

**Award
NASD**

In the Matter of the Arbitration Between:

Name of the Claimant
Celso Amaral

Case Number: 01-01627

Names of the Respondents
Stockton Equities Group
Jonathan David Doneson
Todd Ames
Ernest Michael Ruotolo, Jr.
Roberto Mangiearano
Steven Carini

Hearing Site: Boca Raton, Florida

REPRESENTATION OF PARTIES

For Celso Amaral, hereinafter referred to as "Claimant": John Caparell, Law Office of John Caparell, San Diego, California.

For Respondents Stockton Equities Group ("Stockton") and Jonathan David Doneson ("Doneson"): Marc. S. Gottlieb, New York, New York.

For Respondent Todd Ames ("Ames"): Natalie P. Vance, Klinedinst, Fliehm & McKillop, P.C., San Diego, California.

For Respondent Ernest Michael Ruotolo, Jr., ("Ruotolo"): M. David Sayid, Sayid & Associates, LLP, New York, New York. Respondent Ruotolo did not appear at the evidentiary hearing in this matter in person or through his attorney.

Respondent Roberto Mangiearano ("Mangiearano") did not appear in this proceeding.

For Respondent Steven Carini ("Carini"): Michael Utilla, Law Offices of Utilla & Associates, Brooklyn, New York until his withdrawal as counsel on or about July 30, 2002. Thereafter, Respondent Carini appeared pro se.

CASE INFORMATION

Statement of Claim filed on or about: March 26, 2001.

Claimant signed the Uniform Submission Agreement: April 11, 2001.

Statement of Answer filed by Respondents Stockton, Doneson and Ames on or about: June 9, 2001.

Statement of Answer and Request for Dismissal filed by Respondent Ruotolo on or about: May 21, 2001.

Statement of Answer, Motion for Expungement and Motion to Dismiss filed by Respondent

Carini on or about June 11, 2001.

Respondent Mangiearano did not file a Statement of Answer or an executed Uniform Submission Agreement.

Respondent Stockton signed the Uniform Submission Agreement: May 15, 2001.

Respondent Doneson signed the Uniform Submission Agreement: May 15, 2001.

Respondent Ames signed the Uniform Submission Agreement: May 15, 2001.

Respondent Ruotolo signed the Uniform Submission Agreement: June 5, 2001.

Respondent Carini did not file an executed Uniform Submission Agreement.

Claimant's Request to Bar Respondent Mangiearano from Presenting any Matter, Arguments or Defenses at the Arbitration Hearing filed on or about: April 18, 2002.

Claimant's Reply to Respondent Ruotolo's Request for Dismissal filed on or about: June 11, 2001.

Claimant's Response to Respondent Carini's Motion to Dismiss filed on or about: July 30, 2001.

CASE SUMMARY

Claimant asserted the following causes of action: 1) suitability violation; 2) unauthorized trading; 3) breach of fiduciary duty; 4) failure to supervise; 5) churning; 6) vicarious liability; 7) aiding and abetting; 8) breach of contract; 9) common law fraud and intentional misrepresentation; 10) negligent misrepresentation; 11) federal securities fraud; and 12) respondeat superior as to Respondents Stockton and Mangiearano. The causes of action relate to the purchase of unspecified securities in Claimant's account and the opening of a margin account.

Unless specifically admitted in their Answers, Respondents Stockton, Doneson, Ames, Ruotolo and Carini denied the allegations made in the Statement of Claim and asserted various defenses.

RELIEF REQUESTED

Claimant requested compensatory damages of \$1,074,000.00, lost opportunity damages of \$107,400, plus interest at the rate of 10% per annum, recovery of commissions, margin interest and other fees charged on Claimant's investments, punitive damages in an amount not less than \$2,000,000.00, attorney's fees, the costs of this proceeding and such other relief as is deemed just and proper.

Respondents Stockton, Doneson and Ames requested that all claims against them be denied, and that they be awarded all costs and attorney's fees incurred in the defense of this action.

Respondent Ruotolo requested that he be dismissed from this arbitration and that he be awarded all costs, fees, expenses and reasonable attorney's fees in an amount not less than \$15,000.00, and such further relief as is deemed just and proper.

Respondent Carini requested that all claims against him be dismissed, that he be awarded

attorney's fees and the costs of this proceeding, and that all references to this matter be expunged from his NASD Central Registration Depository ("CRD") record.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Ruotolo and Mangiearano did not appear at the evidentiary hearing in this matter. Upon review of the file and the representations made on behalf of the Claimant, the undersigned arbitrators (the "Panel") determined that Respondents Ruotolo and Mangiearano have been properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without said Respondents present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

Respondent Mangiearano did not file with NASD, a properly executed submission to arbitration but is required to submit to arbitration pursuant to the Code and is bound by the determination of the Panel on all issues submitted.

Respondent Carini did not file with NASD, a properly executed submission to arbitration but is required to submit to arbitration pursuant to the Code and, having answered the claim, is bound by the determination of the Panel on all issues submitted.

On or about December 14, 2001, NASD was informed that Rex A. Rodda had filed for protection under Chapter 7 of the United States Bankruptcy Code. Therefore, all proceedings were stayed with respect to Rex A. Rodda and the arbitration panel made no determinations with regard to Rex A. Rodda. On or about March 11, 2002, NASD was provided with a copy of the Discharge of Debtor Order of the United States Bankruptcy Court, District of Utah for Rex A. Rodda which was entered on March 6, 2002.

On or about October 9, 2001, the Panel issued an Order which denied Respondent Ruotolo's Motion to Dismiss.

On or about October 9, 2001, the Panel issued an Order which denied Respondent Carini's Motion to Dismiss.

On or about May 20, 2002 the Panel issued an Order which granted Claimant's Request to Bar Respondent Mangiearano from presenting any matter, arguments or defenses at the hearing.

The parties present at the hearing have agreed that the Award in this matter 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, and the post-hearing submissions (if any), the Panel has decided in full and final resolution of the issues submitted for determination as follows:

Respondents Doneson, Stockton, Ames, Ruotolo, Mangiearano and Carini are liable on the claims of suitability, violation of NASD Conduct Rule 2310, failure to supervise, violation of NASD Conduct Rule 3010, breach of fiduciary duty, respondeat superior, vicarious liability, aiding and abetting, breach of contract and negligent misrepresentation and shall pay damages to Claimant as follows:

Respondent Ames is liable and shall pay to Claimant the sum of \$72,220.00 as compensatory and punitive damages plus interest at the rate of five percent (5%) per annum from July 1, 2000 through September 13, 2002.

Respondent Ruotolo is liable and shall pay to Claimant the sum of \$144,440.00 as compensatory and punitive damages plus interest at the rate of five percent (5%) per annum from July 1, 2000 through September 13, 2002.

Respondent Mangiearano is liable and shall pay to Claimant the sum of \$523,595.00 as compensatory and punitive damages plus interest at the rate of five percent (5%) per annum from July 1, 2000 through September 13, 2002.

Respondent Carini is liable and shall pay to Claimant the sum of \$18,055.00 as compensatory and punitive damages plus interest at the rate of five percent (5%) per annum from July 1, 2000 through September 13, 2002.

Respondents Stockton and Doneson are liable, jointly and severally, and shall pay to Claimant the sum of \$1,047,190.00 as compensatory and punitive damages plus interest at the rate of five percent (5%) per annum from July 1, 2000 through September 13, 2002.

The panel has awarded punitive damages based upon clear and convincing evidence that Respondents Ames, Carini, Ruotolo, Mangiearano and Doneson were personally guilty of intentional misconduct and gross negligence. The panel finds that Respondent Stockton did knowingly participate in such conduct, and consented to such conduct and Respondent Stockton's actions constituted gross negligence and contributed to the damages incurred by Claimant.

Respondent Carini's request that all references to this matter be expunged from his CRD record is denied.

Any and all claims for relief not specifically addressed herein, including all requests for attorney's fees, are denied.

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 = \$600.00

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. Respondent Stockton is a party in this matter and was a member of the NASD until on or about June 6, 2001. Thereafter, Respondent Stockton continued to actively participate in this proceeding and accrued the following fees:

Member surcharge	= \$2,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$4,500.00

Adjournment Fees

No adjournments were granted during these proceedings for which fees were assessed.

Injunctive Relief Fees

No injunctive relief fees were incurred during this proceeding.

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:

Five (5) Pre-hearing sessions with Panel @ \$1,200.00 = \$ 6,000.00

Pre-hearing conferences:	October 16, 2001	1 session
	November 12, 2001	1 session
	February 8, 2002	1 session
	April 19, 2002	1 session
	August 6, 2002	1 session

Ten (10) Hearing sessions @ \$1,200.00 = \$12,000.00

Hearing Dates:	September 9, 2002	2 sessions
	September 10, 2002	2 sessions
	September 11, 2002	2 sessions
	September 12, 2002	2 sessions
	September 13, 2002	2 sessions

Total Forum Fees = \$18,000.00

The Panel has assessed \$9,000.00 of the forum fees to Claimant.

The Panel has assessed \$9,000.00 of the forum fees jointly and severally to Respondents Stockton, Ames, Carini, Ruotolo, Doneson and Mangiearano.

Administrative Costs

No administrative fees were incurred during this proceeding.

Fee Summary

Claimant is solely liable for:

Initial Filing Fee	= \$ 600.00
Forum Fees	= \$9,000.00
Total Fees	= \$9,600.00
Less payments	= \$1,800.00
Balance Due NASD	= \$7,800.00

Respondent Stockton is solely liable for:

Member Fees	= \$ 7,600.00
Total Fees	= \$ 7,600.00
Less payments	= \$ 0.00
Balance Due NASD	= \$ 7,600.00

Respondents Stockton, Ames, Carini, Ruotolo, Jr., Doneson and Mangiearano are jointly and severally liable for:

Forum Fees	= \$ 9,000.00
Total Fees	= \$ 9,000.00
Less payments	= \$ 0.00
Balance Due NASD	= \$ 9,000.00

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

ARBITRATION PANEL

Shirley A. Levitt	-	Public Arbitrator, Presiding Chairperson
Sylvia R. Cohen	-	Public Arbitrator
Bruce S. Foerster	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/
Shirley A. Levitt
Public Arbitrator, Presiding Chairperson

Signature Date

/s/

Sylvia R. Cohen
Public Arbitrator

Signature Date

/s/

Bruce S. Foerster
Non-Public Arbitrator

Signature Date

October 24, 2002

Date of Service (For NASD office use only)

Administrative Costs

No administrative fees were incurred during this proceeding.

Fee Summary

Claimant is solely liable for:

Initial Filing Fee	= \$ 600.00
Forum Fees	= \$9,000.00
Total Fees	= \$9,600.00
Less payments	= \$1,800.00
Balance Due NASD	= \$7,800.00

Respondent Stockton is solely liable for:

Member Fees	= \$ 7,600.00
Total Fees	= \$ 7,600.00
Less payments	= \$ 0.00
Balance Due NASD	= \$ 7,600.00

Respondents Stockton, Ames, Carini, Rucolo, Jr., Doneson and Mangicavano are jointly and severally liable for:


Forum Fees	= \$ 9,000.00
Total Fees	= \$ 9,000.00
Less payments	= \$ 0.00
Balance Due NASD	= \$ 9,000.00

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

ARBITRATION PANEL

Shirley A. Levitt	-	Public Arbitrator, Presiding Chairperson
Sylvia R. Cohen	-	Public Arbitrator
Bruce S. Foerster	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures


Shirley A. Levitt
Public Arbitrator, Presiding Chairperson

10/23/02
Signature Date

Sylvia R. Cohen
Public Arbitrator

Signature Date


Bruce S. Foerster
Non-Public Arbitrator

23 OCTOBER 2002
Signature Date

Date of Service (For NASD office use only)

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Sylvia R. Cohen
Sylvia R. Cohen
Public Arbitrator

Signature Date 10/23/02

Bruce S. Foerster
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)