

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Jacqueline Quiros Gould and Edward Gould, (Claimants) vs. First Montauk Securities Corp., Ty Rodriquez, and Paul Giarmoleo, (Respondents)

Case Number: 00-04795

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimants, Jacqueline Quiros Gould ("J. Gould") and Edward Gould ("E. Gould"), hereinafter collectively referred to as "Claimants": Brian J. Neville, Esq., Law Offices of Brian J. Neville, P.C., New York, NY (Mr. Neville was with the law firm of Kogan Taubman & Neville, LLC, New York, NY, when this claim was originally filed).

Respondent, First Montauk Securities Corp. ("FMSC"): Joel Levinson, Esq., Assistant General Counsel, First Montauk Securities Corp., Red Bank, NJ.

Respondents, Ty Rodriquez ("Rodriquez") and Paul Giarmoleo ("Giarmoleo"), did not make appearances in this matter.

CASE INFORMATION

Statement of Claim filed on or about: October 26, 2000.

J. Gould signed the Uniform Submission Agreement: November 21, 2000.

E. Gould signed the Uniform Submission Agreement: November 21, 2000.

Statement of Answer filed by FMSC on or about: February 9, 2001.

FMSC did not sign a Uniform Submission Agreement.

Rodriquez did not file a Statement of Answer or sign a Uniform Submission Agreement.

Giarmoleo did not file a Statement of Answer or sign a Uniform Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: violations of Sections 10b-5 and 20A of the Securities Exchange Act of 1934; breach of fiduciary duty; common law fraud; breach of contract; negligence; failure to supervise; fraudulent inducement; and churning. Claimants' claim involved various penny stocks, including Tamboril Gigar Co., American Wagering Inc., Capco Res. Ltd., Caye Chapel Inc., Pacific Biometrics, Inc., Saba Petroleum Co., and Quarterdeck Corp.

Unless specifically admitted in its Answer, FMSC denied the allegations made in the Statement of Claim and asserted the following defenses: Claimants have failed to state a claim upon which relief can be granted; Claimants' claims against Respondent are without merit in that Claimants authorized all transactions in the account; Claimants' claims are barred by the applicable statutes of limitations; Claimants' claims of unauthorized trading are barred inasmuch as Claimants ratified the transactions in their accounts; Claimants' claims are barred by the doctrine of equitable estoppel; Claimants' claims are barred by the doctrine of waiver; FMSC acted reasonably and in good faith at all times, and therefore is not liable; Claimants have failed to mitigate and/or minimize their losses and are therefore barred from recovery from FMSC; and any damages suffered by Claimant have been caused, in whole or in part, by the primary, active, and affirmative negligence, carelessness, assumption of risk, and/or other culpable conduct of the Claimants.

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of \$50,000.00, plus costs, interest, punitive damages, and such other and further relief as the Panel may deem just and proper.

FMSC requested that the Statement of Claim be dismissed in its entirety, and that judgement be rendered by the Panel in favor of FMSC.

OTHER ISSUES CONSIDERED AND DECIDED

By letter dated February 16, 2001, Claimants advised NASD Dispute Resolution, Inc. that they were withdrawing their claims against Respondent Giarmoleo without prejudice.

NASD Dispute Resolution, Inc. was unable to successfully effect service of the Statement of Claim upon Respondent Rodriquez.

During the hearing in this matter, Claimant made a request to amend the amount of compensatory damages claimed from \$50,000.00 to \$85,000.00. FMSC did not interpose any objection to this amendment. The Arbitrator granted Claimant's request to amend his pleading by allowing the amendment into the record together with evidence on this issue.

FMSC did not file with NASD Dispute Resolution, Inc. a properly executed submission to arbitration but is required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure and, having answered the claim, appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. FMSC be and hereby is solely liable for and shall pay to J. Gould the sum of \$10,000.00 as compensatory damages.
2. All claims against Rodriquez are hereby dismissed without prejudice due to lack of service.
3. Claimants' request for punitive damages is hereby denied.
4. All other requests for relief are hereby denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$ 175.00
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Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated persons at the time of the events giving rise to the dispute. In this matter, First Montauk Securities Corp. is a party.

Member surcharge	= \$ 800.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$1,000.00

Forum Fees and Assessments

The Arbitrator assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with a single arbitrator x \$450.00	= \$ 450.00
Pre-hearing conference: July 2, 2001 1 session	

Two (2) Hearing sessions x \$450.00	= \$ 900.00
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Hearing Date: March 25, 2002 2 sessions	
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Total Forum Fees	= \$1,350.00
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1. The Arbitrator has assessed \$675.00 of the forum fees jointly and severally against Claimants.
2. The Arbitrator has assessed \$675.00 of the forum fees against FMSC.

Fee Summary

1. Claimants be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$ 175.00
<u>Forum Fees</u>	<u>= \$ 675.00</u>
Total Fees	= \$ 850.00
<u>Less payments</u>	<u>= \$ 625.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 225.00

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2. FMSC be and hereby are jointly and severally liable for:

Member Fees	= \$2,400.00
<u>Forum Fees</u>	<u>= \$ 675.00</u>
Total Fees	= \$3,075.00
<u>Less payments</u>	<u>= \$2,400.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 675.00

All balances are due and payable to NASD Dispute Resolution, Inc.

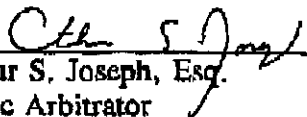
ARBITRATION PANEL

Arthur S. Joseph, Esq.

Public Arbitrator

Arbitrator's Signature

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.


Arthur S. Joseph, Esq.
Public Arbitrator

4/10/02
Signature Date

April 12, 2002

Date of Service (For NASD office use only)