

**NASD
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant

vs.

WESTMINSTER FINANCIAL SECURITIES,
INC.

(CRD No. 20677)

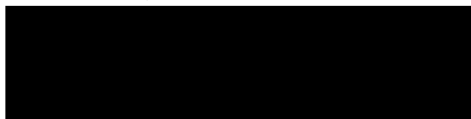
and

ANDREW TZANIDES

Registered Representative

(CRD No. 1444656)

and



Respondents

**Disciplinary Proceeding
No. CSA050016**

Hearing Officer

COMPLAINT

Upon information and belief, Complainant alleges as follows:

1. During all times mentioned herein, Westminster Financial Securities, Inc.

("Respondent Member") was a registered broker/dealer and a member of NASD. Respondent Member's registration with NASD is currently in effect. Since this Complaint is filed while Respondent Member is a member of NASD, Respondent Member is subject to the jurisdiction of NASD, pursuant to Article V, Section 4 of the NASD's By-Laws.

2. From on or about January 5, 2000 to on or about December 31, 2003, Andrew

Tzanides ("Respondent Tzanides") was registered as a General Securities Representative of Respondent Member. Respondent Tzanides has not become registered with any other member of

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NASD. Since this complaint is being filed within two years of the termination of Respondent Tzanides' registration with Respondent Member, Respondent Tzanides is subject to the jurisdiction of NASD, pursuant to Article V, Section 4 of the NASD's By-Laws.

3. During all time mentioned herein, [REDACTED] ("Respondent

[REDACTED] was registered as a General Securities Principal of Respondent Member.

Respondent [REDACTED] is currently registered with Respondent Member in the same capacity.

Since this complaint is being filed while Respondent [REDACTED] continues to be registered with Respondent Member, Respondent [REDACTED] is subject to the jurisdiction of NASD, pursuant to Article V, Section 4 of the NASD's By-Laws.

FIRST CAUSE FOR COMPLAINT

Section 17(a) of the Securities Act of 1933 and NASD Conduct Rule 2110 - Effecting Securities Transactions with Markups and Markdowns that were Excessive and Unfair by Respondent Member and Respondent Tzanides.

4. Paragraph numbers 1 through 3 above are re-alleged and incorporated herein by reference as paragraph 4.

5. From on or about October 10, 2000 to on or about April 1, 2002, Respondent Member, acting through Respondent Tzanides, effected a total of 47 transactions in United States Treasury Notes and United States Treasury Strip Bonds on behalf of 13 customers as shown on Schedule A, attached hereto and incorporated by reference. Respondent Member, acting through Respondent Tzanides, charged markups or markdowns of from 1.029% to 2.57% of the total principal amount of each transaction as shown on Schedule A. These markups or markdowns *were excessive and unfair, in that the amount charged was greater than the amount warranted by*

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market conditions, the cost of executing the transactions, the value of services rendered to the customers by Respondent Member and Respondent Tzanides and other pertinent factors.

6. The acts, practices and course of conduct described above constitute separate and distinct violations of Section 17(a) of the Securities Act of 1933 and Conduct Rule 2110 by Respondent Member and Respondent Tzanides.

SECOND CAUSE FOR COMPLAINT**NASD Conduct Rules 2110 and 3010 - Failure to Supervise by Permitting Securities Transactions with Markups and Markdowns that were Excessive and Unfair by Respondent Member and Respondent [REDACTED].**

7. Paragraph numbers 1 through 6 above are re-alleged and incorporated herein by reference as paragraph 7.

8. Respondent [REDACTED], in his capacities as President and Chief Compliance Officer of Respondent Member, reviewed the trading records for the transactions noted in paragraph 5 above and approved the amount of markups and markdowns that were to be or had been charged for the transactions. Respondent [REDACTED] was also the person responsible at Respondent Member for reviewing the amounts of markups and markdowns charged, to ensure that the amounts charged on the United States Treasury Note and United States Treasury Strip Bond transactions noted in paragraph 5 were not excessive and unfair.

9. In connection with the violations noted in paragraph 5 above, from at least in or about October 2000 to in or about April 2002, Respondent Member, acting through Respondent [REDACTED] failed to adequately and properly supervise these transactions, in that they permitted securities transactions to be effected with markups and markdowns that were excessive and unfair.

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10. The acts, practices and course of conduct described above constitute separate and distinct violations of NASD Conduct Rules 2110 and 3010 by Respondent Member and Respondent [REDACTED]

THIRD CAUSE OF COMPLAINT**NASD Conduct Rules 2110 and 3010 - Failure to Establish, Maintain and Enforce A Supervisory System and Adequate Written Supervisory Procedures by Respondent Member.**

11. Paragraph numbers 1 through 10 above are re-alleged and incorporated herein by reference as paragraph 11.

12. From approximately October 2000 until approximately February 4, 2004, Respondent Member failed to establish, maintain and enforce a supervisory system reasonably designed to achieve compliance with applicable securities laws and regulations and adequate written supervisory procedures designed to achieve compliance with applicable securities laws and regulations, in that the Member failed to establish an adequate supervisory system and adequate procedures for reviewing markups and markdowns assessed on government securities transactions.

13. The acts, practices and course of conduct described above constitute separate and distinct violations of Conduct Rules 2110 and 3010 by Respondent Member.

FOURTH CAUSE FOR COMPLAINT**NASD Conduct Rule 2110 and Procedural Rule 8210 – Refusing to Appear for an On-the-record Interview by Respondent Tzanides.**

14. Paragraph numbers 1 through 13 above are re-alleged and incorporated herein by reference as paragraph 14.

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15. On or about February 11, 2004, NASD staff ("Staff") sent to Respondent Tzanides a request that he contact the Staff by February 20, 2004, to schedule a date for on-the-record testimony during the week of March 1, 2004. The letter stated that his testimony would relate to the transactions conducted in U.S. Treasury securities while he was registered with Respondent Member. The request was made pursuant to NASD Procedural Rule 8210. The request for the on-the-record testimony was sent by first class mail and by certified mail, return receipt requested, to Respondent Tzanides' address of record as contained in the records of the Central Registration Depository ("CRD Addresses"), which was located at [REDACTED]. [REDACTED] The first class mailing was not returned to the Staff. The certified return receipt was returned apparently signed by Respondent Tzanides.

16. After not receiving confirmation of his availability to appear for on-the-record testimony, on or about February 26, 2004, the Staff sent to Respondent Tzanides a letter marked "Final Request" that he contact the staff by March 5, 2004 to schedule on-the-record testimony during the week of March 15, 2004. The request was made pursuant to NASD Procedural Rule 8210. The request for information was sent by first class mail and by certified mail, return receipt requested, to Respondent Tzanides' CRD Address. The first class mailing was not returned to the Staff. The certified return receipt was returned apparently signed by Respondent Tzanides. A copy of the letter was also sent to an attorney who represented Respondent Tzanides by first class mail, by certified mail, return receipt requested and by facsimile. The first class mailing was not returned to the Staff. The certified return receipt was returned apparently signed by an agent of the attorney and the facsimile report page showed that the letter had been successfully transmitted to the attorney's office.

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17. On or about March 5, 2004, the Staff received a facsimile from Respondent Tzanides, which contained documents related to the Staff's previously requested information and stated "please be advised that I am surrendering my Series 7 and Series 63 licenses effective immediately." The communication from Respondent Tzanides did not provide a date that he would agree to appear for an on-the-record testimony.

18. The Staff did not receive any further written or oral responses from Respondent Tzanides related to the requests that he appear for an on-the-record interview described in paragraphs 15 and 16, and the time for Respondent Tzanides to respond has passed.

19. The aforementioned acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 and NASD Procedural Rule 8210 by Respondent Tzanides.

PRAYER FOR RELIEF

WHEREFORE, Complainant respectfully requests:

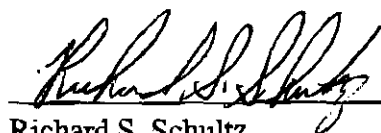
- A. Findings of fact and conclusions of law that Respondents committed the violations charged and alleged herein;
- B. An order imposing sanctions upon the Respondents in accordance with NASD Rule 8310.

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- C. An order requiring Respondents to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest;
- D. An order imposing such costs of any proceeding as are deemed fair and appropriate under the circumstances in accordance with NASD Rule 8330; and,
- E. An order imposing any other fitting sanction.

March 10, 2005

Date



Richard S. Schultz
Regional Counsel
NASD, District 8
55 West Monroe Street
Chicago, IL 60603-5052

March 10, 2005

Date



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