the Securities Exchange Act of 1934 and SEC Rules 17a-3 and 17a-4. Ruggiero thereby failed to observe high standards of commercial honor and just and equitable principles of trade.

FOURTH CAUSE OF ACTION

Failure to Supervise by Permitting Improper Trading (February 2006 - June 2006 and July 2007 - October 2007) and Failing to Supervise Electronic Communications (Fall 2006 - May 2008) (Ruggiero)

64. Enforcement realleges and incorporates by reference paragraphs 1-63 above.
65. NASD Rule 3010 requires in part that a FINRA registrant shall “establish and maintain a system to supervise the activities of its associated persons that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with NASD Rules,” and that a FINRA registrant “shall establish, maintain, and enforce written procedures to supervise the types of business in which it engages.” NASD Rule 0115 further provides that “[p]ersons associated with a member shall have the same duties and obligations as a member.”
66. During the relevant period, Ruggiero was CEO of Brookshire, with overall responsibility for assuring compliance by the Firm. Moreover, Brookshire’s written Supervisory Procedures Manual designated Ruggiero as Head Trader for the Firm, with responsibility for review and approval of “all Transactions,” “all Syndicate Transactions,” and “Trading activities (all encompassing).” Ruggiero’s duties as Compliance Officer further included “[i]nitial review and approval of all Transactions.”
67. Ruggiero failed to supervise trading at Brookshire. He failed to appropriately review and approve transactions and trading activities. As a result, he did not prevent Brookshire from manipulating the price of securities for which the Firm was conducting offerings, or prevent the Firm and its registered representatives from improperly soliciting purchases and purchase limit orders during restricted offering periods.
68. Brookshire’s written procedures on electronic correspondence required prior approval for electronic messages, review of incoming e-mail before delivery, and a principal’s review and

written endorsement of all correspondence of the Firm's associated persons pertaining to securities transactions. The Firm's written procedures also required Brookshire to retain originals of all communications received and copies of all communications sent via e-mail for three years, the first two years in an accessible place, by optical disk. Ruggiero failed to enforce these procedures.

69. Ruggiero failed to supervise electronic communications at Brookshire, by failing to ensure compliance by the Firm with applicable securities laws and regulations, and by failing to enforce the Firm's own written supervisory procedures, in violation of NASD Rule 3010 and NASD Rule 2110.

FIFTH CAUSE OF ACTION

Forgery of Initials Purporting to Evidence Supervisory Review of Options Transactions (NASD Rules 3110(a) and 2110) (2006) (Ruggiero)

70. Enforcement realleges and incorporates by reference paragraphs 1-69 above.

71. Sec. 17(a) of the Exchange Act and SEC Rule 17a-3(a)(6) require in relevant part that a broker-dealer shall make a memorandum of each brokerage order received. NASD Rule 3110(a) requires in part that member firms make and preserve books, accounts, records, and memoranda as required by the securities laws and SEC rules.

72. When Brookshire began doing business, the Firm's Senior Registered Options Principal (SROP) and Compliance Officer was AB, a co-founder of the Firm. AB held these positions until December 20, 2001, when he retired from Brookshire.

73. On or about April 24, 2003, Brookshire filed a Form U-4 to reflect AB's return to work for the Firm, as FIN-OP for Brookshire. Subsequently AB served for a period of time as FIN-OP for Brookshire.

74. On numerous occasions, Ruggiero forged AB's initials on options order tickets. During the calendar year 2006, Ruggiero applied AB's purported initials to approximately 239 options order tickets to evidence AB's supposed review of these records.

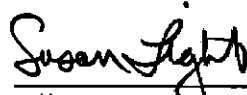
75. By forging AB's initials on the order tickets and creating records that gave the false appearance that they had been duly reviewed by qualified personnel, in violation of his Firm's obligation under Sec. 17(a) of the Exchange Act and SEC Rule 17a-3, Ruggiero violated NASD Rules 3110(a) and 2110.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. make specific findings of fact and conclusions of law that Respondents committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed; and
- C. order that Respondents bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

Date: September 25, 2012 **FINRA DEPARTMENT OF ENFORCEMENT**



Allen D. Boyer
Senior Appellate Counsel
Ronald W. Sannicandro
Senior Counsel
Michael J. Watling
Principal Counsel
Steven F. Korostoff
Director, Enforcement Center
Susan Light
Senior Vice President and Chief Counsel

FINRA Department of Enforcement
1 World Financial Center – 11th Floor
New York, New York 10281
Phone (646) 315-7312
Facsimile (646) 315-7425
E-mail: allen.boyer@finra.org

Brookshire Limit Orders for VMSY and Their Impact on the
VMSY Inside Bid Price During the VMSY PIPE Offering

EXHIBIT A

VMSY ORDERS*										Impact on VMSY Inside Bid***							
Order #	Type	# Shares	Date of Order	SWST Report - Entry Time	Limit Order Price	Date of Execution	SWST Report - Execution/Expiration Time	Order Disposition**	Solicited	Broker Accepting Order	Person Placing Order	Inside Bid Before Order	Inside Bid After Order	Inside Bid After Execution (if executed)	Bid Change (\$)	Bid Change (%)	Impact on Inside Bid Greater than 5% per FINRA Staff Review? "X" = Yes"
1	Buy	1,500	07/27/07	14:14:33	\$ 4.05	07/27/07	14:18:41 Filled		Y	Ruggiero	Macriehie	\$ 4.00	\$ 4.00	\$ 4.00	\$ -	0%	
2	Buy	300	08/03/07	15:46:20	\$ 4.10	08/03/07	15:54:03 Filled		Y	Ruggiero	Macriehie	\$ 4.00	\$ 4.00	\$ 4.00	\$ -	0%	
3	Buy	2,500	08/21/07	15:03:43	\$ 4.00	08/21/07	15:55:15 Filled		Y	Ruggiero	Macriehie	\$ 3.55	\$ 3.00	\$ 3.55	\$ 0.20	6%	X
4	Buy	450	08/22/07	12:10:03	\$ 4.00	08/22/07	12:10:41 Filled		Y	Ruggiero	Chung	\$ 3.00	\$ 3.00	\$ 3.00	\$ -	0%	
5	Buy	1,000	08/22/07	16:00:00	\$ 3.65	08/22/07	15:59:27 Filled		Y	Ruggiero	Macriehie	\$ 3.00	\$ 3.00	\$ 3.00	\$ -	0%	
6	Buy	1,000	08/23/07	10:55:41	\$ 3.70	n/a	17:30:13 Nothing done-day limit		Y	Chung	Chung	\$ 2.25	\$ 2.00	\$ 2.00	\$ 1.35	60%	X
7	Buy	1,000	08/24/07	10:37:19	\$ 3.65	n/a	17:30:12 Nothing done-day limit		Y	Chung	Chung	\$ 2.10	\$ 2.00	\$ 2.00	\$ 1.40	67%	X
8	Buy	1,000	08/27/07	11:08:16	\$ 3.50	08/27/07	13:08:05 Filled		Y	Chung	Chung	\$ 2.10	\$ 2.00	\$ 2.00	\$ 1.40	67%	X
9	Buy	800	08/27/07	15:41:23	\$ 3.80	08/27/07	15:48:10 Filled		Y	Chung	Chung	\$ 3.25	\$ 3.00	\$ 3.30	\$ 0.50	15%	X
10	Buy	600	08/27/07	15:49:06	\$ 3.75	n/a	17:30:17 Nothing done-day limit		Y	Chung	Chung	\$ 3.30	\$ 3.00	\$ 3.00	\$ 0.20	6%	X
11	Buy	1,000	08/30/07	14:35:13	\$ 3.95	n/a	17:30:13 Nothing done-day limit		Y	Ruggiero	Chung	\$ 2.25	\$ 2.00	\$ 2.00	\$ 1.50	67%	X
12	Buy	1,000	08/31/07	11:20:22	\$ 3.90	n/a	17:30:14 Nothing done-day limit		Y	Ruggiero	Chung	\$ 2.10	\$ 2.00	\$ 2.00	\$ 1.65	79%	X
13	Buy	1,000	09/04/07	10:31:30	\$ 3.80	n/a	17:30:10 Nothing done-day limit		Y	Chung	Chung	\$ 2.10	\$ 2.00	\$ 2.00	\$ 1.65	79%	X
14	Buy	1,000	09/05/07	10:25:58	\$ 3.80	n/a	17:30:11 Nothing done-day limit		Y	Chung	Chung	\$ 2.10	\$ 2.00	\$ 2.00	\$ 1.60	76%	X
15	Buy	400	09/06/07	12:24:08	\$ 4.00	09/06/07	12:26:31 Filled		Y	Ruggiero	Chung	\$ 3.75	\$ 3.80	\$ 3.90	\$ 0.05	1%	
16	Buy	1,000	09/07/07	10:41:00	\$ 3.90	n/a	17:30:11 Nothing done-day limit		Y	Chung	Chung	\$ 1.50	\$ 1.50	\$ 1.50	\$ 2.30	153%	X
17	Buy	1,000	09/10/07	15:42:58	\$ 4.00	09/10/07	15:43:55 Filled, later Reg T Sellout on 9/18/07		Y	Chung	Chung	\$ 3.85	\$ 3.85	\$ 3.85	\$ -	0%	
18	Buy	1,000	09/10/07	15:46:29	\$ 3.90	09/10/07	15:48:17 Filled, later Reg T Sellout on 9/18/07		Y	Chung	Chung	\$ 3.85	\$ 3.85	\$ 3.85	\$ -	0%	
19	Buy	1,000	09/12/07	13:03:34	\$ 3.90	n/a	17:30:19 Nothing done-day limit		Y	Chung	Chung	\$ 2.50	\$ 2.00	\$ 2.00	\$ 1.25	50%	X
20	Buy	1,000	09/17/07	11:41:24	\$ 3.82	n/a	17:30:14 Nothing done-day limit		Y	Ruggiero	Chung	\$ 2.20	\$ 2.00	\$ 2.00	\$ 1.55	70%	X
21	Buy	1,000	09/18/07	15:01:09	\$ 3.25	n/a	17:30:22 Nothing done-day limit		Y	Chung	Chung	\$ 2.25	\$ 2.00	\$ 2.00	\$ 0.75	33%	X
22	Buy	1,100	09/18/07	15:58:03	\$ 3.50	09/18/07	15:57:15 Filled, at average price \$3.50		Y	Ruggiero	Macriehie	\$ 3.00	\$ 3.00	\$ 3.00	\$ -	0%	
23	Buy	1,000	09/20/07	10:56:36	\$ 3.25	09/20/07	14:00:29 Filled, later subject to Reg T Sellout, then both the sellout and buy were Cx'd		Y	Chung	Chung	\$ 2.50	\$ 2.00	\$ 2.00	\$ 0.50	20%	X
24	Buy	1,000	09/24/07	13:02:26	\$ 2.85	n/a	17:30:13 Nothing done-day limit		Y	Ruggiero	Chung	\$ 2.30	\$ 2.00	\$ 2.00	\$ 0.45	20%	X
25	Buy	1,000	09/25/07	11:19:37	\$ 3.20	n/a	17:30:17 Nothing done-day limit		Y	Chung	Chung	\$ 2.25	\$ 2.00	\$ 2.00	\$ 0.85	38%	X
26	Buy	1,000	09/26/07	10:47:26	\$ 3.10	09/26/07	15:48:52 Filled		Y	Chung	Chung	\$ 2.25	\$ 2.00	\$ 2.25	\$ 0.75	33%	X
27	Buy	1,000	09/27/07	11:00:32	\$ 3.10	09/27/07	15:30:56 Filled		Y	Waddell	Chung	\$ 2.10	\$ 2.00	\$ 2.10	\$ 0.75	33%	X
28	Buy	1,000	09/28/07	12:37:03	\$ 2.85	09/28/07	15:35:07 Filled		Y	Chung	Chung	\$ 2.10	\$ 2.00	\$ 2.10	\$ 0.65	31%	X
29	Buy	1,000	09/28/07	15:53:04	\$ 3.00	n/a	17:30:29 Nothing done-day limit		Y	Chung	Chung	\$ 2.10	\$ 2.00	\$ 2.00	\$ 0.65	31%	X
30	Buy	1,000	10/01/07	10:33:50	\$ 3.00	10/01/07	14:08:18 Filled		Y	Chung	Chung	\$ 2.25	\$ 2.25	\$ 2.25	\$ -	0%	
31	Buy	1,000	10/02/07	15:39:15	\$ 3.05	10/02/07	15:40:11 Filled		Y	Ruggiero	Macriehie	\$ 2.25	\$ 2.25	\$ 2.25	\$ -	0%	
32	Buy	1,000	10/03/07	10:13:11	\$ 2.80	10/03/07	11:03:40 Filled		Y	Ruggiero	Chung	\$ 2.25	\$ 2.00	\$ 2.00	\$ 0.45	20%	X
33	Buy	1,400	10/03/07	15:35:07	\$ 3.00	10/03/07	15:35:37 Filled		Y	Ruggiero	Macriehie	\$ 2.25	\$ 2.25	\$ 2.25	\$ -	0%	
34	Buy	700	10/03/07	15:35:55	\$ 3.00	10/03/07	15:36:09 Filled		Y	Ruggiero	Macriehie	\$ 2.25	\$ 2.25	\$ 2.25	\$ -	0%	
35	Buy	1,000	10/05/07	12:18:26	\$ 2.70	n/a	17:30:16 Nothing done-day limit		Y	Chung	Chung	\$ 2.25	\$ 2.00	\$ 2.00	\$ 0.35	16%	X
36	Buy	1,000	10/08/07	11:02:05	\$ 2.80	n/a	17:30:14 Nothing done-day limit		Y	Chung	Chung	\$ 2.25	\$ 2.00	\$ 2.00	\$ 0.45	20%	X
37	Buy	1,000	10/09/07	11:27:18	\$ 2.78	10/09/07	14:32:11 Filled		Y	Chung	Chung	\$ 2.25	\$ 2.00	\$ 2.25	\$ 0.45	20%	X

Brookshire Limit Orders for VMSY and Their Impact on the
VMSY Inside Bid Price During the VMSY PIPE Offering

EXHIBIT A

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* Source of VMSY Order Data is Southwest Securities Inc. Order Ticket Information Report 7/23/2007 - 10/31/2007 for Correspondent Brookshire Securities Inc.

** Source of order disposition is taken from Southwest Securities Inc. Order Ticket Information Report and confirmed via FINRA BlueSheet data for same period.

*** Source of information for Inside Bid/Ask movement taken from FINRA Market Maker Price Movement Report for the same period period

Inside Bid Changes in the Market for VMSY
Shares During the VMSY PIPE Offering
EXHIBIT B

MARKET MAKER PRICE MOVEMENT REPORT DATA*													FINRA Staff BSC Order Identifiers**				
#	Issue	Event Date	Event Time	Market Maker Bid Update (Market Participant Quote Event or MPQTE)	Market Participant Identifier (MPPID)	Change V/N	MPPID Selling Inside Bid	Insile Bid Price	Insile Ask Price	Insile Bid Size	Insile Bid Changes	Brookshire Buy Orders	Bid Price Before Change	Bid Price After Change	Brookshire Order # from Exh. A Iomitted orders did not impact inside bid price!	FINRA Staff Comment Regarding Reconciliation of VMSY Orders	Impact on VMSY Order Ticket vs. Bid Change Count
1	VMSY	08/10/07	09:37:42:2600	MPQTE	SALI	Y	HDSN	\$ 4.00	\$ 4.75	5	\$ 1.00		\$ 3.00	\$ 4.00			
2	VMSY	08/10/07	09:37:42:2600	MPQTE	HDSN			\$ 4.00	\$ 4.75	5	\$ 1.00		\$ 3.00	\$ 4.00			
3	VMSY	08/21/07	11:58:15:9900	MPQTE	HDSN			\$ 2.65	\$ 4.10	5	\$ 0.55		\$ 2.10	\$ 2.65			
4	VMSY	08/21/07	11:58:15:9900	MPQTE	SALI	Y	SALI	\$ 2.65	\$ 4.10	5	\$ 0.55		\$ 2.10	\$ 2.65			
5	VMSY	08/21/07	12:11:58:2630	MPQTE	HDSN			\$ 3.25	\$ 4.10	5	\$ 0.60		\$ 2.65	\$ 2.00			
6	VMSY	08/21/07	12:11:58:2630	MPQTE	HILL	Y	HILL	\$ 3.25	\$ 4.10	5	\$ 0.60	Non-BKS Order	\$ 2.65	\$ 3.25			
7	VMSY	08/21/07	12:28:10:6500	MPQTE	HDSN			\$ 3.50	\$ 4.10	5	\$ 0.25		\$ 3.25	\$ 2.00			
8	VMSY	08/21/07	12:28:10:6500	MPQTE	SALI	Y	SALI	\$ 3.50	\$ 4.10	5	\$ 0.25		\$ 3.25	\$ 3.50			
9	VMSY	08/21/07	15:00:28:6370	MPQTE	HILL			\$ 3.55	\$ 4.50	5	\$ 0.05		\$ 3.50	\$ 3.50			
10	VMSY	08/21/07	15:00:28:6370	MPQTE	SALI	Y	SALI	\$ 3.55	\$ 4.50	5	\$ 0.05		\$ 3.50	\$ 3.55			
11	VMSY	08/21/07	15:03:54:5470	MPQTE	HILL			\$ 3.75	\$ 4.50	5	\$ 0.20	BKS Order	\$ 3.50	\$ 3.75	3		
12	VMSY	08/22/07	10:51:55:9830	MPQTE	HILL	Y	HILL	\$ 3.50	\$ 4.00	5	\$ 1.25	Non-BKS Order	\$ 2.25	\$ 3.50			
13	VMSY	08/22/07	10:51:55:9830	MPQTE	SALI			\$ 3.50	\$ 4.00	5	\$ 1.25		\$ 2.25	\$ 2.00			
14	VMSY	08/22/07	11:16:56:8200	MPQTE	HILL	Y	HILL	\$ 3.00	\$ 4.00	5	\$ 0.75	Non-BKS Order	\$ 2.25	\$ 3.00			
15	VMSY	08/22/07	11:16:56:8200	MPQTE	SALI			\$ 3.00	\$ 4.00	5	\$ 0.75		\$ 2.25	\$ 2.00			
16	VMSY	08/23/07	10:55:49:3600	MPQTE	HILL	Y	HILL	\$ 3.60	\$ 4.00	5	\$ 1.35	BKS Order	\$ 2.25	\$ 3.60	6		
17	VMSY	08/23/07	10:55:49:3600	MPQTE	SALI			\$ 3.60	\$ 4.00	5	\$ 1.35		\$ 2.25	\$ 2.00			
18	VMSY	08/24/07	10:37:27:5200	MPQTE	HILL	Y	HILL	\$ 3.50	\$ 4.00	5	\$ 1.40	BKS Order	\$ 2.10	\$ 3.50	7		
19	VMSY	08/24/07	10:37:27:5200	MPQTE	SALI			\$ 3.50	\$ 4.00	5	\$ 1.40		\$ 2.10	\$ 2.00			
20	VMSY	08/27/07	11:08:22:8000	MPQTE	HILL	Y	HILL	\$ 3.50	\$ 4.00	5	\$ 1.40	BKS Order	\$ 2.10	\$ 3.00	8		
21	VMSY	08/27/07	11:08:22:8000	MPQTE	SALI			\$ 3.50	\$ 4.00	5	\$ 1.40		\$ 2.10	\$ 2.00			
22	VMSY	08/27/07	12:34:31:5430	MPQTE	NITE	Y	NITE	\$ 3.25	\$ 4.00	5	\$ 0.25		\$ 3.00	\$ 2.00			
23	VMSY	08/27/07	12:34:31:5430	MPQTE	SALI			\$ 3.25	\$ 4.00	5	\$ 0.25		\$ 3.00	\$ 2.00			
24	VMSY	08/27/07	15:42:03:7400	MPQTE	HILL	Y	HILL	\$ 3.75	\$ 4.00	5	\$ 0.50	BKS Order	\$ 3.25	\$ 3.75	9		
25	VMSY	08/27/07	15:42:03:7400	MPQTE	SALI			\$ 3.75	\$ 4.00	5	\$ 0.50		\$ 3.25	\$ 2.00			
26	VMSY	08/27/07	15:49:20:2670	MPQTE	HILL	Y	HILL	\$ 3.50	\$ 4.00	5	\$ 0.20	BKS Order	\$ 3.30	\$ 3.50	10		
27	VMSY	08/27/07	15:49:20:2670	MPQTE	SALI			\$ 3.50	\$ 4.00	5	\$ 0.20		\$ 3.30	\$ 1.25			
28	VMSY	08/30/07	14:35:23:5400	MPQTE	HILL	Y	HILL	\$ 3.75	\$ 5.00	5	\$ 1.50	BKS Order	\$ 2.25	\$ 3.75	11		
29	VMSY	08/30/07	14:35:23:5400	MPQTE	SALI			\$ 3.75	\$ 5.00	5	\$ 1.50		\$ 2.25	\$ 1.25			
30	VMSY	08/31/07	11:21:03:1470	MPQTE	HILL	Y	HILL	\$ 3.75	\$ 5.00	5	\$ 1.65	BKS Order	\$ 2.10	\$ 3.75	12		
31	VMSY	08/31/07	11:21:03:1470	MPQTE	SALI			\$ 3.75	\$ 5.00	5	\$ 1.65		\$ 2.10	\$ 1.25			
32	VMSY	09/04/07	10:31:40:5370	MPQTE	HILL	Y	HILL	\$ 3.75	\$ 5.00	5	\$ 1.65	BKS Order	\$ 2.10	\$ 3.75	13		
33	VMSY	09/04/07	10:31:40:5370	MPQTE	SALI			\$ 3.75	\$ 5.00	5	\$ 1.65		\$ 2.10	\$ 1.25			
34	VMSY	09/05/07	10:26:30:6830	MPQTE	HILL	Y	HILL	\$ 3.70	\$ 5.00	5	\$ 1.60	BKS Order	\$ 2.10	\$ 3.70	14		
35	VMSY	09/05/07	10:26:30:6830	MPQTE	SALI			\$ 3.70	\$ 5.00	5	\$ 1.60		\$ 2.10	\$ 1.25			
36	VMSY	09/06/07	09:53:38:9200	MPQTE	HILL	Y	HILL	\$ 3.75	\$ 5.00	5	\$ 2.25	Non-BKS Order	\$ 1.50	\$ 3.75			
37	VMSY	09/06/07	09:53:38:9200	MPQTE	SALI			\$ 3.75	\$ 5.00	5	\$ 2.25		\$ 1.50	\$ 1.25			
38	VMSY	09/06/07	12:24:23:0070	MPQTE	HILL	Y	HILL	\$ 3.80	\$ 5.00	5	\$ 0.05	Non-BKS Order	\$ 3.75	\$ 3.80			
39	VMSY	09/06/07	12:24:23:0070	MPQTE	SALI			\$ 3.80	\$ 5.00	5	\$ 0.05		\$ 3.75	\$ 1.25			
40	VMSY	09/06/07	12:24:24:0670	MPQTE	HILL	Y	HILL	\$ 3.85	\$ 5.00	5	\$ 0.05	Non-BKS Order	\$ 3.80	\$ 3.85			
41	VMSY	09/06/07	12:24:24:0670	MPQTE	SALI			\$ 3.85	\$ 5.00	5	\$ 0.05		\$ 3.80	\$ 1.25			
42	VMSY	09/06/07	12:27:07:0870	MPQTE	HILL	Y	HILL	\$ 3.90	\$ 5.00	5	\$ 0.05	Non-BKS Order	\$ 3.85	\$ 3.90			
43	VMSY	09/06/07	12:27:07:0870	MPQTE	SALI			\$ 3.90	\$ 5.00	5	\$ 0.05		\$ 3.85	\$ 1.25			
44	VMSY	09/07/07	10:41:11:8830	MPQTE	HILL	Y	HILL	\$ 3.80	\$ 5.00	5	\$ 2.30	BKS Order	\$ 1.50	\$ 3.80	16		
45	VMSY	09/07/07	10:41:11:8830	MPQTE	SALI			\$ 3.80	\$ 5.00	5	\$ 2.30		\$ 1.50	\$ 1.25			
46	VMSY	09/10/07	09:59:08:1030	MPQTE	DOMS	Y	DOMS	\$ 3.85	\$ 5.00	5	\$ 1.85		\$ 2.00	\$ 3.85			
47	VMSY	09/10/07	09:59:08:1030	MPQTE	SALI			\$ 3.85	\$ 5.00	5	\$ 1.85		\$ 2.00	\$ 1.25			
48	VMSY	09/12/07	13:04:08:1670	MPQTE	HILL	Y	HILL	\$ 3.75	\$ 5.00	5	\$ 1.25	BKS Order	\$ 3.50	\$ 3.75	19		

Inside Bid Changes in the Market for VMSY
Shares During the VMSY PIPE Offering
EXHIBIT B

MARKET MAKER PRICE MOVEMENT REPORT DATA*													FINRA Staff BSC Order Identifiers**					
#	Issue	Event Date	Event Time	Market Maker Bid Update (Market Participant Quote Event or MPQTE)	Market Participant Identifier (MPID)	Change Y/N	MPID Setting Inside Bid	Inside Bid Price	Inside Ask Price	Inside Bid Size	Inside Bid Changes	Brookshire Buy Orders	Bid Price Before Change	Bid Price After Change	Brookshire Order # from Exh. A (omitted orders did not impact inside bid price)	FINRA Staff Comment Regarding Reconciliation of Bid Changes to VMSY Orders	Impact on VMSY Order Ticket vs. Bid Change Count	
49	VMSY	09/12/07	13:04:08.1670	MPQTE	SALI			\$ 3.75	\$ 5.00	5	1.25		\$ 2.50	\$ 1.25				
50	VMSY	09/12/07	13:04:23.7900	MPQTE	HILL	Y		\$ 3.80	\$ 5.00	5	0.05		\$ 3.75	\$ 1.25	19		2nd uptick attributed to order	1
51	VMSY	09/12/07	13:04:23.7900	MPQTE	SALI			\$ 3.80	\$ 5.00	5	0.05		\$ 3.75	\$ 1.25				
52	VMSY	09/13/07	11:05:03.3670	MPQTE	DOMS	Y		\$ 3.80	\$ 4.00	5	1.60		\$ 2.20	\$ 3.80				
53	VMSY	09/13/07	11:05:03.3670	MPQTE	DOMS			\$ 3.80	\$ 4.00	5	1.60		\$ 2.20	\$ 2.20	20			
54	VMSY	09/17/07	11:41:38.7770	MPQTE	HILL	Y		\$ 3.75	\$ 4.00	5	1.55		\$ 2.20	\$ 3.75				
55	VMSY	09/18/07	12:29:15.4300	MPQTE	HILL	Y		\$ 3.25	\$ 4.00	5	1.75		\$ 1.50	\$ 3.25				
56	VMSY	09/18/07	14:36:56.2830	MPQTE	HILL	Y		\$ 2.25	\$ 3.50	5	0.25		\$ 2.00	\$ 2.00				
57	VMSY	09/18/07	14:36:56.2830	MPQTE	NITE	Y		\$ 2.25	\$ 3.50	5	0.25		\$ 2.00	\$ 2.25				
58	VMSY	09/18/07	15:01:28.0700	MPQTE	HILL	Y		\$ 3.00	\$ 3.50	5	0.75		\$ 2.30	\$ 3.00	21			
59	VMSY	09/19/07	11:41:43.2200	MPQTE	HILL	Y		\$ 3.00	\$ 3.70	5	0.70		\$ 2.30	\$ 2.30				
60	VMSY	09/20/07	10:56:36.5400	MPQTE	HILL	Y		\$ 3.00	\$ 3.50	5	0.50		\$ 2.30	\$ 2.30	23			
61	VMSY	09/21/07	09:34:26.2600	MPQTE	HILL	Y		\$ 2.85	\$ 3.50	5	0.55		\$ 2.30	\$ 2.85				
62	VMSY	09/21/07	09:34:26.2600	MPQTE	NITE	Y		\$ 2.85	\$ 3.50	5	0.55		\$ 2.30	\$ 2.85				
63	VMSY	09/24/07	13:02:35.8270	MPQTE	HILL	Y		\$ 2.75	\$ 3.50	5	0.45		\$ 2.30	\$ 2.75	24			
64	VMSY	09/25/07	11:19:50.3370	MPQTE	HILL	Y		\$ 3.00	\$ 3.50	5	0.75		\$ 2.30	\$ 3.00	25		2nd uptick attributed to order	1
65	VMSY	09/25/07	11:20:07.2600	MPQTE	HILL	Y		\$ 3.10	\$ 3.50	5	0.10		\$ 2.30	\$ 3.10	25			
66	VMSY	09/26/07	10:47:36.7430	MPQTE	HILL	Y		\$ 3.00	\$ 3.50	5	0.75		\$ 2.30	\$ 3.00	26			
67	VMSY	09/27/07	11:01:00.6170	MPQTE	HILL	Y		\$ 3.00	\$ 3.50	5	0.75		\$ 2.30	\$ 3.00	27			
68	VMSY	09/28/07	12:37:22.6800	MPQTE	HILL	Y		\$ 2.75	\$ 3.00	5	0.65		\$ 2.30	\$ 2.75	28			
69	VMSY	09/28/07	15:53:14.9370	MPQTE	HILL	Y		\$ 2.75	\$ 3.50	5	0.65		\$ 2.30	\$ 2.75	29			
70	VMSY	10/01/07	10:34:01.8970	MPQTE	HILL	Y		\$ 2.75	\$ 3.50	5	0.65		\$ 2.30	\$ 2.75	30		2nd uptick attributed to order	1
71	VMSY	10/01/07	10:34:12.8500	MPQTE	HILL	Y		\$ 2.80	\$ 3.50	5	0.05		\$ 2.25	\$ 2.80	30			
72	VMSY	10/01/07	14:13:14.2970	MPQTE	HILL	Y		\$ 2.75	\$ 3.35	5	0.50		\$ 2.25	\$ 2.75				
73	VMSY	10/01/07	14:35:40.7530	MPQTE	HILL	Y		\$ 3.00	\$ 3.25	5	0.25		\$ 2.75	\$ 3.00				
74	VMSY	10/01/07	14:35:40.7530	MPQTE	NITE	Y		\$ 3.00	\$ 3.25	5	0.25		\$ 2.75	\$ 3.00				
75	VMSY	10/02/07	15:40:19.5600	MPQTE	HILL	Y		\$ 2.50	\$ 3.05	5	0.25		\$ 2.25	\$ 2.50				
76	VMSY	10/02/07	15:40:19.5600	MPQTE	NITE	Y		\$ 2.50	\$ 3.05	5	0.25		\$ 2.25	\$ 2.50				
77	VMSY	10/03/07	10:13:26.5330	MPQTE	HILL	Y		\$ 2.70	\$ 3.05	5	0.45		\$ 2.25	\$ 2.70	33			
78	VMSY	10/03/07	10:13:26.5330	MPQTE	NITE	Y		\$ 2.70	\$ 3.05	5	0.45		\$ 2.25	\$ 2.70				
79	VMSY	10/05/07	12:18:37.3100	MPQTE	HILL	Y		\$ 2.60	\$ 3.00	5	0.35		\$ 2.30	\$ 2.60	36			
80	VMSY	10/08/07	11:02:22.3500	MPQTE	HILL	Y		\$ 2.70	\$ 3.00	5	0.45		\$ 2.30	\$ 2.70	37			
81	VMSY	10/09/07	11:27:29.6300	MPQTE	HILL	Y		\$ 2.70	\$ 3.00	5	0.45		\$ 2.30	\$ 2.70	38			
82	VMSY	10/09/07	11:27:40.1000	MPQTE	HILL	Y		\$ 2.75	\$ 3.00	5	0.05		\$ 2.30	\$ 2.75	38		2nd uptick attributed to order	1
83	VMSY	10/09/07	14:48:35.5330	MPQTE	HILL	Y		\$ 2.70	\$ 3.00	5	0.45		\$ 2.30	\$ 2.70	39/40		Two orders related to one uptick 39 and 40	-1
84	VMSY	10/11/07	15:09:56.0370	MPQTE	HILL	Y		\$ 2.50	\$ 2.65	5	0.50		\$ 2.40	\$ 2.50	41/42		Two orders related to one uptick 41 and 42	-1

Inside Bid Changes in the Market for VMSY
Shares During the VMSY PIPE Offering
EXHIBIT B

MARKET MAKER PRICE MOVEMENT REPORT DATA*													FINRA Staff BSC Order Identifiers**				
#	Issue	Event Date	Event Time	Market Maker Bid Update (Market Participant Quote Event or MPQTE)	Market Participant Identifier (MPID)	Change Y/N	MPID Setting Inside Bid	Inside Bid Price	Inside Ask Price	Inside Bid Size	Inside Bid Changes	Brookshire Buy Orders	Bid Price Before Change	Bid Price After Change	Brookshire Order # from Exh. A Iomitted orders did not impact inside bid price!	FINRA Staff Comment Regarding Reconciliation of VMSY Orders	Impact on VMSY Order Ticket vs. Bid Change Count
85	VMSY	10/12/07	14:36:45:7600	MPQTE	HILL	Y	HILL	\$ 2.25	\$ 2.50	5	\$ 0.10	BKS Order	\$ 2.15	\$ 2.25	43	2nd uptick attributed to order	1
86	VMSY	10/12/07	14:37:37:4170	MPQTE	HILL	Y	HILL	\$ 2.30	\$ 2.55	5	\$ 0.05	BKS Order	\$ 2.25	\$ 2.50	43	3rd uptick attributed to order	1
87	VMSY	10/12/07	14:37:39:3230	MPQTE	HILL	Y	HILL	\$ 2.35	\$ 2.55	5	\$ 0.05	BKS Order	\$ 2.30	\$ 2.55	43	4th uptick attributed to order	1
88	VMSY	10/12/07	14:37:43:6670	MPQTE	HILL	Y	HILL	\$ 2.40	\$ 2.55	5	\$ 0.05	BKS Order	\$ 2.35	\$ 2.60	43		1
89	VMSY	10/16/07	09:34:50:9500	MPQTE	HDSN	Y	NITE	\$ 1.31	\$ 2.00	5	\$ 0.01		\$ 1.30	\$ 0.50			
90	VMSY	10/16/07	09:34:50:9500	MPQTE	NITE	Y	NITE	\$ 1.31	\$ 2.00	5	\$ 0.01		\$ 1.30	\$ 1.31			
91	VMSY	10/16/07	09:35:21:8730	MPQTE	HDSN	Y	HILL	\$ 1.35	\$ 2.00	5	\$ 0.04	Non-BKS Order	\$ 1.31	\$ 0.50			
92	VMSY	10/16/07	09:35:21:8730	MPQTE	HILL	Y	HILL	\$ 1.35	\$ 2.00	5	\$ 0.04		\$ 1.31	\$ 1.35			
93	VMSY	10/16/07	09:35:48:5600	MPQTE	HDSN	Y	NITE	\$ 1.40	\$ 2.00	5	\$ 0.05		\$ 1.35	\$ 0.50			
94	VMSY	10/16/07	09:35:48:5600	MPQTE	NITE	Y	NITE	\$ 1.40	\$ 2.00	5	\$ 0.05		\$ 1.35	\$ 1.40			
95	VMSY	10/16/07	10:08:57:0970	MPQTE	HDSN	Y	HDSN	\$ 2.00	\$ 2.40	5	\$ 0.60		\$ 1.40	\$ 2.00			
96	VMSY	10/16/07	10:08:57:0970	MPQTE	HILL	Y	HILL	\$ 2.00	\$ 2.40	5	\$ 0.60		\$ 1.40	\$ 1.40			
97	VMSY	10/16/07	10:40:42:7870	MPQTE	HILL	Y	HILL	\$ 1.50	\$ 2.50	5	\$ 0.10	Non-BKS Order	\$ 1.40	\$ 1.50			
98	VMSY	10/16/07	10:42:11:4600	MPQTE	HILL	Y	HILL	\$ 2.25	\$ 2.65	5	\$ 0.75	BKS Order	\$ 1.30	\$ 2.25	46	2nd uptick attributed to order	1
99	VMSY	10/16/07	14:26:36:9570	MPQTE	HILL	Y	HILL	\$ 2.30	\$ 2.65	5	\$ 0.05	BKS Order	\$ 2.25	\$ 2.30	46		
100	VMSY	10/17/07	10:34:51:0600	MPQTE	HILL	Y	HILL	\$ 2.25	\$ 2.65	5	\$ 0.50	BKS Order	\$ 1.75	\$ 2.25			
101	VMSY	10/17/07	10:34:58:1400	MPQTE	HILL	Y	HILL	\$ 2.30	\$ 2.65	5	\$ 0.05	BKS Order	\$ 1.75	\$ 2.25			
102	VMSY	10/18/07	12:36:08:7500	MPQTE	HDSN	Y	NITE	\$ 2.00	\$ 2.25	5	\$ 0.25		\$ 1.75	\$ 2.00			
103	VMSY	10/18/07	12:36:08:7500	MPQTE	NITE	Y	NITE	\$ 2.00	\$ 2.25	5	\$ 0.25		\$ 1.75	\$ 2.00			
104	VMSY	10/19/07	10:08:23:3670	MPQTE	HDSN	Y	HILL	\$ 1.80	\$ 2.00	5	\$ 0.30	Non-BKS Order	\$ 1.50	\$ 1.40			
105	VMSY	10/19/07	10:08:23:3670	MPQTE	HILL	Y	HILL	\$ 1.80	\$ 2.00	5	\$ 0.30		\$ 1.50	\$ 1.80			
106	VMSY	10/19/07	10:08:23:3670	MPQTE	NITE	Y	NITE	\$ 1.80	\$ 2.00	5	\$ 0.30		\$ 1.50	\$ 1.25			
107	VMSY	10/19/07	13:32:02:0870	MPQTE	HILL	Y	HILL	\$ 2.00	\$ 3.00	5	\$ 0.20	BKS Order	\$ 1.30	\$ 2.50	55/57	Two orders related to one uptick 55/57 Two orders related to one uptick	-1
108	VMSY	10/19/07	15:56:44:2930	MPQTE	HILL	Y	HILL	\$ 2.25	\$ 2.85	5	\$ 0.25	BKS Order	\$ 1.75	\$ 2.25	58/59		-1
109	VMSY	10/22/07	14:57:32:0130	MPQTE	HILL	Y	HILL	\$ 1.85	\$ 2.65	5	\$ 0.10	BKS Order	\$ 1.75	\$ 1.85	61	2nd uptick attributed to order	
110	VMSY	10/22/07	15:03:20:4130	MPQTE	HILL	Y	HILL	\$ 1.89	\$ 2.00	5	\$ 0.14	BKS Order	\$ 1.85	\$ 1.89	61		1
111	VMSY	10/22/07	15:29:24:3300	MPQTE	HDSN	Y	HILL	\$ 1.75	\$ 2.00	5	\$ 0.25	BKS Order	\$ 1.50	\$ 1.40	64		
112	VMSY	10/22/07	15:29:24:3300	MPQTE	HILL	Y	HILL	\$ 1.75	\$ 2.00	5	\$ 0.25	BKS Order	\$ 1.75	\$ 1.75	63		
113	VMSY	10/22/07	15:29:47:9230	MPQTE	HILL	Y	HILL	\$ 2.00	\$ 2.65	5	\$ 0.25	BKS Order	\$ 1.75	\$ 2.00			
114	VMSY	10/22/07	15:47:22:5770	MPQTE	HILL	Y	HILL	\$ 2.25	\$ 2.65	5	\$ 0.25	Non-BKS Order	\$ 2.00	\$ 2.25			

Inside Bid Changes in the Market for VMSY
Shares During the VMSY PIPE Offering
EXHIBIT B

MARKET MAKER PRICE MOVEMENT REPORT DATA*										FINRA Staff BSC Order Identifiers**							
#	Issue	Event Date	Event Time	Market Maker Bid Update (Market Participant Quote Event or MPQTE)	Market Participant Identifier (MPID)	Change Y/N	MPID Setting	Inside Bid Price	Inside Ask Price	Inside Bid Size	Inside Bid Changes	Brookshire Buy Orders	Bid Price Before Change	Bid Price After Change	Brookshire Order # from Exh. A (omitted orders did not impact inside bid price)	FINRA Staff Comment Regarding Reconciliation of Bid Changes to VMSY Orders	Impact on VMSY Order Ticket vs. Bid Change Count
115	VMSY	10/23/07	11:30:44:0500	MPQTE	HDSN		NITE	\$ 2.05	\$ 2.10	5	\$ 0.30		\$ 1.75	\$ 1.40			
116	VMSY	10/23/07	11:30:44:0500	MPQTE	NITE	Y		\$ 2.05	\$ 2.10	5	\$ 0.30		\$ 1.75	\$ 2.05			
117	VMSY	10/23/07	11:33:55:2270	MPQTE	HDSN		HILL	\$ 2.00	\$ 2.10	5	\$ 0.25		\$ 1.75	\$ 1.40			
118	VMSY	10/23/07	11:33:55:2270	MPQTE	HILL	Y		\$ 2.00	\$ 2.10	5	\$ 0.25	Non-BKS Order	\$ 1.75	\$ 2.00			
119	VMSY	10/23/07	11:34:01:5670	MPQTE	HDSN		HILL	\$ 2.05	\$ 2.10	5	\$ 0.05		\$ 2.00	\$ 1.40			
120	VMSY	10/23/07	11:34:01:5670	MPQTE	HILL	Y		\$ 2.05	\$ 2.10	5	\$ 0.05	Non-BKS Order	\$ 2.00	\$ 2.05			
121	VMSY	10/23/07	13:38:59:9330	MPQTE	HDSN		HILL	\$ 1.55	\$ 2.10	5	\$ 0.10		\$ 1.45	\$ 1.40			
122	VMSY	10/23/07	13:38:59:9330	MPQTE	HILL	Y		\$ 1.55	\$ 2.10	5	\$ 0.10	~~BKS Order~~	~~\$ 1.45~~	~~\$ 1.40~~	66/67	Three orders related to one uptick 66/67	-1
123	VMSY	10/23/07	13:45:14:3500	MPQTE	HDSN		HILL	\$ 2.00	\$ 2.10	5	\$ 0.45	~~BKS Order~~	~~\$ 1.55~~	~~\$ 1.40~~			
124	VMSY	10/23/07	13:45:14:3500	MPQTE	HILL	Y		\$ 2.00	\$ 2.10	5	\$ 0.45	~~BKS Order~~	~~\$ 1.55~~	~~\$ 2.00~~	68/69		-1
125	VMSY	10/23/07	15:02:09:3300	MPQTE	HDSN		HILL	\$ 1.90	\$ 2.10	5	\$ 0.50		\$ 1.40	\$ 1.40			
126	VMSY	10/23/07	15:02:09:3300	MPQTE	HILL	Y		\$ 1.90	\$ 2.10	5	\$ 0.50	~~BKS Order~~	~~\$ 1.40~~	~~\$ 1.40~~	70		
* Source - Market Maker Price Movement Report for period 7/27/2007 to 10/23/2007 (FINRA VISTA internal application derived from NASDAQ data).							Total Number of Bid Upticks		81		Total Net Combined Bid Changes		3				
							Total Number of HILL Bid Upticks		66		Total Orders from Schedule A		46				
							% of Total Upticks Attributed to HILL		81.5%		Total HILL Bid Upticks on Schedule B from BSC Orders		49				
							Total Number of HILL Bid Upticks From BSC Orders		49								
							% Total HILL Upticks Attributed to BSC Orders		74.2%								
							% Total Upticks Attributed to BSC Orders		60.5%								
** Source - FINRA Staff Identifiers based on review of BSC order ticket data through SWST Order Ticket Information Report and Bluesheet data.																	

** Source - FINRA Staff Identifiers based on review of BSC order ticket data through SWST Order Ticket Information Report and Bluesheet data.