

NASD OFFICE OF HEARING OFFICERS

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

ADAM HENG,
(CRD No. 2831137)

Respondent.

Disciplinary Proceeding
No. E0720040511

Hearing Officer -

COMPLAINT

Upon information and belief, Complainant alleges as follows:

RESPONDENT

1. Respondent Adam Heng ("Heng") was first registered as a general securities representative when he entered the securities industry in September 1997. He was employed by Clark Street Capital, Inc. ("CSC") from November 2003 until July 2004. Heng was last employed by a NASD member in November 2005. Heng is not currently employed by a member however he remains subject to the jurisdiction of the NASD pursuant to Article V, Section 4 of the NASD Bylaws.

FOR A FIRST CAUSE OF COMPLAINT

Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and NASD

Conduct Rules 2110 and 2120

(Unauthorized Transactions)

2. The allegations contained in paragraph 1 above, are hereby realleged and incorporated herein by reference.

3. Heng executed numerous unauthorized trades in multiple customer accounts, used margin without authorization and failed to follow customer instructions in a pattern of knowing misconduct. Specifically, he entered a total of seventy-two (72) unauthorized trades in four (4) customer accounts during a seven-month period from January to July 2004, while employed by CSC.

Customer JY

4. Customer JY opened a securities account with CSC after receiving a "cold call" from Heng in March 2004. JY authorized the two initial purchases of Elan Corporation ("ELN") common stock in her account.
5. During the period from April 2005 through June 2004, there were 14 unauthorized transactions in JY's account commencing with the purchases of Celtron International, Inc. ("CLTR") common stock.
6. JY did not authorize Heng to use margin in her account or to purchase Humana Trans Services Holding Corp. ("HTSC") common stock using margin.
7. JY did not authorize Heng to enter the purchases and sales of CLTR, HTSC and Delta Mutual Inc. ("DLTM"), as more fully described in Exhibit A attached hereto and incorporated herein by reference, and each such transaction was executed by Heng without JY's knowledge or authorization.

Customer RN

8. RN opened an account with CSC after receiving a "cold call" from Heng in March 2004. RN authorized the initial purchase of 5,100 shares of ELN common stock in his account.

9. However, during the period from April 2005 through June 2004, there were 9 unauthorized transactions in RN's account commencing with the purchase of 16,000 shares of CLTR.
10. RN did not authorize Heng to enter the purchases and sales of CLTR and HTSC, as more fully described in Exhibit A attached hereto and incorporated herein by reference, and each such transaction was executed by Heng without RN's knowledge or authorization.

Customer DW

11. DW opened an account with CSC after receiving a "cold call" from Heng in December 2003. DW authorized the initial purchase transactions of Zanett, Inc. ("ZANE"), Flamel Tech SA ADR ("FLML") and Calpine Corp. ("CPN") common stock between December 2003 and January 2004.
12. During the period from January 2004 through June 2004, 17 unauthorized transactions were executed in DW's account commencing with the purchase of 25,200 shares of Prelude Ventures, Inc ("PLUD") common stock.
13. DW spoke to Heng in April 2004 and instructed him to close his account. DW followed up his conversation with Heng with a letter dated May 5, 2004, in which he reiterated that he wanted the positions in his account sold, the proceeds forwarded by check and his account closed, among other things.
14. Heng did not follow the directions of DW and instead while he sold positions in CLTR and HTSC, he later purchased shares of DLTM, among other securities.
15. DW did not authorize Heng to enter the purchases and sales in his account, as more fully described in Exhibit A attached hereto and incorporated herein by reference, and each such transaction was executed by Heng without DW's knowledge or authorization.

Customer JC

16. JC opened two accounts with CSC in 1999. One of the two accounts was a joint account with JC's mother. The joint account value was primarily in 3,578 shares of Hasbro Inc. common stock and it had been dormant since the last quarter of 2000.
17. Between February 2004 and March 2004 the account executive assigned to the account was changed to Heng.
18. JC's mother's address was listed as the address on the account between May 2004 and June 2004, when the address was changed, without JC's knowledge or authorization, to an address in China that was neither JC's address nor his mother's address.
19. During the period from February 2004 through July 2004, 32 unauthorized transactions were executed in JC's account commencing with the purchase of 25,000 shares of American Capital Alliance Inc. (Prelude Ventures (PLUD)) common stock
20. Neither JC nor his mother authorized Heng to enter the purchases and sales in their joint account, as more fully described in Exhibit A attached hereto and incorporated herein by reference, each such transaction was executed by Heng without JC's or his mother's knowledge or authorization.

Materiality and Scienter

21. The fact that Heng executed unauthorized trades, used margin without authorization and failed to follow customer directions in the accounts of JY, RN, DW and JC are material facts.
22. Heng acted with scienter in connection with the unauthorized trading in the accounts of JY, RN, DW and JC in that he knew the trading at issue was conducted without

authorization or, at a minimum, he was recklessly indifferent to whether the customers had authorized the trades and engaged in a pattern of unauthorized trading.

23. The unauthorized use of margin, the failure to follow customer directions and each unauthorized transaction effected in the accounts of JY, RN, DW and JC constitute separate and distinct violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and Conduct Rules 2110 and 2120 by Respondent Heng.

FOR A SECOND CAUSE OF COMPLAINT

NASD Conduct Rule 2110 and Procedural Rule 8210

(Failure to Respond to NASD Request for Testimony)

24. The allegations contained in paragraphs 1 through 23, above, are hereby realleged and incorporated herein by reference.
25. During the course of the NASD's investigation of Heng's conduct regarding the subject customers, the NASD staff sought on-the-record ("OTR") testimony of Heng.
26. On April 7, 2005, the NASD Staff commenced the OTR. The OTR was not completed due to a last minute request by Heng to attend an appointment. The OTR was continued and scheduled to recommence on May 26, 2005.
27. Heng called on the morning of May 26th, indicated that he was sick and requested a continuance. The NASD Staff agreed to his request and set the OTR to recommence on May 27, 2005. Heng appeared on the 27th but, among other things, indicated that he was on medication and requested another postponement of his interview.
28. The NASD Staff agreed to a third continuance. On June 21, 2005, the NASD Staff sent a request letter to Heng at his CRD address, via first class and certified mail, pursuant to

NASD Procedural Rule 8210. The June 21, 2005 letter indicated that Heng's testimony was scheduled to recommence on July 12, 2005.

29. The June 21, 2005 letter sent by first class mail was not returned but a receipt was returned indicating that the June 21 letter sent by certified mail was delivered. Moreover, the NASD Staff contacted Heng on July 11, 2005 to confirm whether he planned to attend the testimony. Heng indicated that he was making travel arrangements. The Staff further confirmed that it expected him to appear the following day as scheduled.
30. However, Heng failed to appear and complete his OTR testimony on July 12, 2005 as scheduled.
31. Such failure to appear and testify as requested by the June 21, 2005 request letter constitutes separate and distinct violations of Procedural Rule 8210 and Conduct Rule 2110.

PRAYER FOR RELIEF

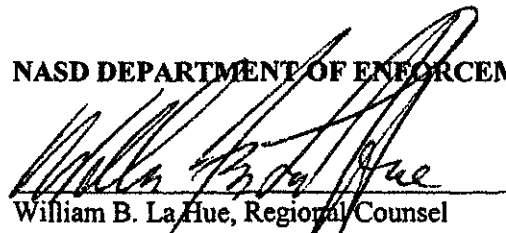
WHEREFORE, Complainant respectfully requests:

- A. Findings of fact and conclusions of law that Respondent Heng committed the violations charged and alleged herein;
- B. An order imposing sanctions upon Respondent Heng in accordance with NASD Rule 8310;
- C. An order requiring Respondent Heng 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: May 16, 2006

NASD DEPARTMENT OF ENFORCEMENT



William B. LaHue, Regional Counsel
Andrew A. Favret, Regional Chief Counsel
NASD Department of Enforcement
Atlanta District Office
One Securities Centre, Suite 500
3490 Piedmont Road, N.E.
Atlanta, GA 30305
(404) 239-6111; Fax No. (404) 264-1586

NASD District Director

Daniel J. Stefek, Director
NASD, Atlanta District Office
One Securities Centre, Suite 500
3490 Piedmont Road, N.E.
Atlanta, GA 30305
(404) 239-6128

Of Counsel

Rory C. Flynn, Of Counsel
NASD Department of Enforcement
1801 K Street, N.W., Suite 800
Washington, D.C. 20006
(202) 974-2974; Fax No. (202) 721-8318

Roger D. Hogoboom, Of Counsel
NASD Department of Enforcement
370 17th Street, Suite 2900
Denver, CO 80202
(303) 446-3114; Fax No. (303) 620-9540

Exhibit A**Customer JY**

SETTLEMENT DATE	STOCK	PRICE	BUY / SELL	QUANTITY
April 19, 2004	CLTR	\$.93	Buy	10,000
April 21, 2004	CLTR	\$.80	Buy	10,000
April 26, 2004	HTSC	\$1.192	Buy	2,500
April 27, 2004	HTSC	\$1.208	Buy	2,500
April 28, 2004	HTSC	\$1.1992	Buy	6,000
May 7, 2004	HTSC	\$.9475	Buy	10,500
May 13, 2004	HTSC	\$.54	Sell	2,250
May 17, 2004	CLTR	\$.86	Buy	23,000
June 3, 2004	HTSC	\$.73	Sell	5,000
June 4, 2004	Delta Mutual Inc. ("DLTM")	\$.45	Buy	20,000
June 4, 2004	CLTR	\$.79	Sell	10,000
June 8, 2004	HTSC	\$.80	Sell	8,000
June 11, 2004	CLTR	\$.75	Sell	7,500
June 11, 2004	HTSC	\$.60	Sell	6,250

Customer RN

SETTLEMENT DATE	STOCK	PRICE	BUY / SELL	QUANTITY
April 2, 2004	CLTR	\$0.094	Buy	16,000
April 22, 2004	HTSC	\$1.2451	Buy	15,400
April 23, 2004	HTSC	\$1.0641	Buy	15,600
April 27, 2004	CLTR	\$0.96	Buy	15,000
May 12, 2004	CLTR	\$0.79	Sell	21,000
May 17, 2004	CLTR	\$0.86	Buy	23,000
May 17, 2004	HTSC	\$0.56	Sell	5,000
May 25, 2004	CLTR	\$0.60	Sell	23,000
May 26, 2004	HTSC	\$0.70	Sell	1,720
April 2, 2004	CLTR	\$0.094	Buy	16,000

Customer DW

SETTLEMENT DATE	STOCK	PRICE	BUY / SELL	QUANTITY
January 23, 2004	Prelude Ventures, Inc ("PLUD")	\$.895	Buy	25,200
January 26, 2004	Nanobac Pharmaceuticals, Inc. ("NNBP")	\$.725	Buy	5,000

March 18, 2004	Tango Inc. ("TNGO")	\$.145	Buy	10,000
March 26, 2004	Genta Inc. ("GNTA")	\$10.00	Buy	2,000
April 2, 2004	ZANE	\$2.80	Sell	3,500
April 2, 2004	CLTR	\$.97	Buy	20,000
April 8, 2004	GNTA	\$11.64	Sell	2,000
April 12, 2004	Blastgard International, Inc. ("BLGA")	\$6.00	Buy	500
April 19, 2004	NNBP	\$.535	Sell	5,000
April 19, 2004	CLTR	\$.93	Sell	10,000
April 22, 2004	HTSC	\$1.2451	Buy	7,750
May 7, 2004	CLTR	\$.80	Sell	10,000
May 13, 2004	HTSC	\$.54	Sell	7,750
June 4, 2004	DLTM	\$.45	Buy	10,000
June 21, 2004	DLTM	\$.20	Sell	10,000
June 24, 2004	BLGA	\$4.20	Sell	500
June 24, 2004	TNGO	\$.032	Sell	10,000

Customer JC

SETTLEMENT DATE	STOCK	PRICE	BUY / SELL	QUANTITY
February 9, 2004	PLUD	0.6496	BUY	25,000
February 18, 2004	PLUD	0.7400	BUY	13,000
February 19, 2004	Nutra Pharma Corp. ("NPC")	0.6050	BUY	8,000
February 23, 2004	NPC	0.5400	SELL	2,500
February 23, 2004	NPC	0.5400	SELL	3,500
February 25, 2004	NPC	0.5800	SELL	42,500
March 11, 2004	ELN	17.330	BUY	5,000
March 11, 2004	HASBRO, INC.	22.800	SELL	3,578
March 19, 2004	ELN	16.730	SELL	5,000
March 19, 2004	Collagenex Pharmaceuticals, Inc. ("CPI")	12.550	BUY	5,000
March 26, 2004	GNTA	10.000	BUY	3,000
March 31, 2004	CPI	13.400	SELL	5,000
April 2, 2004	CLTR	0.9700	BUY	30,000
April 6, 2004	CLTR	1.0000	BUY	10,000
April 8, 2004	GNTA	11.640	SELL	3,000
May 17, 2004	CLTR	0.8600	BUY	11,000
June 4, 2004	DLTM	0.4500	BUY	10,000

June 8, 2004	CLTR	0.7500	SELL	10,000
June 8, 2004	CLTR	0.7500	SELL	10,000
June 8, 2004	DLTM	0.3400	BUY	50,000
June 11, 2004	CLTR	0.7500	SELL	10,000
June 15, 2004	CLTR	0.7000	SELL	7,500
June 18, 2004	American Capital Alliance, Inc. ("ACAI")	0.0700	BUY	100,000
June 18, 2004	CLTR	0.6700	SELL	12,500
June 21, 2004	HTSC	0.9300	BUY	30,000
June 22, 2004	CLTR	0.7500	BUY	1,000
June 22, 2004	HTSC	1.1200	SELL	5,000
June 25, 2004	HTSC	1.0800	SELL	6,000
June 28, 2004	HTSC	0.9600	SELL	8,000
June 30, 2004	HTSC	0.9400	SELL	5,000
June 30, 2004	CLTR	0.7300	SELL	2,000
July 7, 2004	HTSC	1.0800	SELL	2,500