

DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
DIVISION OF FINANCE AND CORPORATE SECURITIES  
SECURITIES SECTION  
BEFORE THE DIRECTOR OF THE DEPARTMENT  
STATE OF OREGON

In the Matter of: ) O-95-0049  
)  
RAS SECURITIES CORPORATION ) CEASE AND DESIST ORDER  
) ORDER IMPOSING UNDERTAKINGS  
) AND CIVIL PENALTY  
Respondent. ) AND  
) CONSENT TO ORDER  
)

WHEREAS the Director of the Department of Consumer and Business Services has conducted an investigation of RAS SECURITIES CORPORATION ("RAS"), and has determined that RAS has transacted securities business in violation of the Oregon Securities Law; and

WHEREAS RAS wishes to resolve and settle this matter by acknowledging the violations set forth in this document, accepting the sanctions imposed, and complying with the undertakings itemized herein;

NOW THEREFORE, as evidenced by the authorized signature subscribed on this Order, RAS hereby CONSENTS to entry of this Order to Cease and Desist and Order Imposing Undertakings and Civil Penalty, based upon the Director's Findings of Facts and Conclusions of Law as stated herein:

FINDINGS OF FACT

The Director FINDS that:

1. RAS SECURITIES CORPORATION ("RAS"), a New York

ORDER TO CEASE AND DESIST

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1 corporation, is in the securities broker-dealer business. RAS  
2 is licensed with the NASD and the State of Oregon as a broker-  
3 dealer. The CRD number for RAS is 28212. RAS is  
4 headquartered at 2 Broadway, 20th Floor, New York, New York  
5 10021.

6 2. Robert Schneider is and, at all times material to  
7 this matter, was the CEO of RAS. Schneider's CRD number is  
8 2128754.

9 3. Robert Goss, at all times material to this matter,  
10 was the President and Compliance Officer of RAS. Goss's CRD  
11 number is 226258.

12 4. Hunter Singer, at all times material to this matter,  
13 was a broker-dealer salesperson for RAS but was not licensed  
14 to transact securities business in Oregon. Singer's CRD  
15 number is 2236147.

16 5. Raymond Dirks, at all times material to this matter,  
17 was a broker-dealer salesperson for RAS but was not licensed  
18 to transact securities business in Oregon. Dirks' CRD number  
19 is 601699.

20 6. In August of 1993, Thomas Logiudice, a resident of  
21 Oregon at all times material to this matter, telephoned RAS  
22 in an effort to speak with Ray Dirks about a particular stock.  
23 Instead, Logiudice spoke with Hunter Singer, who persuaded  
24 Logiudice to set up a trading account with RAS.

25 7. As a result of the phone conversation, Singer  
26 prepared a new account form for Logiudice. Information on the



1 account form was either entered by Singer or included at the  
2 direction of Singer. Singer signed the new account form. The  
3 new account form stated Logiudice had a net worth of one  
4 million dollars and an annual income of \$250,000. The new  
5 account form was never shown to Logiudice or signed by  
6 Logiudice.

7 8. Logiudice transferred stock he held with another  
8 brokerage firm, to his new account with RAS and authorized  
9 certain trades based on the recommendation of Singer.

10 9. On September 15, 1993, Logiudice filled out and sent  
11 by facsimile (faxed) to RAS a "Customer Options Account Form  
12 and Agreement" that Singer had sent him. Logiudice stated in  
13 the form that he had a net worth of \$220,000 and an annual  
14 income of \$30,000.

15 10. After September 15, 1993, Logiudice began to receive  
16 trade confirmations and account statements that showed trades  
17 in his account that he had not authorized. On October 15,  
18 1993 Logiudice spoke with Robert Schneider to express concerns  
19 about Logiudice's account. He followed the telephone  
20 conversation with a letter to Schneider in which he repeated  
21 his claims and stated that unauthorized trades were being made  
22 in his account. The letter was faxed to RAS on October 15,  
23 1993.

24 11. Robert Goss and Hunter Singer read the letter from  
25 Logiudice. Singer discussed the letter with Schneider and  
26 asked to be removed from Logiudice's account. Schneider told



1 Singer to remain on the Logiudice account and to provide no  
2 other service to Logiudice except execution of trades  
3 requested by Logiudice.

4 12. As of October 15, 1993, several different  
5 transactions had been made for the Logiudice account by Hunter  
6 Singer. These transactions included the sale of "put" options  
7 on Xerox Corp. stock and the purchase of shares and warrants  
8 of Oxigene Inc.

9 13. RAS, despite having received a complaint by  
10 telephone and by letter regarding the handling of the  
11 Logiudice account, did not investigate whether Singer was  
12 licensed to transact securities business in Oregon or if the  
13 securities he sold to the Logiudice account were registered in  
14 the State of Oregon. Oxigene Inc. shares were not registered  
15 for sale in Oregon at any time material to this matter. RAS  
16 also failed to determine whether the securities in the  
17 Logiudice account were suitable for the investor, did not  
18 review the information on the new account form for accuracy,  
19 did not attempt to reconcile the information on the new  
20 account form with the information on the "Customer Options  
21 Agreement" form and did not respond to Logiudice's complaint.

22 14. On October 20, 1993, Logiudice authorized the  
23 purchase of shares of LSI Logic Corp. for his account.  
24 Between October 20 and December 1, 1993, Singer effected  
25 fourteen different transactions for the Logiudice account.  
26 According to Logiudice, none of the transactions were



1 authorized by him. In mid-November, Logiudice complained to  
2 Goss, by telephone, about the unauthorized trades in his  
3 account. Again, RAS failed to take steps to check any of the  
4 issues that are listed in paragraph 13 above. Additional  
5 unregistered securities were sold to Logiudice, including  
6 shares of Standish Care Co., Big Entertainment Inc. and  
7 Oxigene Inc.

8 15. In December of 1993, Logiudice spoke with Ray Dirks  
9 to explain his frustration about the ongoing abuses in his  
10 account. At that time Dirks agreed to make payments to  
11 Logiudice in recognition of Logiudice's losses, while with  
12 RAS. Dirks made payments of \$4,000 to Logiudice on December  
13 30, 1993 and on March 8, 1994. Dirks characterized the  
14 payments as loans, to tide Logiudice over during financially  
15 difficult times. Logiudice claims that the payments represent  
16 reparations for losses he had suffered through RAS.  
17 Subsequently Dirks became account representative for  
18 Logiudice's account.

19 16. On February 24, 1994, Dirks made two trades in the  
20 Logiudice account at which time, Dirks was not licensed to  
21 transact securities business in Oregon. Dirks purchased units  
22 of Sierra Home Service for the Logiudice account. Sierra Home  
23 Service was not registered in Oregon at the time.

#### 24 MITIGATING FACTORS

25 The Director recognizes the following:

26 1. RAS has agreed to make Thomas Logiudice whole by



1 repaying all of his trading losses and restore his account  
2 balance to its original value as of the day it was opened.  
3 RAS has contracted with Logiudice to repay the losses in  
4 monthly installments over five months, commencing in January,  
5 1996 and concluding in May, 1996.

6 2. Robert Goss, Raymond Dirks and Hunter Singer, the  
7 primary miscreants in this matter, have either been terminated  
8 or have left the employment of RAS. These actions were taken  
9 by RAS before the Oregon Securities Section initiated its  
10 investigation.

11 3. A new Managing Director and Compliance Director,  
12 Edmund Singer, and a new President, Eric Bashford, have been  
13 hired by RAS. These developments were taken by RAS before the  
14 Oregon Securities Section initiated its investigation.

15 4. Stricter enforcement of compliance procedures has  
16 been instituted at RAS. This includes:

17 a. A requirement that all sales people be licensed in  
18 any state they solicit or transact business. Daily  
19 exception reports are generated, identifying any  
20 licensing violations. Specific, predetermined penalties  
21 will be levied for different levels of violations.

22 b. RAS has contracted with an independent company to  
23 insure that all securities are registered or "blue-skied"  
24 in a state before the security is sold there.

25 c. All complaints received by RAS will be retained in a  
26 complaint file and will receive a written response.



1 **CONCLUSIONS OF LAW**

2 The Director **CONCLUDES** that:

3 1. RAS employed unlicensed salespeople to transact  
4 business in Oregon in violation of ORS 59.165(3).

5 2. RAS sold unregistered securities in Oregon in  
6 violation of ORS 59.055.

7 3. RAS failed to exercise diligent supervision over the  
8 securities activities of its associated persons, in violation  
9 of OAR 441-205-210 and ORS 59.205.

10 **ORDER**

11 The Director, pursuant to ORS 59.245, **ORDERS** that respondent  
12 RAS Securities Inc. shall **CEASE AND DESIST** from:

13 1. Transacting broker-dealer business in the State of  
14 Oregon in violation of ORS 59.055, 59.165, 59.205 or  
15 OAR 441-205-210.

16 2. Violating any of the provisions of ORS Chapter 59 or  
17 OAR Chapter 441.

18 The Director, pursuant to ORS 59.995, **ORDERS** respondent  
19 RAS to pay a civil penalty of \$12,500 for violations contained  
20 in this Order. The civil penalty shall be paid as follows:

21 1. \$2,500 to be submitted at the time RAS signs and  
22 submits this Consent Order, and

23 2. \$10,000 to be paid and submitted on or before January  
24 15, 1996.

25 Failure to make timely payments shall be deemed a violation of  
26 this Order and will trigger all other provisions of this Order

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Labor and Industries Building  
350 Winter Street NE, Suite 410  
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Telephone: (503) 378-4387



1 and any other enforcement mechanisms available to the  
2 Director.

3 The Director, pursuant to ORS 59.205, **SUSPENDS** the  
4 broker-dealer license of Respondent RAS for thirty (30) days.  
5 Further, the Director **STAYS** the suspension, provided RAS  
6 complies with all terms and provisions of this Order and  
7 violates no Oregon law. This provision of the Order shall be  
8 vacated at the end of three years from the date of entry of  
9 the Order, provided RAS successfully complies with all  
10 requirements of the Order.

11 The Director **ACKNOWLEDGES** that Respondent RAS and Thomas  
12 Logiudice entered into an agreement, entitled Release and  
13 Settlement Agreement ("the agreement"). The agreement calls  
14 for RAS to make specific payments to Logiudice by a date  
15 certain. The terms of the agreement are incorporated into  
16 this Order by this reference. Failure by RAS to comply with  
17 the terms of the agreement shall be deemed a violation of this  
18 Order and will trigger all other provisions of this Order and  
19 any other enforcement mechanisms available to the Director.

20 The Director further **ORDERS** that:

21 1. Respondent RAS shall file bi-monthly compliance  
22 reports with the Director for a period of two years, following  
23 the entry of this Order. Reports shall be submitted no later  
24 than 15 days from the last day of the reporting period. The  
25 first reporting period shall be January and February of 1996.  
26 The first report shall be due no later than March 15, 1996.

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1 The report shall include:

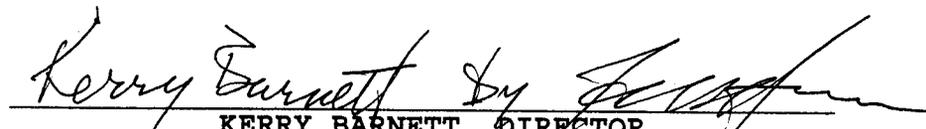
2 a. Exception reports or abstracts of exception reports  
3 prepared for RAS compliance, pertaining to any Oregon  
4 transactions by RAS salespersons not licensed in Oregon.  
5 The report shall contain the salesperson's name and CRD  
6 number, the date of transaction, name of security sold,  
7 gross commission and exemption relied upon if security is  
8 not registered in Oregon.

9 b. A list of all securities sold in Oregon that were not  
10 registered in Oregon and were not subject to an Oregon  
11 "blue-sky" exemption.

12 c. All complaints, whether or not received in writing,  
13 from or involving Oregon residents, including those  
14 received by RAS from the Securities and Exchange  
15 Commission or a self regulatory organization.

16 2. The Director may choose to waive any report, to  
17 extend the reporting period from bi-monthly to quarterly or to  
18 prematurely terminate RAS's obligations under this provision.  
19 Any modification of this provision will be provided to RAS in  
20 writing.

21 Dated this 20<sup>th</sup> day of December, 1995, at Salem,  
22 Oregon.

23   
24 KERRY BARNETT, DIRECTOR  
25 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

26 CONSENT TO ENTRY OF ORDER  
ADMISSION OF FACTS

27 I, Robert A. Schneider, state that I am Chief Executive  
28 Officer ("CEO") of RAS Securities Incorporated ("RAS"),  
29 Respondent herein, and I am authorized to act on its behalf;  
30 that I have read the foregoing Order and that I know and fully  
31 understand the contents thereof; that Respondent RAS admits  
32 that the factual allegations contained herein are true and  
33 correct; that Respondent RAS has been advised of it right to  
34 a hearing, and that Respondent RAS consents to the entry of



1 this Order voluntarily without any force or duress; that  
2 Respondent RAS understands that the Director reserves the  
3 right to take further action to enforce this Order, or upon  
4 discovery, to enforce other violations of the Oregon  
5 Securities Law by Respondent RAS; that Respondent RAS will  
6 fully comply with the terms and conditions stated herein.

7 Respondent RAS further assures the Director that it will  
8 not transact any business in the State of Oregon unless such  
9 transactions are in full compliance with Chapter 59 of the  
10 Oregon Revised Statutes.

11 I understand this Consent Order is a public document.

12 Dated this 19th day of December, 1995, at New York, New  
13 York.

  
\_\_\_\_\_  
14 ROBERT A. SCHNEIDER  
15 CHIEF EXECUTIVE OFFICER  
16 RAS SECURITIES CORPORATION

17 CORPORATE ACKNOWLEDGEMENT

18 There appeared before me this 19th day of December,  
19 1995, Robert A. Schneider who was first duly sworn on oath and  
20 stated that he was and is the Chief Executive Officer for RAS  
21 Securities Corporation and that he is authorized and empowered  
22 to sign this Consent to Entry of Order on behalf of RAS  
23 Securities Corporation and bind RAS Securities Corporation  
24 hereof.

25 **SHAI SASSON**  
26 **NOTARY PUBLIC, State of New York**  
27 **No. 02SA5032966**  
28 **Qualified in Kings County**  
29 **Commission Expires Sept. 6, 1996**

  
\_\_\_\_\_  
30 Notary Public for New York

Shai Sasson  
31 Printed Name of Notary Public

32 My commission expires: \_\_\_\_\_

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