

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant

Case Number: 01-01250

Mary Fuller, as Executrix of the
Estate of Mary Belleville Hart

Name of the Respondents

Hearing Site: Philadelphia, Pennsylvania

Pinnacle Asset Management, Inc.,
John J. Katsock, Sr., and
John J. Katsock, Jr.

REPRESENTATION OF PARTIES

Claimant Mary Fuller, as Executrix of the Estate of Mary Belleville Hart, hereinafter referred to as "Claimant", was represented by Thomas P. Donnelly, Esq., Mellon, Webster & Mellon, Doylestown, Pennsylvania. The initial claim was filed by Mary Belleville Hart ("Hart"), who died while this matter was pending.

Respondent Pinnacle Asset Management, Inc. ("Pinnacle") was represented by John J. Katsock, Jr., New Hope, Pennsylvania.

John J. Katsock, Jr. ("Katsock, Jr.") was represented by William E. Mahoney, Jr., Stradley Ronon Steven & Young, LLP, Philadelphia, Pennsylvania.

John J. Katsock, Sr. ("Katsock, Sr.") was represented by Brian A. Carlis, Esq., Stark & Stark, Lawrenceville, New Jersey.

Respondents Pinnacle, Katsock, Jr. and Katsock, Sr. are hereinafter collectively referred to as "Respondents".

CASE INFORMATION

Statement of Claim filed on March 8, 2001.

Amended Statement of Claim filed on or about January 25, 2002.

Initial Claimant Hart signed the Uniform Submission Agreement on March 2, 2001.

Statement of Answer filed by Respondents Pinnacle and Katsock, Jr. on July 9, 2001.

Statement of Answer filed by Respondent Katsock, Sr. on or about June 25, 2001.

Respondent Katsock, Sr. signed the Uniform Submission Agreement on June 25, 2001.

Respondent Katsock, Jr. signed the Uniform Submission Agreement on July 5, 2001.

John J. Katsock, Jr., executed Respondent Pinnacle's Uniform Submission Agreement on July 5, 2001.

CASE SUMMARY

Claimant asserted the following causes of action: violation of section 10(b) of the Securities Exchange Act of 1934 and 15 U.S.C. section 78j(b); violation of the Security Exchange Act of 1934 section 10(b)(5); churning; breach of fiduciary duty; fraud; violation of the Pennsylvania Unfair Trade Practices and Consumer Protection Law 73 PA C.S. section 201 et seq.; and, violation of the Pennsylvania Securities Act. The causes of action relate to the Respondents' management of Hart's account including unauthorized margin transactions and investing large portions of Hart's investment portfolio in securities with inappropriate levels of risk.

Unless specifically admitted in their Answer, Respondents Pinnacle and Katsock, Jr. denied the allegations made in the Statement of Claim and asserted the following defenses: failure to state of claim upon which relief may be granted; Hart directed, approved, and authorized each and every transaction in her account; ratification; estoppel; failure to mitigate; any alleged losses were the direct result of market conditions and other factors beyond the control of Respondents; all owed duties were carried out; Hart instructed, authorized and consented to all transactions; Respondents acted in good faith; Respondents did not make any material misrepresentations; Hart's account was not churned; statute of limitations; Hart was aware of the risks; laches; no duty owed; Respondents were not the proximate cause of any alleged damages; any losses were the result of unforeseen market fluctuations; Claimant is seeking a windfall; no causal relationship; and, claim violates of Rules of the NASD.

Unless specifically admitted in his Answer, Respondent Katsock, Sr. denied the allegations made in the Statement of Claim and asserted the following defenses: Respondent Katsock, Sr. was not a broker-dealer of securities at the time in question; failure to state of claim upon which relief may be granted; Hart directed, approved, and authorized each and every transaction in her account; ratification; estoppel; failure to mitigate; any alleged losses were the direct result of market conditions and other factors beyond the control of Respondents; all owed duties were carried out; Hart instructed, authorized and consented to all transactions; Respondents acted in good faith; Respondents did not make any material misrepresentations; Hart's account was not churned; statute of limitations; Hart was aware of the risks; laches; no duty owed; Respondents were not the proximate cause of any alleged damages; any losses were the result of unforeseen market fluctuations; Claimant is seeking a windfall; no causal relationship; and, claim violates of Rules of the NASD.

RELIEF REQUESTED

Claimant in her Statement of Claim requested:

Compensatory Damages	\$180,000.00
Punitive Damages	\$540,000.00
Interest	unspecified
Attorneys' Fees	unspecified
Other Costs	unspecified

Respondents Pinnacle and Katsock, Jr. in their Statement of Answer requested judgment dismissing the Statement of Claim, with prejudice, together with an award of all reasonable costs and expenses, including reasonable attorneys' fees, costs of suit and such further relief as the Panel deems just and appropriate.

Respondent Katsock, Sr. in his Statement of Answer requested judgment dismissing the Statement of Claim, with prejudice, together with an award of all reasonable costs and expenses, including reasonable attorneys' fees, costs of suit and such further relief as the Panel deems just and appropriate.

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. Respondents Pinnacle and Katsock, Jr. are jointly and severally liable to and shall pay to Claimant compensatory damages of \$68,244.59;
2. Respondents Pinnacle and Katsock, Jr. are jointly and severally liable to and shall pay to Claimant reimbursement of filing fee of \$375.00;
3. All claims against Respondent Katsock, Sr. are denied in their entirety;
4. The parties shall bear their respective costs, including attorney's fees, except as Fees are specifically addressed below; and,
5. Any and all relief not specifically addressed herein is denied in its entirety.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial claim filing fee = \$375.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated persons at the time of the events giving rise to the dispute. Accordingly, Respondent Pinnacle is a party.

Member surcharge	= \$2,000.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$3,500.00
Total Member Fees	= \$6,100.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

June 18-19, 2002 adjournment by Respondent Katsock, Jr. = \$1,200.00

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A 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 Panel @ \$1,200.00 = \$1,200.00

Pre-hearing conference: November 21, 2001 1 session

Three (3) Hearing sessions @ \$1,200.00 = \$3,600.00

Hearing Date(s): September 18, 2001 2 sessions

September 19, 2001 1 session

Total Forum Fees = \$4,800.00

The Panel has assessed \$4,800.00 of the forum fees jointly and severally to Respondents Pinnacle and Katsock, Jr.

SEE SUMMARY

1. Claimant is assessed the following fees:

Initial Filing Fee = \$ 375.00

Total Fees = \$ 375.00

Less payments = \$ 1,575.00

Refund Due Claimant from NASD Dispute Resolution = \$ 1,200.00

2. Respondents Pinnacle is assessed the following fees:

Member Fees = \$ 6,100.00

Total Fees = \$ 6,100.00

Less payments = \$ 0.00

Balance due NASD Dispute Resolution = \$ 6,100.00

3. Respondents Katsock, Jr. is assessed the following fees:

Adjournment Fees = \$ 1,200.00

Total Fees = \$ 1,200.00

Less payments = \$ 0.00

Balance Due NASD Dispute Resolution = \$ 1,200.00

4. Respondents Pinnacle and Katsock, Jr. are jointly and severally assessed the following fees:

Forum Fees = \$ 4,800.00

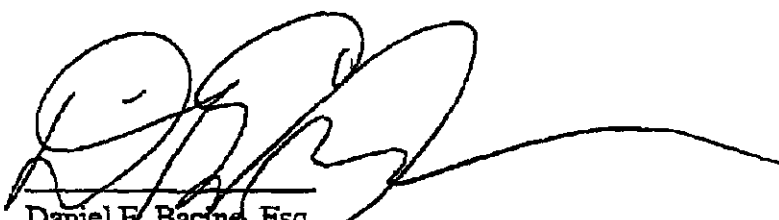
Balance Due NASD Dispute Resolution = \$ 4,800.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Daniel E. Bacine, Esq.	-	Public Arbitrator, Presiding Chairperson
Walter Robertson Milbourne, Esq.	-	Public Arbitrator, Panelist
Martin Kobak	-	Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures



Daniel E. Bacine, Esq.
Public Arbitrator, Presiding Chairperson

October 30, 2002

Signature Date

Walter Robertson Milbourne, Esq.
Public Arbitrator, Panelist

Signature Date

Martin Kobak
Non-Public Arbitrator, Panelist

Signature Date

October 30, 2002
Date of Service (For NASD Dispute Resolution office use only)

Concurring Arbitrators' Signatures

Daniel E. Bacine, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Walter R. Milbourne
Walter Robertson Milbourne, Esq.
Public Arbitrator, Panelist

10/30/02
Signature Date

Martin Kobak
Non-Public Arbitrator, Panelist

Signature Date

October 30, 2002
Date of Service (For NASD Dispute Resolution office use only)

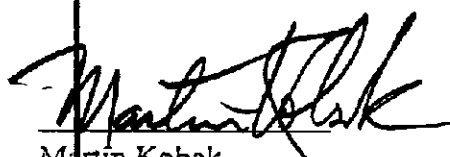
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Daniel E. Bacine, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Walter Robertson Milbourne, Esq.
Public Arbitrator, Panelist

Signature Date



Martin Kobak
Non-Public Arbitrator, Panelist

10/24/02

Signature Date

October 30 2002

Date of Service (For NASD Dispute Resolution office use only)