

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

Securities Exchange Act of 1934
Release No. 55757 / May 14, 2007

In the Matter of the Application of	:	
	:	
National Association of Securities Dealers, Inc.	:	
	:	
For an Order Granting the Approval of	:	ORDER APPROVING
	:	APPLICATION FOR
Thomas DeGironimo	:	RELIEF FROM A
	:	STATUTORY
As an	:	DISQUALIFICATION
	:	
Investment Company Products/Variable Contracts	:	
Limited Representative	:	
	:	
With	:	
	:	
American Portfolios Financial Services, Inc.	:	
	:	
	:	
Securities Exchange Act of 1934	:	
Section 15A(g)(2)	:	
	:	

The National Association of Securities Dealers, Inc. (“NASD”) has filed a Notice containing an application (“Application”) pursuant to Rule 19h-1 under the Securities Exchange Act of 1934 (“Exchange Act”), on behalf of American Portfolios Financial Services, Inc. (“American Portfolios” or “Firm”), seeking Commission consent for Thomas DeGironimo, a person subject to a statutory disqualification, to associate as an investment company products/variable contracts limited representative with American Portfolios, subject to the terms and conditions set forth in the Application.

Mr. DeGironimo is subject to a statutory disqualification as a result of two regulatory actions. First, on April 3, 1984, Mr. DeGironimo consented to the entry of an

Order of Permanent Injunction (“Permanent Injunction”) in the United States District Court for the Southern District of Texas, Houston Division, permanently enjoining him from further violations of Sections 5 and 17(a) of the Securities Act of 1933 (“Securities Act”), and Sections 10(b) and 15(c)(1) of the Exchange Act and Rules 10b-5, 15c1-2 and 15c1-5 thereunder.¹ This disciplinary event causes Mr. DeGironimo to be subject to a statutory disqualification pursuant to Section 3(a)(39)(F) of the Exchange Act.

Second, based on the same conduct, on May 2, 1984, the Commission issued an Order Instituting Proceedings, Making Findings and Imposing Remedial Sanctions (“Bar Order”) barring DeGironimo from association with any broker, dealer, investment adviser, or investment company.² In the Bar Order, the Commission found that Mr. DeGironimo: (1) willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in that he and others engaged in a series of transactions to artificially raise the market price of Kandahar Resources, Ltd. (“Kandahar”) securities, and in connection with this scheme, failed to disclose material facts to purchasers and prospective purchasers of Kandahar stock; (2) violated Section 5 of the Securities Act of 1933 (“Securities Act”), in that he, in the offer and sale of certain securities, caused the sale of these securities for which no registration statement was in effect; (3) violated and aided and abetted violations of Section 15(c)(1) of the Exchange Act, and Rules 15c1-2 and 15c1-5 thereunder, in that he induced the sale or purchase of securities of an issuer that controlled or was under common control with the broker, without written disclosure to the customer of the existence of the control prior to the completion of the transactions; and (4) willfully violated Section 17(a) of the Securities Act, in that he, in the offer, purchase and sale of certain securities, obtained money and property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements made not misleading. In the Bar Order, the Commission expressly permitted Mr. DeGironimo to continue to sell variable annuities and mutual funds as a supervised representative of an insurance company in which Mr. DeGironimo does not exercise direction or control, either directly or indirectly, or in which he has in excess of 5% ownership interest, either legal or beneficial, and which is registered as a broker-dealer with NASD and licensed to sell mutual funds and variable annuities, but no other security. This disciplinary event causes Mr. DeGironimo to be subject to a statutory disqualification under Section 3(a)(39)(B)(i)(II) of the Exchange Act.

In October 1986, the Commission consented to Mr. DeGironimo’s association, subject to a number of heightened supervisory conditions, as an investment company and variable products representative with CPC Securities Corp.³ In January 1992, NASD notified the Commission of Mr. DeGironimo’s association with Nathan & Lewis Securities, Inc. (“Nathan & Lewis”), subject to the same heightened supervisory conditions. In August 1997, the Commission issued an Order (“1997 Order”) consenting

¹ SEC v. Kandahar Resources, Ltd., Civil Action No. H-84-1508 (S.D. Tex. Apr. 3, 1984); Litigation Release No. 10348 (Apr. 19, 1984).

² In the Matter of Thomas L. DeGironimo, Exchange Act Release No. 20923 (May 2, 1984).

³ In the Matter of Thomas DeGironimo, Securities and Exchange Commission, Order Approving Application for Relief from a Statutory Disqualification (Oct. 3, 1986) (on file with the Commission).

to the removal of certain of the supervisory conditions applicable to Mr. DeGironimo's association with Nathan & Lewis.⁴ The 1997 Order continued to apply the following supervisory conditions to Mr. DeGironimo: (1) supervisory review of all of Mr. DeGironimo's correspondence; (2) the review of all of Mr. DeGironimo's advertising and sales literature; (3) supervisory review of all of Mr. DeGironimo's trades as part of Nathan & Lewis' standard Purchase and Sales ("P&S") blotter review; and (4) an annual visit of Mr. DeGironimo's business office by his supervisor and a member of the Nathan & Lewis' Compliance Department. In April 2003, NASD notified the Commission of Mr. DeGironimo's association with American Portfolios subject to the supervisory conditions set out in the 1997 Order.

Mr. DeGironimo first became registered in the securities industry in 1969. Consistent with the Bar Order, Mr. DeGironimo has been registered as an investment company products/variable contracts limited representative (Series 6) since 1986.

In the Application, NASD and American Portfolios represent that the supervisory conditions set out in the 1997 Order are now incorporated into American Portfolios' standard supervisory procedures that apply to the securities activities of all of its registered employees. As a result, NASD represents that designating heightened supervisory procedures for DeGiromino is not necessary.

Furthermore, in the Application, NASD and American Portfolios represent, among other things, that:

1. American Portfolios is a full-service broker-dealer headquartered in Holbrook, New York. It has 125 branch offices, and employs 444 registered employees.
2. American Portfolios will continue to employ Mr. DeGironimo as an investment company products/variable contracts limited representative in its Johnson City, New York branch office. Mr. DeGironimo will continue to be compensated on a commissions-only basis.
3. George Haskins will be Mr. DeGironimo's primary responsible supervisor. Mr. Haskins works out of the same Johnson City, New York branch office in which Mr. DeGironimo works. Mr. Haskins has been registered in the securities industry since 1970, and has been registered as a general securities principal since September 2000.
4. Mr. DeGironimo will be subject to American Portfolios' standard supervision that applies to all of its registered employees. NASD and American Portfolios represent that the standard supervision includes:

⁴ In the Matter of Thomas DeGironimo, Exchange Act Release No. 38982 (Aug. 27, 1997).

- a. The prompt review of each individuals' securities transactions via electronic P&S blotters, vendor (mutual fund, variable product) application/order tickets, clients' new accounts (for suitability), and required compliance forms. Approval is evidenced electronically by the supervising principal.
 - b. The prompt review of new clients' accounts via review of the American Portfolios's New Account Form. Evidence of approval will be made electronically in the American Portfolios automated new client account system, and manually by signing the form.
 - c. Copies of correspondence submitted prior to use. The supervising principal will initial the copy as evidence of his approval.
 - d. Copies of advertisements and sales literature submitted prior to use. Written approval of advertisements and sales literature by both the supervising principal and the compliance department is necessary.
5. Mr. DeGironimo meets all applicable requirements for the proposed association.

In the Application, NASD seeks an order declaring that, notwithstanding the statutory disqualification, the Commission:

1. Will not institute proceedings pursuant to Sections 15(b)(4), 15(b)(6), 19(h)(2), or 19(h)(3) of the Exchange Act solely on the basis of Mr. DeGironimo's association as an investment company products/variable contracts limited representative with American Portfolios pursuant to the representations contained in the Application; and
2. Will not direct NASD to bar the proposed association, as provided in Section 15A(g)(2) of the Exchange Act.

The Division of Market Regulation, pursuant to delegated authority, has reviewed the instant application and the record before NASD. Relying on the representations made by NASD and American Portfolios concerning the proposed association of Mr. DeGironimo,⁵ the Division of Market Regulation has concluded that it is appropriate for

⁵ All representations, terms, and conditions of employment not specifically listed are incorporated herein by reference. This Order is further conditioned on NASD's Rule 19h-1 notice filing, which includes American Portfolios's MC-400 application to NASD. The Application indicates that Mr. DeGironimo will no longer be subject to special supervisory procedures because American Portfolios's standard supervisory procedures meet or exceed the special supervisory conditions to which Mr. DeGironimo has been subject.

the Commission to approve the application for Mr. DeGironimo as an investment company products/variable contracts limited representative with American Portfolios.

Accordingly, IT IS ORDERED that said Application of NASD on behalf of American Portfolios and Mr. DeGironimo be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁶

Nancy M. Morris
Secretary

⁶ 17 CFR 200.30-3(a)(4)