

NASD OFFICE OF HEARING OFFICERS

DEPARTMENT OF MARKET REGULATION,

Complainant,

v.

ANTHONY J. JOHNSON
(CRD No. 2511827),

Respondent.

Disciplinary Proceeding
No. CMS040165

AMENDED DEFAULT DECISION¹

Hearing Officer – SNB

September 14, 2006

Respondent is barred from associating with any NASD member in any capacity for engaging in fraudulent sales practices, in violation of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and NASD Rules 2110 and 2120, failure to comply with SEC penny stock disclosure rules, in violation of Exchange Act Rules 15g-2, 15g-3 and 15g-9, and NASD Rule 2110, and failure to provide truthful testimony, in violation of NASD Rules 8210 and 2110.

Appearances

Laurie A. Doherty, Esq., Ralph D. Martin, Esq., and Jeffrey K. Stith, Esq., for the
Department of Market Regulation.

No appearance by Respondent.

DECISION

I. Background

On October 11, 2004, the Department of Market Regulation ("Market Regulation") filed a Complaint in this proceeding, attached to this Decision as Exhibit A, against Anthony J. Johnson ("Respondent"), Park Capital Securities, LLC ("Park Capital"), and 11 additional Respondents. The Complaint charges that the various

¹ This Amended Decision is issued to add three lines of text that was inadvertently omitted on page 4 of the original Decision.

Respondents engaged in a fraudulent scheme to profit from the sale of over \$3.5 million in securities to Park Capital customers, through market manipulation, high pressure sales tactics, misrepresentations and omissions of material facts, unauthorized trades, and unregistered sales of securities. All Respondents subsequently settled the claims against them, except Ara Proudian ("Proudian"), who requested and received a hearing, and Respondent, who is the subject of this Default Decision. Respondent is charged in three of the Complaint's five counts. Count Two charges Respondent with fraudulent sales practices, in violation of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), Rule 10b-5 thereunder, and NASD Rules 2110 and 2120. Count Three charges Respondent with failing to comply with SEC penny stock disclosure rules, in violation of Exchange Act Rules 15g-2, 15g-3 and 15g-9, and NASD Rule 2110. Count Five charges Respondent with failing to provide truthful testimony, in violation of NASD Rules 8210 and 2110. On November 23, 2004, Respondent filed an Answer to the Complaint denying the charges and requesting a hearing.

II. Respondent's Default

On October 10, 2005, the Hearing Officer issued an Order setting a pre-hearing conference for October 28, 2005, to discuss the hearing schedule.² The Order highlighted that, consistent with Rule 9241(f), "a failure to appear at the Conference, in person or through counsel or representative, may be deemed a default."³

² On August 22, 2005, counsel for Respondents Johnson and Proudian was disqualified. This disqualification was affirmed by the National Adjudicatory Council on October 3, 2005. The Order noted that the schedule for the pre-hearing conference should provide Respondents Johnson and Proudian sufficient time to retain new counsel. While Proudian did retain new counsel, Johnson did not.

³ This Order was sent to Respondent on October 10, 2005, by first class mail to his last known residential address listed in the Central Registration Depository (the "CRD address")

Respondent failed to appear at the Pre-Hearing Conference. Accordingly, on October 31, 2005, pursuant to Rule 9241(f), the Hearing Officer issued an order requiring Respondent to show cause, by November 11, 2005, why he should not be held in default.⁴ Respondent failed to respond. Accordingly, on November 17, 2005, the Hearing Officer issued an Order of Default against Respondent. On March 29, 2006, Market Regulation filed a Motion for Entry of Default Decision. For the reasons set forth below, the Motion is granted.⁵

III. Jurisdiction

NASD has jurisdiction over Respondent under Article V, Section 4, of NASD's By-laws because he was registered at Capital Growth Financial, LLC when the Complaint was filed.

IV. Respondent

Respondent first registered with the NASD as a General Securities Representative in October 1994. Since that time, Respondent has been registered at ten different brokerage firms. In May 2001, Respondent joined Park Capital as a registered representative and remained there until his termination in March 2003. After leaving Park Capital, Respondent was employed at Capital Growth Financial LLC until May 2005. Respondent is not currently registered with an NASD member.

⁴ This Order to Show Cause was sent to Respondent via certified and first class mail to his CRD address, and an additional address provided to the Office of Hearing Officers in an October 21, 2005, letter from Respondent's former counsel. The return receipt for the certified mailing to the CRD address was signed "Annette Johnson".

⁵ The factual determinations in this decision are based on the allegations of the attached Complaint, which are deemed admitted, and the declaration and exhibits filed by Market Regulation with its Motion for Default. In Market Regulation's case against Respondent Ara Proudian, which was heard on March 6 through 8, 2006. The factual determinations in this Default Decision are also consistent with the evidence presented.

V. Violations

A. Fraudulent Sales Practices

The Complaint alleges that Respondent engaged in fraudulent sales practices in violation of Section 10(b) of the Exchange Act, SEC Rule 10b-5 thereunder, and NASD Rules 2110 and 2120, in connection with the sale of the securities of Cordia Corporation ("Cordia"), an OTC Bulletin Board ("OTCBB") issuer.

As set forth in greater detail in the Complaint, Respondent convinced four others to join him at Park Capital to work together as partners in a sales group (the "Johnson Group"). The Johnson Group agreed to share customer accounts and commissions, regardless of who was the designated broker on the particular account. Respondent led the group, and determined for the group which stocks would be recommended to its customers.

Pursuant to the scheme, a member of the Johnson Group would open a new customer account by recommending a safe, blue-chip stock. Then, the member would cede control of the account to Respondent, who would then contact the customer to recommend the purchase of a "house stock" such as Cordia Corporation ("Cordia"). Respondent used the names and email addresses of others in the Johnson Group when communicating with customers, in order to conceal his role and stymie the customer's ability to seek redress.

In communications with customers, Respondent engaged in high-pressure sales tactics, baseless price projections, unauthorized trades, and misrepresentations and omissions of material facts in order to sell Cordia stock. For example, Respondent did not disclose to customers the speculative nature of Cordia securities, the company's poor financial condition, or the fact that its shares were traded on the OTCBB. Respondent

guaranteed customers that they would "double their money." He also guaranteed that Cordia stock would not drop below \$7, and guaranteed customers against loss. Respondent had no reasonable basis for making these statements or recommending Cordia to his customers, or for making guarantees against loss or price predictions. Respondent also purchased Cordia in customer accounts without authorization, and disavowed knowledge of these unauthorized transactions when the customers complained. In addition, Respondent concealed his identity, and used an account in his brother's name for profitable Cordia trades, to the detriment of other customers.

The Complaint charges that Respondent's actions violated Section 10b-5 of the Exchange Act, SEC Exchange Rule 10b-5, and NASD Rules 2120 and 2110. A violation of Section 10(b) of the Exchange Act and Rule 10b-5 requires a showing that Respondent made material misrepresentations or omissions in connection with the purchase or sale of a security, and that he acted with scienter.⁶ NASD Conduct Rule 2120, NASD's anti-fraud provision, parallels Rule 10b-5.⁷ Both are designed to "ensure that sales representatives fulfill their obligation to their customers to be accurate when making statements about securities."⁸ A violation of NASD Conduct Rule 2120 is also a violation of Conduct Rule 2110.⁹

Respondent's statements and omissions were material. The standard for materiality requires consideration of "whether the reasonable investor would consider a fact important" in making an investment decision, or whether disclosure would

⁶ SEC v. First Jersey Sec., Inc., 101 F.3d 1450 (2d Cir. 1996).

⁷ Dep't of Enforcement v. Justin E. Appar, 2004 NASD Discip. LEXIS 9, at *11 (NAC May 18, 2004).

⁸ Dist. Bus. Conduct Comm. v. Euripides, 1997 NASD Discip. LEXIS 45, at **16-17 (July 28, 1997).

⁹ Id. at *19.

"significantly alter ... the 'total mix' of information made available."¹⁰ Material facts include not only earnings of a company, but also those facts that affect the probable future of a company and that may affect the desires of investors to buy, sell, or hold the securities.¹¹ The duty of fair dealing requires that brokers have an adequate basis for their recommendations, and that those recommendations are based on a reasonable investigation.¹²

Here, Respondent made unsubstantiated price predictions and guaranteed customers against loss. He also failed to disclose Cordia's poor financial condition, the fact that it was traded on the OTCBB, and more generally, the speculative nature of an investment in Cordia stock. Reasonable investors would find this information relevant to their decisions to invest in Cordia. Moreover, Respondent concealed his identity, placed unauthorized trades in customer accounts, and used an account in his brother's name for profitable Cordia trades, to the detriment of other customers.

Respondent acted with scienter. Scienter is "a mental state embracing intent to deceive, manipulate, or defraud."¹³ To prove scienter there must be a showing that the respondent acted intentionally or recklessly.¹⁴ It can be inferred from Respondent's

¹⁰ Martin R. Kaiden, Exch. Act Rel. No. 41629, 1999 SEC LEXIS 1396, at *18 n.25 (July 20, 1999); TSC Indus., Inc. v. Northway, Inc., 426 U.S. 438, at 449 (1976).

¹¹ See, SEC v. Hashq, 784 F. Supp. 1059, at 1108 (S.D.N.Y. 1992).

¹² Hanly v. SEC, 415 F.2d 589, at 597 (2d Cir. 1969); Steven D. Goodman, Exch. Act. Rel. No. 43889, 2001 SEC LEXIS 144, at *12 (Jan. 26, 2001).

¹³ Ernst & Ernst v. Hochfelder, 425 U.S. 185, at 193 n.12 (1976).

¹⁴ See, M. Rimson & Co., Inc., Initial Decision Release No. 106, 1997 SEC LEXIS 486, at *95 (Feb. 25, 1997); Tuchman v. DSC Communications Corp., 14 F.3d 1061, at 1067 (5th Cir. 1994), 1994 U.S. App. LEXIS 3326 at *14 (1994). Recklessness is evident when the conduct "presents a danger of misleading buyers or sellers that is either known to the defendant or is so obvious that the actor must have been aware of it." Hollinger v. Titan Capital Corp., 914 F.2d 1564, at 1569 (9th Cir. 1990), cert. denied, 499 U.S. 976 (1991).

conduct that he intentionally deceived customers to invest in Cordia. As a registered representative, Respondent had a duty to disclose material facts about the securities before recommending them to customers, and to have a reasonable basis for predicting any substantial increase in the price of those securities. Respondent either recklessly failed to conduct such due diligence, or he conducted the due diligence and disregarded the findings. Regardless, Respondent must have been fully aware that he was providing his customers with material misinformation about Cordia, and that his predictions for its future performance had no basis in fact.

Baseless, false and misleading predictions are fraudulent.¹⁵ The SEC has repeatedly held that "predictions of specific and substantial increases in the price of a speculative security within a relatively short period of time are fraudulent."¹⁶ Moreover, the SEC and NASD have consistently held that "unauthorized trading in a customer's account violates Conduct Rule 2110."¹⁷ Further, executing unauthorized trades violates a registered representative's responsibility to deal fairly with customers under IM-2310-2(4)(A)(iii). Likewise, concealing one's identity from a customer, or acting as an imposter, is fraudulent.¹⁸

¹⁵ See, Padgett, Exch. Act Rel. No. 38423, 1997 SEC LEXIS 634, at **23-24 (Mar. 20, 1997) (finding that predictions of sizeable stock price increases that are made without any reasonable basis are fraudulent); Richard Bruce & Co., Inc., Exch. Act Rel. No. 8303, 1968 SEC LEXIS 220, at **12-13 (Apr. 30, 1968) (concluding that predictions of "a sharp increase in earnings with respect to a speculative stock without disclosure of the uncertainties as well as the known facts upon which a prediction rests [are] inherently misleading") (citation omitted).

¹⁶ Roche, Exch. Act Rel. No. 38742, 1997 SEC LEXIS 1283, at *5 (June 17, 1997).

¹⁷ Jeffrey B. Hodde, No. C10010005, 2002 NASD Discip. LEXIS 4, at **13-14 (NAC Mar. 27, 2002) (citations omitted); see also Robert Lester Gardner, Exch. Act Rel. No. 35899, 1995 SEC LEXIS 1532, at *1 n.1 (1995).

¹⁸ Richard J. Puccio, 1995 SEC LEXIS 1724 (July 10, 1995) (ALJ Initial Decision), aff'd, 54 S.E.C. 1041 (1996) (1996 SEC LEXIS 2987).

Therefore, the allegations of the Complaint, which are deemed admitted, are sufficient to establish, for purposes of this default decision, that Respondent engaged in fraudulent sales practices, in violation of Section 10(b) of the Exchange Act and SEC Rule 10b-5 thereunder, and NASD Rules 2110 and 2120.

B. Penny Stock Rule Violations

The Complaint alleges that Respondent failed to comply with SEC penny stock disclosure rules, in violation of Exchange Act Rules 15g-2, 15g-3 and 15g-9 and Rule 2110. A "penny stock" is defined under Rule 3a51-1 of the Exchange Act as a non-NASDAQ or non-exchange listed security (i.e., OTCBB or pink sheet security) that is currently trading below five dollars per share and that has been issued by a company with limited tangible assets, revenues, or continued operations.

Cordia fell within the definition of a penny stock during the period that Respondent recommended most of the purchases of Cordia to his customers. The stock was quoted on the OTCBB and was priced below five dollars, and the company did not have sufficient assets or income for exemption from the definition of a penny stock.

Any sale of a penny stock must comply with the disclosure requirements set forth in Section 15(g) of the Exchange Act and the rules thereunder. Rule 15g-2 requires member firms to provide customers with a risk disclosure document describing the risks associated with investing in penny stocks. Members must obtain and maintain a signed, written statement from the customer acknowledging that he or she has received the risk disclosure form. Rule 15g-3 requires oral and written disclosure of the current inside bid and ask quotes for the security being recommended. Rule 15g-9 requires that a suitability

analysis be performed before the sale. Although there are a few exemptions to the Rule 15g requirements, Respondent has the burden of proving them.¹⁹

There is no evidence that Cordia stock was exempt from the penny stock rules. Nonetheless, Respondent failed to give customers required risk disclosure documents, much less, obtain from them the written acknowledgement of such disclosures. Respondent also failed to give customers the required written and oral disclosure of the inside bid and offer quotation for Cordia prior to effecting transactions. Moreover, Respondent failed to perform a suitability analysis before recommending sales of Cordia to customers.

Therefore, the allegations of the Complaint, which are deemed admitted, are sufficient to establish, for purposes of this default decision, that Respondent failed to comply with the SEC penny stock disclosure rules, in violation of Exchange Act Rules 15g-2, 15g-3 and 15g-9 and NASD Rule 2110.

C. Failure to Provide Truthful Testimony

The Complaint alleges that Respondent provided false and misleading testimony concerning customer communications, in violation of Rules 8210 and 2110. Respondent provided sworn testimony to NASD Staff in an on-the-record ("OTR") interview conducted pursuant to Rule 8210. In this testimony, Respondent falsely denied certain communications with a customer regarding the customer's complaints about Cordia. Respondent also falsely denied the existence of certain emails relating to Cordia exchanged between Respondent and a customer.

¹⁹ Dist. Bus. Conduct Comm. v. Wolf, 1996 NASD Discip. LEXIS 25, *19-21; NASD Notice to Members 90-18, 1990 NASD LEXIS 432, at *4 ("Broker-dealers claiming exemption or exclusions from the Rule's [penny stock] sales practice requirements have the burden of proving that they meet each of the elements of the particular exemption or exclusion.").

Rule 8210 authorizes NASD to require any person subject to its jurisdiction to provide information related to any matter under investigation. The Rule serves as a "key element" in NASD's oversight function and allows NASD to carry out its regulatory functions without subpoena power.²⁰ The SEC has repeatedly held that providing false or misleading testimony during an OTR interview is a violation of Procedural Rule 8210 and Conduct Rule 2110.²¹

Therefore, the allegations of the Complaint, which are deemed admitted, are sufficient to establish, for purposes of this default decision, that Respondent failed to provide truthful testimony in an OTR, in violation of Rules 8210 and 2110.

VI. Sanctions

For intentional or reckless misconduct involving misrepresentations or material omissions of fact, the NASD Sanction Guidelines ("Guidelines") recommend a fine of \$2,500 to \$50,000, and consideration of a 10-day to two-year suspension, or in egregious cases, a bar.²² Similarly, the Guidelines recommend consideration of a suspension of up to two years, or a bar for egregious conduct relating to unsuitable recommendations, guaranteeing customers against loss, or unauthorized transactions.²³ The Guidelines also recommend a bar for egregious violations of the Penny Stock Rules.²⁴ The Hearing Officer finds that Respondent's conduct was egregious, and a bar is justified. In reaching this determination, the Hearing Officer considered that Respondent made material

²⁰ See Richard J. Rouse, Exch. Act Rel. No. 32658, 1993 SEC LEXIS 1831, at *7 (July 19, 1993).

²¹ See Brian L. Gibbons, Exch. Act Rel. No. 37170, 1996 SEC LEXIS 1291 (May 8, 1996), aff'd, 112 F.3d 516 (9th Cir. 1997).

²² NASD Sanction Guidelines at p. 93 (2006 ed.).

²³ Id. at p. 91, 103.

²⁴ Id. at p. 94.

misrepresentations and omissions with respect to Cordia securities. Respondent's price predictions and guarantees against loss are particularly egregious. Moreover, Respondent failed to provide customers with required penny stock disclosures, and concealed his identity from customers. The unauthorized trades in customer accounts were also egregious, because he used disavowed knowledge of the trades when customers complained. The fact that Respondent recruited others to participate in the scheme only serves to amplify the egregiousness of his conduct. There is no evidence of any mitigating circumstances that would justify a lesser sanction for the violation. Therefore, Respondent is barred in all capacities for engaging in fraudulent sales practices, in violation of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and NASD Rules 2110 and 2120, and failure to comply with SEC penny stock disclosure rules, in violation of Exchange Act Rules 15g-2, 15g-3 and 15g-9, and NASD Rule 2110.

The Guidelines also provide that a bar is the standard sanction if a respondent does not respond in any manner to a request for information under Rule 8210.²⁵ The National Adjudicatory Council has held that a bar is equally appropriate where the respondent provided false information or testimony.²⁶ Once again, there is no evidence of mitigating factors that would justify a lesser sanction. Therefore, Respondent is barred for his failure to provide truthful testimony, in violation of NASD Rules 8210 and 2110.

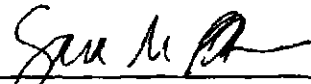
²⁵ Id. at 35.

²⁶ See, Department of Enforcement v. Walker, No. C10970141, 2000 NASD Discip. LEXIS 2, at *31 (N.A.C. Apr. 20, 2000) (finding that the respondent's untruthful testimony was "as harmful as a complete failure to respond and, as such, that a bar is the appropriate sanction"); Department of Enforcement v. Doshi, No. C10960047, 1999 NASD Discip. LEXIS 6, at *13 (N.A.C. Jan. 20, 1999) ("The NASD Sanction Guideline for failure to respond truthfully suggests that in the absence of mitigation, a bar should be standard").

VII. Conclusion

Respondent is barred from associating with any NASD member in any capacity for engaging in fraudulent sales practices, in violation of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and NASD Rules 2110 and 2120, failure to comply with SEC penny stock disclosure rules, in violation of Exchange Act Rules 15g-2, 15g-3 and 15g-9 and NASD Rule 2110, and failure to provide truthful testimony, in violation of NASD Rules 8210 and 2110. These bars shall become effective immediately if this Decision becomes the final disciplinary action of NASD

SO ORDERED.



Sara Nelson Bloom
Hearing Officer

Dated: September 14, 2006

Copies to:

Anthony Johnson (*via certified and first-class mail*)
Laurie A. Doherty, Esq. (*via electronic and first-class mail*)
Jeffrey K. Stith, Esq. (*via electronic and first-class mail*)
Ralph D. Martin, Esq. (*via electronic and first-class mail*)

**NASD
OFFICE OF HEARING OFFICERS**

Department of Market Regulation

Complainant,

v.

**Park Capital Securities, LLC, (B/D No. 104206),
Anthony J. Orlando, Jr. (CRD No. 2497838),
Philip A. Orlando (CRD No. 2839212),
Craig Dixon (CRD No. 3064467),
Ara Prouhian (CRD No. 2488729),
David Sanducci (CRD No. 2370405),
Brian Featherstone (CRD No. 3064465),
Phillip Blackwell (CRD No. 4318779),
Anthony J. Johnson (CRD No. 2511827),
Gary J. Ferrara (CRD No. 2496815),
Jason Wilde (CRD No. 2787538),
Stephen M. Magee (CRD No. 2469731)
and Blake Shanaphy (CRD No. 3002887).**

Respondents.

**Disciplinary Proceeding No. CMS040165
Hearing Officer _____**

COMPLAINT

Upon information and belief, Complainant, the Department of Market Regulation, alleges as follows:

Summary

1. Beginning in or about April 2002 and continuing through February 2003, the Respondents engaged in a fraudulent scheme to profit from the sale of over \$3.5 million in securities of Cordis Corporation ("Cordis") to customers of Park Capital Securities LLC ("Park Capital" or

"Park") through (1) manipulation and (2) the use high-pressure sales practices, baseless price projections, unauthorized trades, and misrepresentations and omissions of material facts.

2. As part of the manipulation scheme, Respondents Park Capital, Anthony J. Orlando, Jr. and Philip A. Orlando, acting together and with others, including Craig Dixon and Ara Proudian, manipulated Cordia's share price by placing small buy orders in the market to bid up its price and by placing matched buy and sale orders in the market. Park Capital and its parent company, Park Capital Financial Group, profited from the manipulation by selling Cordia shares to Park Capital's customers at artificially inflated prices. In addition, Park Capital executed Cordia sales for certain favored customers, who, in turn, shared their proceeds with Park Capital Financial Group. As a result of this conduct, Respondents Park Capital, Anthony J. Orlando, Jr., Philip A. Orlando, Craig Dixon, and Ara Proudian violated the antifraud provisions of the federal securities laws contained in Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder and NASD Conduct Rules 2110 and 2120.

3. To carry out its scheme to sell Cordia shares to its customers, Park Capital employed two groups of salesmen, the Orlando Group, headed by Anthony J. Orlando, Jr., and the Johnson Group, headed by Anthony J. Johnson. Each selling group employed classic, boiler-room techniques to induce customers to purchase Cordia, to dissuade them from selling Cordia and to avoid responsibility to their customers for their misconduct related to Cordia. These techniques included, among other things, high-pressured sales pitches, material misrepresentations and omissions of fact relating to Cordia and unauthorized transactions in customer accounts. As a result of this conduct, members of the Orlando Group (Anthony J. Orlando, Jr., David Sanducci, Philip Blackwell and Brian Featherstone), and the Johnson Group (Anthony J. Johnson, Gary Ferrara, Jason Wilde, Stephen M. Magee and Blake Shanaphy) violated the antifraud provisions of Section 10(b) of the

Exchange Act, SEC Rule 10b-5 and NASD Conduct Rules 2110 and 2120, as well as the SEC's penny stock rules issued pursuant to Section 15(g) of the Exchange Act.

4. In addition, Park Capital, Anthony J. Orlando, Jr., and Philip A. Orlando, together and with others, engaged in an unregistered distribution of Cordia securities by selling shares of Cordia without a valid registration statement in effect and without an exemption contrary to Section 5 of the Securities Act of 1933 and in violation of NASD Conduct Rule 2110.

5. Finally, Respondents David Sanducci and Anthony J. Johnson provided false and misleading sworn testimony in connection the Department's investigation of Park Capital, in violation of NASD Procedural Rule 8210 and Conduct Rule 2110.

Respondents

6. Park Capital, at all times relevant to this Complaint, was a broker-dealer with its principal office in New York City, New York, and was registered as a member of NASD. On January 15, 2004, Park Capital filed a Form BDW with NASD, requesting withdrawal of its registration. On March 1, 2004, the firm's NASD registration was cancelled for failure to pay fees. Park Capital, however, remains subject to NASD's jurisdiction pursuant to Article IV, Section 6 of NASD By-Laws.

7. Anthony J. Orlando, Jr., Jr. ("Tony Orlando" or "Tony") age 36, entered the securities industry in 1993 as an unregistered sales trainee at Smith Barney, Shearson, Inc. In August 1994, Tony Orlando passed the Series 7 examination and became employed as a registered representative at Nichols, Safina, Lerner & Co., Inc. Between 1994 and 2000, Tony Orlando was employed as a registered representative at several different NASD firms including R.D. White & Co., Inc., Bluestone Capital Partners, L.P., (a.k.a. Whale Securities) Geneva Capital Corp. and The Concord Equity Group, LLC. While employed at Bluestone Capital Partners, L.P., Tony Orlando became

registered as a general securities principal. In June of 2000, he became associated with Park Capital and, at all times relevant to this Complaint, served as the firm's Chief Operating Officer, Executive Vice President and as a general securities principal.

8. At all relevant times, Tony Orlando also was a 50% or more owner of Park Capital Financial Group ("Park Financial Group"), the parent company of the broker-dealer. On January 15, 2004, Park Capital filed a Form U-5, Uniform Termination Notice for Securities Industry Registration, reflecting Anthony Orlando's full termination from Park Capital. Tony Orlando remains subject to NASD jurisdiction pursuant to Article V, Section 4 of NASD By-Laws.

9. Philip A. Orlando ("Phil Orlando") age 38, began his career in the securities industry in 1995 as an unregistered sales trainee at Nichols, Safina, Lerner & Co., Inc. In January 1997, he passed the Series 7 examination and became registered as a general securities representative at R.D. White & Co., Inc. Thereafter, he was employed at Bluestone Capital Partners, L.P., Geneva Capital Corp. and The Concord Equities Group, LLC. During his employment at Bluestone Capital Partners, L.P., Phil Orlando became registered as a general securities principal. In 2000, Phil Orlando joined Park Capital. At all times relevant to the complaint, he served as Park Capital's Chief Executive Officer, President and as a general securities principal. At all relevant times, Phil Orlando also was a 50% or more owner of Park Financial Group, Park Capital's parent company. On January 15, 2004, Park Capital filed Form U-5, Uniform Termination Notice for Securities Industry Registration, reflecting Phil Orlando's full termination from Park Capital Securities. Phil Orlando remains subject to NASD jurisdiction pursuant to Article V, Section 4 of NASD By-Laws.

10. Craig Dixon ("Dixon"), age 31, was first employed in the securities industry in 1997 at Bluestone Capital Partners, L.P. where he was registered as a general securities representative and general securities principal. In September 2001, Dixon joined Park Capital as a

general securities principal. Prior to joining Park Capital as the firm's operations principal, Dixon was registered as a general securities principal at Citicorp Investment Services and Park Avenue Securities, LLC. Dixon left Park Capital in April 2003 and is currently registered as a general securities representative and principal with an NASD member firm. Dixon is subject to NASD jurisdiction pursuant to Article V, Section 4 of NASD By-Laws.

11. Ara Proudlan ("Proudlan"), age 35, has been registered in the securities industry since 1994 when he obtained his general securities representative license while employed at Alexander, Wescott & Co., Inc. Proudlan served as President of Alexander Wescott while employed there. After leaving Alexander Wescott in 2000, Proudlan joined Stone Harbor Financial Services, LLC, where he was registered as a Series 55 equity trader and general securities principal. In July 2002, Proudlan joined Park Capital as a Series 55 registered equity trader and general securities principal. Proudlan left Park Capital in January 2004. Proudlan is currently registered with Clayton, Dunning & Company, Inc. as an equity trader and general securities principal. Proudlan is subject to NASD jurisdiction pursuant to Article V, Section 4 of NASD By-Laws.

12. David Sanducci, ("Sanducci") age 33, entered the securities industry in 1993 as a general securities representative at Chatfield Dean & Co., Inc. Between 1994 and 2000, Sanducci was employed as a registered representative at seven different broker-dealers. He was first registered as a general securities principal in 2000 at Concord Equity Group, LLC. In January 2001, he joined Park Capital as a general securities principal and options principal. In January 2004, he left Park Capital for Clayton, Dunning & Company where he is currently registered as a general securities principal. Sanducci is subject to NASD jurisdiction pursuant to Article V, Section 4 of NASD By-Laws.

13. Phillip Blackwell ("Blackwell"), age 29, first became licensed as a general securities representative in December 2000 while employed at Concord Equity Group, LLC. In January 2001, Blackwell joined Park Capital as a registered representative and was employed there until October 2002. Since leaving Park Capital, Blackwell has not been registered with any NASD member firm. Blackwell remains subject to NASD jurisdiction pursuant to Article V, Section 4 of NASD By-Laws.

14. Brian Featherstone ("Featherstone"), age 32, entered the securities industry in 1995 as an unregistered employee at Nicholas, Safina, Lerner & Co., Inc. Between 1996 and 1999, Featherstone was employed in an unregistered capacity at R.D. White & Co., Inc. and Bluestone Capital Partners, L.P. In September 1999, Featherstone became registered as a Series 62 corporate securities limited representative at Geneva Capital Corporation. In January 2001, Featherstone joined Park Capital as a corporate securities limited representative. Featherstone left Park Capital in January 2004 and is currently registered as a corporate securities limited representative at Clayton Dunning & Company. Featherstone is subject to NASD jurisdiction pursuant to Article V, Section 4 of NASD By-Laws.

15. Anthony J. Johnson ("Johnson"), age 34, began his employment in the securities industry in 1994 as an unregistered employee at Smith Barney. In October 1994, he first became registered as a general securities representative at A.S. Goldman & Co., Inc. Since that time, Johnson has been registered at 10 different brokerage firms including Meyers Pollock Robbins, Inc., The Boston Group, RAS Securities Corporation, Tassin & Company, Inc., and Hornblower & Weeks, Inc. In May 2001, Johnson was hired as a registered representative at Park Capital and remained there until his termination in March 2003. Johnson is currently employed as a registered

representative at CGF Securities, LLC. Johnson is subject to NASD jurisdiction pursuant to Article V, Section 4 of NASD By-Laws

16. Jason Wilde ("Wilde"), age 27, entered the securities industry in 1996 when he was employed in a non-registered position at RAS Securities Corporation. In October 1997, he became licensed as a general securities representative at Tasin & Company, Inc. In August 1998, he joined Hornblower & Weeks, Inc. as a general securities representative. In May 2001, Wilde became employed as a registered representative at Park Capital and remained there until March 2003. After leaving Park Capital, Wilde was employed as a registered representative at CGF Securities, LLC for approximately four months. Wilde has not been employed in the securities industry since leaving CGF Securities LLC in July 2003. Wilde remains subject to NASD jurisdiction pursuant to Article V, Section 4 of NASD By-Laws.

17. Gary Ferrara ("Ferrara"), age 35, entered the securities industry in 1994 when he was employed as a general securities representative at A.S. Goldman & Co., Inc. Since that time, Ferrara has worked at seven broker-dealers, including RAS Securities Corporation, Tasin & Company, Inc., and Hornblower & Weeks, Inc. In May 2001, Ferrara joined Park Capital as a general securities representative and remained there until leaving for CGF Securities, LLC in March 2003. Ferrara left CGF Securities one month later in April 2003, and has not been registered with an NASD member since that time. Ferrara remains subject to NASD jurisdiction pursuant to Article V, Section 4 of NASD By-Laws.

18. Stephen M. Magee ("Magee"), age 34, was first employed in the securities industry in February 1994 at A.S. Goldman & Co., Inc. where he worked as an unlicensed broker-trainee. In September 1997 he joined Tasin & Co., where he passed the Series 7 exam, and became registered as a general securities representative. Magee remained at Tasin for approximately one year before

moving to Hornblower & Weeks, Inc. where he worked as a registered representative. In May 2001, Magee joined Park Capital where he became registered as a general securities representative and general securities principal. Magee left Park Capital in May 2002 for Domestic Securities, Inc., where he was registered as a general securities representative, principal and Series 55 equity trader through February 2003. Magee is not currently registered with any NASD member. Magee remains subject to NASD jurisdiction pursuant to Article V, Section 4 of NASD By-Laws.

19. Blake Shanaphy ("Shanaphy") age 29, first became registered as a general securities representative in 1997 with Tassin & Co. In August 1998, he moved to Hornblower & Weeks where he was employed as a registered representative. Shanaphy joined Park Capital in May 2001 as a registered representative and remained there until May 2002, when he left Park Capital for Delta Asset Management Company. In June 2002, Shanaphy became registered at Essex & York, Inc. as a general securities representative and is currently registered with both Delta Asset Management Company and Essex & York, Inc. As such, Shanaphy is subject to NASD jurisdiction pursuant to Article V, Section 4 of NASD By-Laws.

The Manipulation

20. On or about March 7, 2002, Tony Orlando, a salesman at Park Capital and a co-owner of the firm, met with Al Minella of Cordia Corporation. Al Minella and his brother Keith Minella, both of whom had been barred from the securities industry for stock manipulation, had acquired control of Cordia previously as a result of the company's merger with a publicly-traded shell corporation.

21. At the time of the March 2002 meeting, Cordia was in the insurance claim recovery business, *i.e.*, the company tracked overpayments by insurance companies and recovered them, on a contingency basis, from recipients. Cordia, however, was losing money, and the company was on

the verge of launching itself into a new line of business -- buying telephone service from telephone service providers and reselling it to retail customers.

22. In mid-March 2002, following the meeting between Tony Orlando and Al Minella, the first 100,000 shares of Cordia were deposited into a customer account at Park Capital under the name of Greg Small. Greg Small is a consultant for Cordia and a friend of Tony Orlando.

Park Capital Begins Its Pattern of Placing Manipulative Buy Orders into the Market at Increasing Prices, Followed by Block Cross-Trades to its Customers

23. On April 1, 2002, Park Capital placed its first orders for Cordia by entering two small, agency buy orders into the market. As shown in the chart in Exhibit A, the first order was executed at \$1.50 per share, the second at \$1.75 per share. Thereafter, Greg Small's account at Park sold 84,000 shares of Cordia at \$1.75 per share. The entire block of 84,000 was sold to Park's customers in agency cross transactions. All of the accounts buying the Cordia stock were customers of the Orlando Group. Two days later, on April 3, Small sold the remaining 16,000 Cordia shares in his account at \$1.51 a share. Again, all of the accounts buying the stock were Orlando Group customers. Like the block trade of April 1, the 16,000 share cross-trade was preceded earlier that day by two market buy orders from Park.

24. This manipulative pattern of placing buy orders at increasing prices into the market, followed by large block cross-trades to Park customers was repeated on, among other days, May 29, June 19, and July 30, 2002. For example, as shown in Exhibit A, on May 29, 2002, Park placed approximately 13 buy orders to the street at increasing prices between \$.99 and \$1.50 between 1:00 p.m. and 1:53 p.m., followed two minutes later by the sale of a total of 178,000 shares by Greg Small and Al Minella (through Geiles & Co., a company controlled by Al Minella). Park crossed these two blocks with customers of the Orlando and Johnson Groups.

25. Likewise, on June 19, 2002, Park placed a series of ten buy orders in six minutes into the market at increasing prices from \$6.00 to \$7.00. Seven minutes later, Park crossed 30,000 Cordia shares at the intraday high of \$7.00 between Frank Vitarelli ("Vitarelli") and 16 Park customers of the Orlando Group. Vitarelli is the brother-in-law of David Sanducci, Tony Orlando's partner at Park and a member of the Orlando Group. Vitarelli purchased the 30,000 shares just one day before at \$2.10 per share in an unreported cross trade with Al Minella (through Geiles & Co.). After the sale to Park's customers at \$7.00, Vitarelli "loaned" a portion of the proceeds from these highly profitable sales of Cordia to Park Financial Group.

26. Park Capital, Phil Orlando, Tony Orlando and David Sanducci orchestrated the Vitarelli transactions. Park Capital and the Orlandos arranged similar transactions with other favored customers on several occasions between April 2002 and January 2003.

27. The manipulative pattern of trading repeated itself on June 28, 2002 when, over a period of 10 minutes, Park Financial Group (Park Capital's parent company), sold 30,000 shares of Cordia from its own account directly to Park Capital's customers in "agency" cross trades after Park Capital entered a series of progressively higher buy orders into the market at prices ranging between \$5.25 and \$6.80. See Exhibit A.

28. Finally on June 30, 2002, Park Financial Group sold another 25,000 shares in cross trades to customers in less than 20 minutes after entering 13 small-lot buy orders at increasing prices between \$4.50 and \$6.50. See Exhibit A. Park Financial Group received proceeds of over \$350,000 from the Cordia sales on June 28th and July 30th.

29. By comparison, with the exception of a few favored customers, most, if not all, customers who purchased Cordia shares in cross trades from the accounts of Greg Small, Al Minella (Geiles & Co.) and Park Financial Group, suffered losses on their investments in Cordia.

Craig Dixon Placed the Market Buy Orders and Crossed the Cordia Stock to Customers

30. From November 2001 through July 2002, Craig Dixon was Park's operations principal in charge of entering orders into Park's clearing firm system for execution.

31. At Tony Orlando's instruction, Dixon entered the manipulative market buy orders described above into Park's clearing firm system for execution. He also instructed the clearing firm on how to allocate the cross trades between Park Capital's customer accounts, and the prices at which they were to be crossed.

32. Dixon also participated in the opening of favored accounts of customers associated with Cordia, including the accounts of Greg Small, Geiles & Co. (a company controlled by Al Minella), ELEC Corporation, and others.

33. Furthermore, on at least two occasions, Dixon received e-mails from sources within and outside of Park Capital, alleging that the market for Cordia stock was being manipulated. Despite these red flags, Dixon did nothing, took no steps to investigate, and continued working with the Orlandos to facilitate the sale of Cordia shares to Park Capital's customers.

The Manipulation Is Temporarily Interrupted

34. In mid-July 2002, Park Capital received notice from its clearing firm, RBC Dain Clearing Corp. ("Dain"), that one of Park's customers had deposited two forged stock certificates into his account at Park Capital. One of forged certificates was sold, and most of the proceeds were wired out of the customer account.¹ Park Capital's clearing firm, Dain, demanded repayment on the loss and sought evidence from the firm that it could meet its net capital requirements.

¹ The forged certificates appear to be unrelated to the Cordia scheme.

Dain's July 31st Deadline Culminates in the Manipulative Cross Trades of July 30th and Triggers a Flood of Unauthorized Trades in Customer Accounts

35. On or about July 23, 2002, Phil Orlando asked Dain for time to come up with a plan to repay its debt. The next day, July 24, the Orlandos arranged with Cordis to obtain 25,000 shares of Cordis and deposited them into the Park Financial Group account. On July 30th, Dain warned Park that it would cut-off the firm's ability to do trades on August 1st if the debt was not resolved. The same day, Park sold all 25,000 of its shares to Park customers in cross-trades at \$6.50, after entering the manipulative buy orders into the market between \$4.50 and \$6.50. See Exhibit A. The timing of the receipt and sale of these shares makes clear that Park Capital was using its own customers to come up with the cash to pay Dain.

36. Dain's July 31st deadline also sparked a flurry of fraudulent sales activity by the Orlando Group and Johnson Group, as Park Capital scrambled to come up with the money for Dain, which culminated in, among other things, a flood of unauthorized trading on July 30th.

37. Indeed, many of the customer buy orders on July 30th were either unauthorized by the customers or "overbuys." Tony Orlando instructed Park Capital salesmen that they had to "take" shares of Cordis into their customer accounts. To the extent that the salesmen could not convince enough customers to buy the stock, Tony simply "parked" the rest of it in customer accounts. After placing buy orders in the accounts, without customer authorization, Tony instructed Park Capital's salesmen to call customers and convince them to buy the stock, claiming that that he would reverse the trades if the customers objected.

38. As a result, many customers complained to Park Capital that Cordis shares had been purchased in their account without authorization. Few, if any, of these customers' transactions were reversed or corrected. Most such customer complaints were stonewalled or simply ignored.

39. Dain terminated Park Capital's clearing agreement on or about September 6, 2002.

From that date through approximately October 11, 2002 Park had no clearing firm and no ability to execute its trades.

Park Begins Trading Cordia Again Through Wexford Clearing Corporation with Ara Proudian at the Order Entry Desk

40. Proudian joined Park as "head trader" in July 2002. He was registered with the firm as a Series 55 equity trader and as a general securities principal. By the beginning of October 2002, Proudian had assumed responsibility for order entry at the firm.

41. In or about early October 2002, Park convinced Wexford Clearing Corporation ("Wexford") to clear its trades. As soon as Park had clearing firm access, the firm began executing cross trades in Cordia again, now with Ara Proudian, rather than Craig Dixon, entering the orders.

42. Working closely with Tony Orlando, Proudian continued the pattern of crossing Cordia stock between customer accounts. During the months of October and November 2002, the vast majority of Park's trades in Cordia were cross-trades between its own customers, with only a few small sell orders to the Street.

43. Beginning in October 2002, Park Capital began offering certain "favored" customers a very profitable deal: The opportunity to buy Cordia at the discount price of \$1.50. These shares were purchased from ELEC Corporation, another publicly-traded corporation connected to Al Minella, and resold to other Park Capital customers at market prices that were typically \$2 to \$3 more per share. At the same time, several of these favored customers shared their profits with Park by "loaning" Park a portion of the proceeds from these highly profitable sales. All of these transactions were coordinated and crossed between customer accounts by Ara Proudian.

44. By mid-November, Wexford became suspicious of the Cordia cross trades and put a freeze on the ELEC Corporation account. By late November, Wexford refused to execute further purchases in Cordia for Park Capital.

Undeterred, Park Shifts the Scheme to Carlin Equities

45. To circumvent Wexford's trading ban on Cordia, on November 27, 2002, Park signed an "Introducing Brokers Agreement" with Carlin Equities ("Carlin"), to enable Park to continue to buy Cordia for its customers through Carlin. Under the agreement, Park was to introduce "institutional" and accredited investors to Carlin to open accounts. The customer accounts at Carlin were to be designated "Professional Trading Accounts."

46. Customers at Park Capital were misled into believing that they needed to sign new account forms because Park was changing clearing firms. In reality, Park was not changing clearing firms and continued to clear its trades through Wexford. These customers were not informed, or did not realize, that the documents they were being asked to sign by Park were, in fact, authorizations to open Professional Trading Accounts at Carlin Equities.

47. Ara Proudlan was the sole person who placed orders in the customer accounts set up at Carlin. In total, he bought and sold over 80,000 shares of Cordia for these customers by placing telephone orders to the trading desk at Carlin. In each instance, he directed Carlin to cross Cordia buy and sell orders between the Park Capital customer accounts at Carlin.

Ignoring Warning From Park's Compliance Officer, Proudlan Sells 58,000 Restricted Shares of Cordia by Entering Matched Buy and Sell Orders into the Market

48. On January 9, 2003, Park Capital's compliance officer, Robert Delaplain, advised Proudlan that 60,000 shares of Cordia held in a customer account at Park Capital were "restricted." Notwithstanding this notice that the shares were restricted and therefore, had to be sold in

compliance with SEC Rule 144, Proudian, at Park Capital, entered an order into the market to sell 58,350 of the 60,000 shares of Cordia from the customer's account at Park.

49. Thirteen minutes later, Proudian called Carlin and placed six customer buy orders to purchase an identical number of shares of Cordia (58,350).

50. The following morning, Park's Capital's compliance officer, sent an "urgent" e-mail to Proudian and to the Orlandos. The e-mail warned Proudian that the 58,350 sale by Park Capital and the 58,350 buy at Carlin appeared to be "orchestrated" and "pre-arranged." The e-mail further warned Proudian that pre-arranged sales under Rule 144 were not permitted. Proudian, who had placed both sides of the matched order into the market, ignored the e-mail, took no steps to investigate, and continued to work with the Orlandos to execute sales in Cordia.

The Fraudulent Sales Campaign

51. There were two main selling groups at Park: the Orlando Group, headed by Tony Orlando, and the Johnson Group, headed by Anthony Johnson. Each group's members shared customer accounts, including soliciting each other's customers, writing up order tickets for other members of the group, and fielding calls and complaints for each other. Frequently, the "broker-of-record" assigned to a customer, had little or no communication with the customer. Instead, after opening a new account, the junior member of the group that was formally assigned to the account typically "handed-off" the account (without adequate disclosure to the customer) to the group leader (either Tony Orlando or Anthony Johnson), who, in turn, used high-pressure, deceptive tactics to convince the customer to buy Cordia.

52. By design, the sharing of accounts in this fashion served to confuse customers and obscure liability for individual group members. Membership in the group enabled each member to

engage in fraud against their customers, while at the same time, shirk responsibility by disclaiming any misconduct occurring in the accounts assigned to them.

53. As part of the scheme, both the Orlando Group members and the Johnson Group members engaged in fraudulent misrepresentations and omissions to induce purchases or to discourage sales of Cordia. They routinely predicted the stock would shortly increase in price. They engaged in unauthorized trading, as well as other deceptive practices, including buying more than the customer authorized or insisting that the customer pay for an unauthorized trade before selling the stock.

54. Neither group disclosed Cordia's poor financial condition or the speculative nature of the company as an investment. None of the group members had a reasonable basis to recommend Cordia to any customer, regardless of the customer's sophistication or financial status, because none of the salesmen knew enough about the company to have a reasonable basis to recommend it to anyone.

The Orlando Group

55. The Orlando Group consisted of Tony Orlando, the group's leader, David Sanducci, Tony's partner, and two junior members, Phil Blackwell and Brian Featherstone. Each member participated in the fraudulent sales campaign by soliciting customers to purchase Cordia and by engaging in other misconduct. In addition, each member knowingly or recklessly provided substantial assistance to other members of the group engaged in the same or similar misconduct, in furtherance of the scheme.

Tony Orlando

57. In another example, Tony Orlando executed unauthorized purchases of Cordia in April and May 2002 in the account of an 80 year-old customer (customer WD). Thereafter, and while the customer was still unaware of the previous unauthorized purchase of Cordia shares in his account, Tony Orlando solicited him to purchase 1,700 shares of Cordia at \$6.00 per share. Again, Orlando failed to disclose, among other things, the risks associated with an investment in Cordia.

58. David Sanducci opened an account for his brother-in-law, Frank Vitarelli, in June 2002 for the purpose of buying Cordia. Immediately upon the opening of the account, Sanducci caused the Vitarelli account to purchase Cordia stock at the below-market, discounted price of \$1.50 from an account controlled by Al Minella. The next trading day, Sanducci caused the Vitarelli account to sell those same shares to several of his other customers at \$7.00 per share, resulting in a

one day profit of approximately \$147,000 to the Vitarelli account. See Exhibit A. The following day, Sanducci arranged a wire transfer of the entire proceeds out of the account to Vitarelli's bank account. The same day, Vitarelli wire-transferred approximately half of the money back to Sanducci, who in turn, wire-transferred a portion of those proceeds to a bank account controlled by Park Financial Group.

59. Sanducci knowingly or recklessly caused at least three of his own customers (customers RS, CH, MP), to purchase shares at \$7.00 per share in connection with the Vitarelli transaction. Sanducci did not disclose to these customers that, at the same time that these customers were buying Cordia at \$7.00, Sanducci was selling his own brother-in-law's stock at \$7.00, and that he was receiving a portion of the profits from those sales. Nor did Sanducci offer these customers the same opportunity to purchase the discounted stock at \$1.50 per share. Indeed, in one instance, Sanducci caused one of these customer who purchased Cordia at \$7.00 in a cross transaction with Vitarelli, to *resell these same shares back to Vitarelli* at \$3.50. Thus, this customer account was misused not once, but twice, to benefit Sanducci's brother-in-law and himself.

60. In another instance, Sanducci, as part of the Orlando Group's effort to induce the purchase of Cordia, contacted customer NW about the company. Sanducci advised the customer that Park Capital had initiated "research" on Cordia, compared it to another recent Park Capital "success story," and suggested that a well-known investment bank was likely to "get involved" with Cordia based on Park Capital's research. Sanducci also projected that Cordia's share price would increase to between \$10 and \$14 based on "institutional buying" in the market. In so doing, Sanducci directly participated in inducing this customer to purchase Cordia and substantially assisted other members of his group in their efforts to sell Cordia to customers. When the customer

complained about his investment, Sanducci ignored the complaint, claiming that he was not responsible to the customer.

61. Sanducci also permitted Tony Orlando to solicit customer accounts for which Sanducci was the "broker of record," without monitoring or reviewing Orlando's communications with customers or tracking the activity in the accounts. In some instances, Sanducci permitted Orlando to solicit Sanducci's customers who resided in states in which Tony Orlando was not registered. Sanducci further knowingly or recklessly failed to respond to, or investigate customer claims of misconduct in his customer accounts, claiming, in several instances, that he was not responsible to the customer.

Phillip Blackwell

62. On July 31, 2002, Phillip Blackwell called a 76 year-old retiree (customer TM) to buy Cordia at the direction of Tony Orlando. The customer agreed to buy \$5,000 worth of Cordia shares on that day. Thereafter, the customer received a confirmation notice that \$21,000 of Cordia had been purchased for his account on the previous day, July 30, 2002. Exhibit A. The unauthorized purchase was never reversed, despite several complaints by the customer. In fact, several days later, Blackwell attempted to persuade the customer to buy more Cordia.

63. In another example, after receiving his account statement for July of 2002, JL, a customer of Blackwell's, noticed a purchase on July 30, 2002 of 500 shares of Cordia. JL had never heard of Cordia. When JL complained, Park Capital advised that it would be corrected. The unauthorized transaction was never corrected.

Brian Featherstone

64. Brian Featherstone convinced customer HW, age 75, to purchase Cordia by guaranteeing that he would not lose money on his investment. Featherstone also promised HW that

if he purchased Cordia in his account at the prevailing \$4.00 market price, he would be guaranteed to sell his shares at the same price or higher in two or three months. He also promised HW that he would be able to purchase more Cordia shares at \$1.50 per share. At the time that Featherstone was making these promises, HW was unaware that the Orlando Group had already made an unauthorized purchase of Cordia shares in his account.

The Johnson Group

65. The Johnson Group, consisting of Anthony Johnson, Gary Ferrara, Jason Wilde, Stephen Magee, and Blake Shanaphy, arrived at Park Capital as a group in May 2001 from Hornblower & Weeks. Johnson convinced the four other members to join Park Capital and to work together as a partnership. Each member of the group agreed, and entered into a formal (but unwritten) partnership agreement to share customers and commissions equally. Pursuant to the agreement, all members shared customer accounts and commissions derived therefrom, regardless of which group members' name appeared on the account records.

66. Each partner played a specialized role within the group. Anthony Johnson was the unquestioned leader of the group. He determined for the group which stocks would be recommended to its customers. After an account was opened by one of the junior members of the group, Johnson typically took over the account and handled the "secondary" trading in the account. Johnson also handled any disputes that might arise with customers, such as failures to pay for purchases or claims of unauthorized trades. As the designated leader of the Group, Johnson met alone with the Orlando in closed-door meetings.

67. Gary Ferrara served as the group's "bookkeeper," typically writing up order tickets, at the direction of Johnson, for the secondary trading in the account. Ferrara also mailed out customer

confirmations, contacted customers for payment, and recorded customer trades and commissions in the group's "Book."

68. The three junior members of the partnership, Stephen Magee, Blake Shanaphy and Jason Wilde, served as account-openers for the group, opening new accounts by recommending relatively safe, non-volatile stocks. After the initial purchase, however, these account-openers ceded control to Johnson, who then contacted the customers to recommend the purchase of other stocks such as Cordia.

69. A key element of the partnership was its lack of accountability to its customers. Members of the group, and in particular, Johnson, used a number of deceptive devices to deliberately thwart accountability and to conceal their individual roles in inducing customer purchases of Cordia.

70. For example, all new accounts opened by the Group were assigned to a joint representative number under the name "Magee/Shanaphy/Wilde." Johnson's name was kept off these customer account records to avoid disclosure of his CRD disciplinary record to customers.

71. Once a customer account was opened, no written record was kept that identified which of the five partners communicated with a customer or the content of such communications. Likewise, no written record was kept identifying who among the five partners took or placed the order. Nor were any records of oral or written customer complaints maintained by the group. These measures, and others, were deliberately employed by Johnson and other group members to stymie customers' ability to seek redress on their accounts.

72. Johnson also opened certain "favored" customer accounts, including one for his brother, RJ. Anthony Johnson kept the details of the accounts and the commissions generated by the accounts hidden from his partners. Johnson opened the RJ account and completed the new account

forms for it. In keeping with his design to keep his name off of the paper trail, however, the RJ account was "assigned" on paper to another member of his group.

73. Johnson used the RJ account to execute highly profitable Cordia trades by crossing stock between the RJ account and other customers of the Group. Most, if not all, of the customers who sold Cordia shares in cross-trades to the RJ account suffered losses on Cordia, while the RJ account profited on the near-instantaneous resale of the same shares.

74. Although Johnson solicited many of the Cordia purchasers, each member of the Johnson Group participated in the fraudulent sales campaign by soliciting customers to purchase Cordia and by engaging in other misconduct. Each member knowingly or recklessly provided substantial assistance to other members of the group engaged in the same or similar misconduct, in furtherance of the scheme.

Examples of Fraudulent Sales Practices by Members of the Johnson Group

75. Johnson contacted Customer TT, a 78 year-old retiree, and solicited him to purchase 2,000 shares of Cordia. TT declined, instead requesting that Johnson forward him information to read before investing. TT never received the information requested from Johnson, but instead received confirmation that 2,000 shares of Cordia had been purchased in his account without his authorization. In addition, Johnson engaged in margin trading in TT's account without permission.

76. Johnson caused an unauthorized purchase in Cordia to be entered in the account of customer JD on August 14, 2002. When JD complained in writing, Johnson, in keeping with his usual pattern of denial, claimed he had no knowledge of the customer or transaction. Johnson denied any knowledge of the customer in spite of the fact that he had communicated with the customer on previous occasions, his name and representative number appeared on the customer's account

records, and he admitted under oath that his handwriting appeared on the order ticket documenting the unauthorized purchase in the account.

77. Johnson used deceptive and coercive tactics to induce customer RG to pay for an unauthorized purchase of Cordia, claiming falsely to him that he had tape recordings of conversations with the customer. When asked to respond to the complaint, Johnson denied such communications and any knowledge of the transaction.

78. Johnson made specific price projections relating to Cordia to customer AM and guaranteed a sales price of at least \$7.00. When AM complained, Johnson used coercive tactics to convince the customer to withdraw his complaint. In addition, Johnson promised to make up the losses in AM's account in connection with the withdrawal of the complaint.

79. Johnson impersonated other members of his group in communications with customers. To keep his name off of the paper trail, he used an e-mail account of another member of his group to communicate with customers. When questioned about such communications, Johnson provided false and misleading testimony, denying, yet again, that he had engaged in any such communications with the customer.

80. On August 12, 2002, a total of 24 customers of the Johnson Group, including customers BB, MG, and EM, sold their stock in a block cross-trade to the account of Johnson's brother, RJ, for \$2.50 per share. Most, if not all of these customers, sold out all of their Cordia shares in their accounts at a loss. At the same time, Johnson purchased these same shares into his brother's account at \$2.50. Two days later, Johnson re-sold the entire block of shares from RJ's account to another customer of the Group at \$5.00 a share. The timing of the sell-out of nearly all of the Group's Cordia customers on August 12, followed by the immediate and very profitable resale

by the RJ account, demonstrate that Johnson used these customer accounts to benefit his brother's account.

81. One week later, Johnson caused the RJ account to *sell back* 3800 shares of Cordia to five of the Group's customers in a block cross-trade at \$3.50. Three of the five purchasers (BB, MG, and EM) had, only one week before, sold all of their Cordia shares to RJ at a loss. These customer accounts therefore, were used, not once, but twice, to benefit the RJ account with total disregard for the interests of these customers.

Gary Ferrara

82. Ferrara opened an account for customer DR in mid-July 2002. DR was a 69 year-old retired mechanic with an annual income of less than \$50,000. In keeping with the group's method of opening the account with a "safe" stock, Ferrara recommended the purchase of a bank stock, Astoria Financial. DR sent a check for approximately \$6,000 to pay for the purchase of the stock. Two weeks later, on July 30, 2002, without his knowledge or consent, 1000 shares of Cordia were purchased for the account at \$6.50 (\$6,500). The following day, again without his knowledge or consent, the Astoria Financial shares were sold for approximately \$6,200. The proceeds from the sale of the bank stock were used to pay for the unauthorized purchase of Cordia. After the Cordia shares had already been purchased in the account on July 30th at \$6.50 per share, Ferrara told DR that Cordia's price would rise to \$7.00 per share and that he would make money on the stock. This example of an unauthorized trade on July 30th followed by the broker's communication with the customer to convince him to buy the stock, is consistent with the pattern of trading on July 30th described previously.

83. In June 2002, Ferrara opened an account for customer JB by recommending the purchase of Astoria Financial, the same bank stock recommended to customer DR above. On July

26, 2002, Park Capital recorded a purchase on margin in JB's account of 850 shares of Cordia without JB's knowledge or consent. Thereafter, in August 2002, Ferrara called JB and, for the first time, recommended the purchase of Cordia. Ferrara did not disclose any negative information to him about the company. After Ferrara recommended Cordia to him, JB agreed to buy 500 shares. However, an additional 300 shares were purchased instead. Again, this pattern of an unauthorized trade, followed by a call from the broker to convince the customer to purchase shares is consistent with the overall pattern of illegal trading in customer accounts. In addition, at the time Ferrara recommended Cordia to JB, Ferrara had little or no knowledge of the company and therefore, he no reasonable basis upon which to make the recommendation.

84. On at least two occasions in April and May 2002, Ferrara recommended the purchase of Cordia to customer DT. At the time he made the recommendation, Ferrara had little or no knowledge of the company and had conducted no research on it. Ferrara, therefore, had no reasonable basis upon which to recommend Cordia to DT.

Jason Wilde

85. Jason Wilde recommended Cordia to customer EA with a short-term price projection of \$7.00-\$8.00. At the time of the solicitation, Cordia was trading at around \$1.50. AE authorized Wilde to buy \$5,000 worth of Cordia, but instead \$10,000 worth of Cordia was purchased in the account. AE refused to send in the extra \$5,000 and Wilde liquidated part of his portfolio to pay for the unauthorized shares of Cordia. AE called Wilde several times to complain about this unauthorized transaction, but no action was taken by either Wilde or Park Capital to correct the trade.

86. Wilde solicited customer WB to buy Cordia in July of 2002 by telling him that he could make a "quick profit" and that Cordia would rise from \$3.00 to \$5.00 per share within a

month. On July 17, 2002, WB agreed to purchase 500 shares of Cordia at \$3.00 per share. On July 25, 2002, those 500 shares were sold at \$4.00. Five days later, however, 2,000 more shares were purchased without WB's knowledge or consent at \$6.10 per share. WB contacted both Wilde and Johnson to complain on multiple occasions, but the trade was never reversed. Both Wilde and Johnson represented themselves as principals of the firm and refused to allow WB to speak to their supervisors.

Stephen Magee

87. Magee solicited customer RK urging him to invest before imminent "great news" was issued by the Company. Magee also predicted that Cordia would be trading between \$8.00 or \$9.00 per share within 30-45 days and RK would make money on his investment with "almost no risk." After his Cordia stock failed to reach Magee's target price, RK complained to Magee on several occasions. Magee advised RK to wait "a little longer" and predicted that Cordia would soon be trading at \$10.00 per share.

88. Magee also solicited customer EM to buy Cordia by claiming the company's stock would reach \$10 per share.

Blake Shanaphy

89. On or about January 29, 2002, Shanaphy completed and signed a new account form for customer LL that contained numerous false statements suggesting that LL was a high net worth individual with an interest in aggressive growth and speculation. For example, the new account form completed by Shanaphy listed LL's net worth as at least \$4,000,000 and liquid assets of at least \$500,000, with a tax bracket of at least 29%. The document also indicated that LL wanted to open a margin account. By contrast, a second new account form, which was reviewed and signed by LL on February 1, 2002, just two days later, painted a far different picture. This account form stated a net

worth of only \$100,000, and liquid assets of less than \$100,000 with a tax bracket of only 16-28%. The new account form signed by the customer stated, contrary to the form completed by Shanaphy, that the customer wanted a cash account, not a margin account, and that he was not interested in aggressive growth or speculation. Finally, the account form signed by LL stated that his initial purchase was to be 100 shares of Golden State Bank, a stock that the Johnson Group often used to open accounts. By contrast, the new account form signed by Shanaphy showed an initial purchase of 200 shares of Golden State. And, although LL agreed to purchase only 100 shares of Golden State to open the account, 200 shares were purchased.

90. Thereafter, on May 7, 2002, 2000 shares of Cordis were purchased in LL's account without his knowledge or authorization. When LL called to complain, Shanaphy told him that the group had bought the stock for him without asking, and he acknowledged it was a mistake. Shanaphy however, failed to reverse the unauthorized purchase.

FIRST CAUSE OF ACTION**MANIPULATION**

**Respondents Park Capital, Tony Orlando, Phil Orlando,
Craig Dixon and Ara Proudian**

**(Violations of Section 10(b) of the Exchange Act and Rule 10b-5,
and NASD Conduct Rules 2110 and 2120)**

91. The allegations set forth above in paragraphs 1 through 90 are re-alleged and incorporated by reference.
92. From approximately April 1, 2002 through at least January 2003, Respondents Park Capital, Tony Orlando, Phil Orlando, Craig Dixon and Ara Proudian, in connection with the purchase or sale of securities, and by the use of means or instrumentalities of interstate commerce, or by the mails, directly or indirectly, knowingly or recklessly: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of material facts or omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person.
93. Specifically, Respondents Park Capital, Tony Orlando, Phil Orlando, Craig Dixon and Ara Proudian, acting together and with others, engaged in a scheme to defraud by, among other things, the placing of manipulative buy orders for Cordia into the market for the purpose of raising the company's stock price, the entering of matched buy and sell orders into the market, and the crossing of Cordia shares between and among customer accounts at Park Capital.
94. By reason of the foregoing conduct, Respondents Park Capital, Tony Orlando, Phil Orlando, Craig Dixon, and Ara Proudian violated the antifraud provisions of the federal securities

laws contained in Section 10(b) of the Exchange Act, Rule 10b-5 thereunder, and NASD Conduct Rules 2110 and 2120.

95. Furthermore, each of these Respondents knowingly or recklessly provided substantial assistance to other Respondents engaged in the same or similar conduct, in furtherance of the scheme, and each therefore violated NASD Conduct Rule 2110.

SECOND CAUSE OF ACTION

FRAUDULENT SALES PRACTICES

Park Capital, Tony Orlando, David Sanducci, Brian Featherstone, Phillip Blackwell, Anthony J. Johnson, Gary J. Ferrara, Jason Wilde, Stephen M. Magee and Blake Shanaphy

(Violations of Section 10(b) of the Exchange Act and Rule 10b-5, and NASD Conduct Rules 2110 and 2120)

96. The allegations set forth above in paragraphs 1 through 95 are re-alleged and incorporated by reference.

97. From approximately April 1, 2002 through January 2003, Respondents Park Capital, Tony Orlando, David Sanducci, Brian Featherstone, Phillip Blackwell, Anthony J. Johnson, Gary J. Ferrara, Jason Wilde, Stephen M. Magee and Blake Shanaphy, in connection with the purchase or sale of securities, and by the use of means or instrumentalities of interstate commerce, or by the mails, directly or indirectly, knowingly or recklessly: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of material facts or omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person.

98. Specifically, these Respondents employed classic, boiler-room techniques to induce customers to purchase Cordia, to dissuade them from selling Cordia and to avoid responsibility to their customers for their misconduct related to Cordia. These techniques included, among other things, high-pressure sales pitches, material misrepresentations and omissions of fact relating to Cordia and unauthorized transactions in customer accounts.

99. By reason of the foregoing conduct, members of the Orlando Group (Tony Orlando, David Sanducci, Philip Blackwell and Brian Featherstone), and the Johnson Group (Anthony J. Johnson, Gary Ferrara, Jason Wilde, Stephen M. Magee and Blake Shanaphy), acting individually and as members of their selling groups, participated in a scheme to defraud customers by engaging in an egregious pattern of sale fraud abuses and by providing substantial assistance to other members of the group engaged in the same or similar misconduct, in furtherance of the fraudulent scheme in violation of Section 10(b) of the Exchange Act, SEC Rule 10b-5, and NASD Conduct Rules 2110 and 2120.

100. Furthermore, each of these Respondents knowingly or recklessly provided substantial assistance to other Respondents engaged in the same or similar conduct, in furtherance of the scheme, and each therefore violated NASD Conduct Rule 2110.

THIRD CAUSE OF ACTION**PENNY STOCK VIOLATIONS**

Park Capital, Tony Orlando, David Sanducci, Brian Featherstone, Phillip Blackwell, Anthony J. Johnson, Gary J. Ferrara, Jason Wilde, Stephen M. Magee and Blake Shanaphy

(Violations of Section 15(g) of the Exchange Act, SEC Rules 15c-2, 15c-3 and 15c-9 and NASD Conduct Rule 2110)

101. The allegations set forth above in paragraphs 1 through 100 are realleged and incorporated by reference.

102. Between approximately April 1, 2002 and January 31, 2003, Respondents Park Capital, Anthony J. Orlando, Jr., Jr., David Sanducci, Brian Featherstone, Phillip Blackwell, Anthony J. Johnson, Gary J. Ferrara, Jason Wilde, Stephen M. Magee and Blake Shanaphy recommended the purchase of Cordia which, at the time of the recommendations, was a penny stock as defined under federal securities law, to customers of Park Capital.

103. In connection with these recommendations, the Respondents:

- failed to furnish customers, prior to effecting such transactions, a risk disclosure document containing the information required by the penny stock rules;
- Failed to obtain from customers, prior to effecting customer transactions in Cordia, a manually-signed and dated written statement acknowledging receipt of such risk disclosure document;
- Failed to disclose to customers, either orally or in writing, prior to effecting customer transactions in Cordia, the inside bid and offer quotations for Cordia and failed to provide the same in writing at or prior to the time of any written confirmation sent to the customer pursuant to SEC Rule 10b-10; and

- Failed to keep and preserve records of such disclosures as required by the penny stock rules.

104. By reason of the foregoing, Respondents Park Capital, Tony Orlando, David Sanducci, Brian Featherstone, Phillip Blackwell, Anthony J. Johnson, Gary J. Ferrara, Jason Wilde, Stephen M. Magee and Blake Shanaphy violated Section 15(g) of the Exchange Act and Rules 15g-2, 15g-3 and 15g-9 thereunder, and NASD Conduct Rule 2110.

FOURTH CAUSE OF ACTION

UNREGISTERED DISTRIBUTION OF SECURITIES

**Park Capital, Tony Orlando, Phil Orlando, Craig Dixon and Ara Poudian
(Violations of NASD Conduct Rule 2110)**

105. The allegations set forth above in paragraphs 1 through 104 are re-alleged and incorporated by reference.

106. Between approximately April 1, 2002 and January 31, 2003, Respondents Park Capital, Tony Orlando, Phil Orlando, and Craig Dixon participated in the sale of restricted shares of Cordia owned by Al Minella, a controlling shareholder of Cordia, to customers of Park Capital without a registration statement in effect or a valid exemption therefrom. These restricted shares were sold in pre-arranged, solicited transactions in violation of Section 5 of the Securities Act of 1933 ("Securities Act") and were not covered by SEC Rule 144's safe harbor provisions relating to the sale of restricted and control securities.

107. Between approximately April 1, 2002 and January 31, 2003, Respondents Park Capital, Tony Orlando, Phil Orlando, and Craig Dixon participated in the sale of Cordia securities by Park Financial Group, which were issued in violation of Section 5 of the Securities Act and not

covered by the provisions of SEC Form S-8. Specifically, Form S-8 excludes "brokers, dealers and persons who find investors" from receiving securities pursuant to Form S-8. Form S-8 also prohibits issuance of securities to consultants that are not "natural persons." As such, the securities issued to Park Financial Group were restricted, and neither their issuance nor resale was accompanied by a valid registration statement nor were they covered by the safe harbor provisions of SEC Rule 144.

108. Between October 1, 2002 and January 31, 2003, Respondents Park Capital, Tony Orlando, Phil Orlando and Ara Proudian participated in the sale of restricted securities by ELEC Corporation. These restricted shares were sold in pre-arranged, solicited transactions in violation of Section 5 of the Securities Act and were not covered by the safe harbor provisions of SEC Rule 144.

109. By reason of the foregoing, Respondents Park Capital, Tony Orlando, Phil Orlando, Craig Dixon and Ara Proudian violated NASD Conduct Rule 2110.

FIFTH CAUSE OF ACTION

FAILURE TO PROVIDE TRUTHFUL TESTIMONY

David Sanducci and Anthony J. Johnson

(Violations of NASD Conduct Rule 2110 and Procedural Rule 8210)

110. The allegations set forth above in paragraphs 1 through 109 are re-alleged and incorporated by reference.

111. On September 29 and 30, 2003, Sanducci appeared pursuant to NASD Rule 8210 and provided sworn testimony to NASD in connection with this matter. During that testimony Sanducci provided false and/or misleading testimony concerning his role as a supervisor at Park Capital. Among other things, Sanducci falsely denied any supervisory role at the firm.

112. On June 24, 2003, Johnson appeared pursuant to NASD Rule 8210 and provided sworn testimony to NASD in connection with this matter. During that testimony, Johnson provided

false and/or misleading testimony concerning his communications with certain customers. Among other things, Johnson falsely denied the existence of certain oral and electronic communications with customer AM.

113. By reason of the foregoing, Respondents Sanducci and Johnson violated NASD Conduct Rule 2110 and Procedural Rule 8210.

REQUEST 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;**
- 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.**

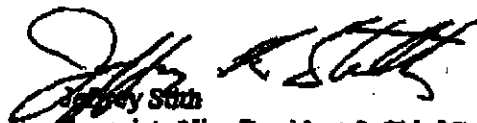
Date: October 11, 2004



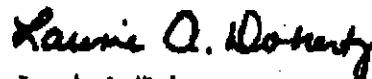
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EXHIBIT A

Date	Time	Transactions in Cordia	Price	Source	Proceeds To Sellers	Group Placing the Orders
4/1/02	8:19 a.m.	Park buys 1000 shares	\$1.50	HRZG		
4/1/02	8:24 a.m.	Park buys 3000 shares	\$1.75	HRZG		
4/1/02	2:02 p.m.	84,000 share X-trade between Greg Small and Park customers	\$1.75	Greg Small	\$147,000	Orlando Group
4/3/02	9:12 a.m.	Park buys 1000 shares	\$1.51	HRZG		
4/3/02	9:12 a.m.	Park buys 2000 shares	\$1.55	HRZG		
4/3/02	1:29 p.m.	16,000 share X-trade between Greg Small and Park customers	\$1.55	Greg Small	\$24,800	Orlando Group
4/17/02	2:25 p.m.	Park buys 4000	\$1.45	NITE		
4/17/02	3:45 p.m.	122,000 share X-trade between Greg Small and Park customers	\$1.45	Greg Small	\$176,900	Orlando and Johnson Groups
5/7/02	3:41 p.m.	Park buys 2500 shares	\$0.90	NITE		
5/7/02	3:45 p.m.	Park buys 2500 shares	\$0.90	NITE		
5/7/02	3:49 p.m.	90,000 share X-trade between Greg Small and Park customers	\$0.90	Greg Small	\$81,000	Johnson Group
5/9/02	2:55 p.m.	90,000 share X-trade between Greg Small and Park customers	\$0.90	Greg Small	\$81,000	Orlando and Johnson Group
5/29/02	1:00 p.m.	Park buys 2500 shares	\$0.99	NITE		
5/29/02	1:00 p.m.	Park buys 1000 shares	\$0.99	NITE		
5/29/02	1:46 p.m.	Park buys 500 shares	\$1.20	NITE		
5/29/02	1:47 p.m.	Park buys 1000 shares	\$1.33	NITE		
5/29/02	1:48 p.m.	Park buys 2000 shares	\$1.33	NITE		
5/29/02	1:48 p.m.	Park buys 1500 shares	\$1.33	NITE		
5/29/02	1:50 p.m.	Park buys 500 shares	\$1.35	NITE		
5/29/02	1:51 p.m.	Park buys 500 shares	\$1.35	NITE		
5/29/02	1:51 p.m.	Park buys 500 shares	\$1.35	NITE		

5/29/02	1:52 p.m.	Park buys 5000 shares	\$1.45	NITE		
5/29/02	1:53 p.m.	Park buys 1500 shares	\$1.50	NITE		
5/29/02	1:53 p.m.	Park buys 1500 shares	\$1.50	NITE		
5/29/02	1:53 p.m.	Park buys 1500 shares	\$1.50	NITE		
5/29/02	1:55 p.m.	128,000 share X-trade between Greg Small and Park customers	\$1.50	Greg Small	\$192,000	Orlando and Johnson Groups
5/29/02	1:55 p.m.	50,000 share X-trade between Gelles & Co. and Park customers	\$1.50	Gelles & Co. (Al Minella)	\$75,000	Orlando and Johnson Groups
6/19/02	9:33 a.m.	Park buys 1000 shares	\$6.00	NITE		
6/19/02	9:33 a.m.	Park buys 500 shares	\$6.00	NITE		
6/19/02	9:35 a.m.	Park buys 500 shares	\$6.50	NITE		
6/19/02	9:36 a.m.	Park buys 500 shares	\$6.95	NITE		
6/19/02	9:37 a.m.	Park buys 500 shares	\$6.95	NITE		
6/19/02	9:37 a.m.	Park buys 500 shares	\$7.00	NITE		
6/19/02	9:37 a.m.	Park buys 1000 shares	\$7.00	NITE		
6/19/02	9:39 a.m.	Park buys 1200 shares	\$7.00	NITE		
6/19/02	9:39 a.m.	Park buys 300 shares	\$7.00	NITE		
6/19/02	9:39 a.m.	Park buys 300 shares	\$7.00	NITE		
6/19/02	9:46 a.m.	38,000 shares X-trade between Frank Vitarelli and Park customers	\$7.00	Vitarelli	\$210,000	Orlando Group

6/28/02	2:58 p.m.	Park buys 500 shares	\$5.25	NITE		
6/28/02	3:03 p.m.	Park buys 1500 shares	\$6.75	NITE		
6/28/02	3:04 p.m.	10,000 share X-trade between Park Financial Group and Park Capital customers	\$6.50	Park Financial Group	\$65,000	Johnson Group
6/28/02	3:05 p.m.	Park buys 500 shares	\$6.80	NITE		
6/28/02	3:06 p.m.	Park buys 1000 shares	\$6.80	NITE		
6/28/02	3:07 p.m.	Park buys 1500 shares	\$6.80	NITE		
6/28/02	3:09 p.m.	20,000 share X-trade between Park Financial Group and Park customers	\$7.00	Park Financial Group	\$140,000	Johnson Group
7/30/02	2:56 p.m.	Park buys 500	\$4.50	NITE		
7/30/02	2:58 p.m.	Park buys 500	\$4.50	NITE		

7/30/02	2:59 p.m.	Park buys 500	\$5.00	NITE		
7/30/02	3:00 p.m.	Park buys 500	\$5.00	NITE		
7/30/02	3:01 p.m.	Park buys 500	\$5.50	NITE		
7/30/02	3:02 p.m.	Park buys 500	\$5.50	NITE		
7/30/02	3:03 p.m.	Park buys 500	\$5.75	NITE		
7/30/02	3:04 p.m.	Park buys 1500	\$5.75	NITE		
7/30/02	3:06 p.m.	Park buys 1500	\$5.75	NITE		
7/30/02	3:08 p.m.	Park buys 500	\$6.00	NITE		
7/30/02	3:10 p.m.	Park buys 500	\$6.00	NITE		
7/30/02	3:10 p.m.	Park buys 800	\$6.00	NITE		
7/30/02	3:12 p.m.	Park buys 1700	\$6.50	NITE		
7/30/02	3:15 p.m.	25,000 share X-trade between Park Financial Group and Park customers	\$6.00	Park Financial Group	\$150,000	Orlando And Johnson Groups