

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between :

Aron Hardoon & Saida Hardoon, JTWROS :

Claimants :

vs. :

First Affiliated Securities, Inc. :

First Investors Corp. :

Anthony Errera :

Theresa Mennella :

First Associated Financial Group, Ltd. :

Respondents :

AWARD

#87-01510

Case Summary

Claimants allege that Respondents failed to process their account in a timely fashion thereby causing them to sustain damages due to a subsequent drop in the market. Further, Claimants assert Respondents made misrepresentations and withheld information from them regarding the status of their account. Claimants allege that Respondents failed to follow their instructions and liquidate their account on the date the Claimants requested them to do so.

Respondents First Investors Corporation and Theresa Mennella deny all allegations made against them. They contend that they were not responsible for liquidating the Claimants account and assert they merely attempted to facilitate a liquidation initiated with another broker/dealer, namely First Affiliated Securities, Inc.

Further, First Investors asserts that First Affiliated and Anthony Errera are responsible as dealer and representative of record for the account in question for any wrongful acts. First Investors also maintains that First Associated Financial Group, Ltd. should be held responsible if it is determined that First Associated was in fact the dealer of record for the Claimants account.

Respondent First Affiliated Securities contends that it was merely a conduit for First Investors Corp. and that it was First Investors who is responsible for any damages sustained. Further, First Affiliated claims that it should be indemnified by First Associated for any costs incurred. First Affiliated contends that First Associated for any losses pursuant to their contractual Clearing Arrangement.

Respondent Anthony Errera denies all allegations made against him, and alleges he always acted in accordance with the Claimants' liquidation instructions. Further, he maintains that if in fact Respondent Theresa Mennella agreed to process a liquidation retroactively, that First Investors Corp. should be liable for its failure to do so.

Relief Requested

Claimants seek \$4,860.00 in damages. Respondent First Affiliated Securities Corporation seeks dismissal of all claims and seeks indemnification from First Associated Financial Group, Ltd. Respondent Anthony Errera seeks dismissal of all claims and seeks indemnification from First Investors Corporation. Respondent First Investors Corporation and Theresa Mennella seek dismissal of all claims and indemnification from First Affiliated Securities Corporation, Anthony Errera and First Associated Financial Group, Ltd.

Award

On September 8, 1989, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant on August 10, 1987, by Respondent Theresa Mennella on September 24, 1987, by Respondent First Affiliated Securities, Inc. on October 28, 1987, by Respondent First Investors on October 12, 1987 and by Respondent Anthony Errera on October 27, 1987.

All Parties were present or represented at the hearing in New York City. At the hearing, Claimants amended their claim to hold any of the named Respondents or the Third Party Respondent, First Associated Financial Group, Ltd., liable. The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

1. First Associated Financial Group, Ltd. be and hereby is liable and shall pay to the Claimants Three Thousand Nine Hundred Seventy Seven Dollars and No Cents (\$3,977.00).
2. All Third Party Claims and Counterclaims for indemnification are dismissed.
3. All Claims against Respondents other than First Associated Financial Group, Ltd. are dismissed.
4. The parties shall each bear their respective costs including attorney fees.
5. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$100.00 filing fee previously deposited by the Claimant as costs of the one hearing session conducted in this matter. Respondent First Associated Financial Group, Ltd. be and hereby is liable and shall pay the \$100.00 to the Claimants.

This day September 15, 1989


Martin Jay Siegel

STATE OF
COUNTY OF

S.S.:

On this 15 day of Sept, 1989, before me personally appeared Martin Jay Siegel to me known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he/she executed the same.

Norma O. Walters

NORMA O. WALTERS
Notary Public, State of New York
No. 30-4904194
Qualified in Nassau County
Commission Expires Aug. 31, 1991