

BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF DELAWARE

IN THE MATTER :)	
)	
1ST SECURITIES OF AMERICA, INC.)	ORDER REVOKING
)	BROKER-DEALER REGISTRATION
DENNIS L. ASTORRI)	AND AGENT
)	REGISTRATION WITH FINE
RESPONDENTS)	ASSESSED

WHEREAS:

- A. A Notice and Order dated June 8, 1988 initiating a proceeding under the Delaware Securities Act, Section 7316 of Title 6 Delaware Code was hand delivered to respondents office on June 8, 1988.
- B. Respondents appeared at the offices of the Delaware Department of Justice, Division of Securities, 820 N. French Street, Wilmington, Delaware on Thursday June 23, 1988 pursuant to said Order. At that time, respondents requested and received a postponement.
- C. A Notice of Supplemental Charges dated July 15, 1988 was thereafter duly served on respondents and their attorneys. (State's Exhibit 4).
- D. At respondent's request the hearing date of July 21, 1988 was again postponed until July 25, 1988 (State's Exhibit 2).
- E. Pursuant to the above Notice a hearing under Securities regulation 73(1)1 commenced on July 25, 1988 at which respondents failed to appear.

- F. The Commissioner of Securities is charged under 6 Del. C. Section 7325 with administration of the provisions of the Delaware Securities Act (The Act).
- G. Section 7316 of the Act authorizes the Commissioner to suspend or revoke the registration of a Broker-Dealer and/or agent if he determines that such Broker-Dealer and/or agent is subject to one of the disqualifying factors stated in that section and such action is in the public interest.
- H. Section 7325(b) provides that the Commissioner may make such orders as are necessary to carry out the provisions of the Act.

NOW THEREFORE, the Commissioner having heard the witnesses and made a determination as to their credibility, makes the following findings of fact and conclusions of law based upon the relevant evidence presented:

FINDINGS OF FACT AND CONCLUSIONS OF LAW:

1. After a hearing before the Securities Commissioner and pursuant to an Order of the Commissioner, Respondent, 1st Securities of America, Inc. was approved for registration as a Broker-Dealer in Delaware as of September 20, 1985. Respondent has renewed its registration annually since that time. Similarly Dennis L. Astorri was registered as an agent and has renewed his registration annually since that time.
2. On or about September 27, 1985, the Bureau of Securities for New Jersey issued an Order Denying 1st Securities of

America's application for registration as a broker-dealer based upon the firm's filing of an incomplete application; willful violation or willful failure to comply with law or regulations; engagement in dishonest or unethical practices in the securities business; and disqualification on the basis of character. Respondent did not submit an amended Form BD to inform the Delaware Division of Securities of the Order of Denial by New Jersey as it is required to pursuant to Section 7315(c) and Rule 14(a)(2). Respondent is in violation of Section 7316(a)(2).

3. On or about July 31, 1987, the National Association of Securities Dealers, Inc., District No. 11, (N.A.S.D.) issued a complaint against respondent and its registered principal, Dennis Astorri and its financial principal, William L. Poole. The complaint alleges (1) violation of Sections 1 and 2(a) or Article III of the Rules of Fair Practice (net capital requirements and reporting); (2) violations of Section 1 and 2 of Article III of the Rules of Fair Practice (failure to secure reduced sales charges for account of _____); and (3) violations of Fair Practice (utilized excessive and frequent discretionary powers and continued to effect discretionary transactions after revocation of discretionary power by investor). Violations (2) and (3) are in violation of Section 7316(a)(7) which is a disqualifying factor the Commissioner may use to suspend or revoke registration pursuant to Section 7316(a). Respondent has failed to submit an

amended Form BD to inform the Delaware Division of Securities of the above complaint filed by the N.A.S.D. as it is required to pursuant to Section 7315(c) and Rule 14(a)(2). Respondent is in violation of Section 7316(a)(2).

4. Dennis Astorri, acting individually and as president and sole principal of 1st Securities, sold unregistered securities in violation of 6 Del. C. sec. 7304 and sec. 7316(a)(2) on the following occasions:

- a. To _____, an investment bond in the amount of \$35,000.
- b. To _____, an investment bond in the amount of \$115,000.
- c. To _____, an investment bond in the amount of \$10,000.
- d. To _____, an investment bond in the amount of \$8,000, for which they paid \$7,200.
- e. To _____, on or about March 10, 1986, a \$5,000 interest in an investment pool. Astorri never provided the Kronyaks with any documents evidencing their purchase of that interest.
- f. To _____, on or about March 1986, a \$50,311 interest in an investment pool. Astorri induced the _____ to make the check payable to their daughter, _____, who was living with Astorri and had been living with him for several years. The reason for making the check payable to _____ was that Astorri and 1st Securities were not registered to sell securities in New Jersey, as Astorri explained. Astorri never provided the _____ with any

document evidencing their purchase of the \$50,311 interest in Astorri's investment pool.

g. To _____, on or about October 28, 1986, an additional interest in Astorri's investment pool. Astorri represented that a \$26,000 payment by the _____ was necessary as "margin money" to protect their prior investment. At this time he represented that the _____ could purchase an additional \$18,000 interest in the investment pool, which had been Astorri's _____ share. The _____ agreed and on or about November 10, 1986, wired \$58,000 (which included additional funds which Astorri had requested with little explanation) to _____ account, with the understanding that this was necessary because Astorri was not registered in New Jersey.

h. To _____, who after meeting with Astorri in the 1st Securities office in Wilmington, Delaware, purchased an investment bond in the amount of \$15,000 on or about April 28, 1988.

5. Dennis Astorri, in violation of 6 Del. C. sec. 7303, and 7316(a)(2), acting individually and as president and sole principal of 1st Securities, defrauded

_____ who met with Astorri in the 1st Securities office in Wilmington, Delaware, on or about April 18, 1988, and who invested \$15,000 in an investment bond issued by Astorri on or about April 28, 1988. Astorri defrauded them by:

- a. Misrepresenting that the investment would be in the 1st Securities brokerage corporation rather than in a bond issued by Dennis Astorri personally,
- b. Misrepresenting the financial condition and status of 1st Securities,

- c. Omitting disclosure of the fact that 1st Securities had been in violation of the net capital requirements of the NASD,
 - d. Omitting to disclose the risks involved in the investment bond issued by Astorri to the on April 28, 1988,
 - e. Failing to disclose his actual net worth,
 - f. Failing to disclose that he was selling an unregistered security in violation of Delaware, law, and
 - g. Failing to disclose that he had no ability or intent to repay the debt obligation created by the investment bond.
6. Dennis Astorri, acting individually and as president and sole principal of 1st Securities, in violation of 6 Del. C. sec. 7316(a)(2) and 7316(a)(7), engaged in the following unethical conduct and/or violation of the NASD's rules of Fair Practice:
- a. Engaged in excessive trading in the account of _____ during the month of February, 1988, contrary to the investment objectives of the beneficial owner (_____ in violation of Article III, sec. 1, 15 and 19 of the Rules of Fair Practice.
 - b. Engaged in unauthorized trades in the account of _____ during the month of February, 1988, in violation of Article III, sec. 1, 15, 18, 19, of the Rules of Fair Practice.
 - c. Induced _____, son of _____, on or about February, 1988, to put his name on an account where the beneficial owner was _____, such practice being in violation of Article III, sec. 1, 19 and 21 of the Rules of Fair Practice.
 - d. Made unsuitable investment recommendations to the following clients, in violation of Article III, sec. 2 of the Rules of Fair Practice--
 - 1. To _____, on or about June 29, 1987;

July 27, 1987; and October 1, 1987, by recommending extremely risky investment bonds that he himself issued;

2. To _____, on or about March 30, 1988, by recommending an extremely risky investment bond that he issued;
3. To _____, on or about March 1986; October 1986 and November 1986, by recommending extremely risky interests in an investment pool as to which he never subsequently provided them with documentation or acknowledged the existence of their investments;
4. To _____, on or about April 28, 1988, by recommending an extremely risky investment bond that he issued.

e. Induced _____, at the above-stated times to make investment purchases of interests in Astorri's investment pool through their daughter _____ account at 1st Securities in order to evade the registration laws of the State of New Jersey, where Astorri and his company had been denied registration.

7. I find that 1st Securities of America, Inc. at various times in 1987 and 1988 was under the minimum net capital requirement in violation of SEC Rule 15C 3-1 and the Delaware Securities Act.
8. Dennis L. Astorri, President of 1st Securities of America, Inc. was the majority share holder and controlling person within the meaning of 6 Del. C. Section 7316(a) and was a registered agent of 1st Securities of America, Inc. in Delaware at all times pertinent herein.
9. Dennis L. Astorri intermingled and misrepresented to investors his personal status and the status of 1st Securities of America, Inc. in a manner that resulted in

making his actions those of the firm and vice versa in all respects.

10. The state alleged thirty-two violations of the Delaware Securities Act by respondents including ten fraudulent sales of securities, eight unregistered sales of securities, and ten counts of unethical conduct.
11. All allegations in item 10 (ten) above were proved by competent, material, and substantial evidence consisting of sworn testimony of the witnesses and State's Exhibits 1 thru 64.
12. I find that the activities of Dennis L. Astorri, agent and 1st Securities of America, Inc. a registered broker-dealer were willful, egregious, continuous and resulted in multiple violations of the Delaware Securities Act.
13. I find that the violations alleged and proved caused total investor losses exceeding \$306,000.
14. I find that it is necessary for the protection of Delaware investors and in the public interest to revoke the license of Dennis L. Astorri as agent in Delaware and to revoke the license of his firm 1st Securities of America, Inc. as a broker-dealer in Delaware. Mayflower Securities Co., Inc. v. Bureau of Securities, N.J. Supr. Ct. 312 A 2d 497 (1973).
15. Inasmuch as neither the respondents nor their attorneys appeared at the public hearing held on July 25 and 26, 1988, the respondents by letter of July 26, 1988 attached, were offered an opportunity until August 26, 1988 to

supplement the record with sworn testimony. No response was received.

NOW THEREFORE, I hereby revoke the license of Dennis L. Astorri, agent and 1st Securities of America, Inc. broker-dealer in Delaware and pursuant to Section 7316 (g) further fine Respondents jointly and severally \$25,000 (twenty five thousand dollars) for violations of the Delaware Securities Act as found herein.

DATED THIS 29TH DAY OF AUGUST 1988.

STATE OF DELAWARE
DIVISION OF SECURITIES

BY:


Donald L. Bruton
Securities Commissioner