

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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In the Matter of the Arbitration Among

Leon Gray,

Claimant

vs.

Steinberg & Lyman,  
Joseph Lalota, Jr., and  
Broadcort Capital Corp.,

Respondents  
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Case #88-00028

Award

CASE SUMMARY

Claimant alleged that Respondents purchased an incorrect number of shares of Eastern Environmental Services, Inc. common stock without his authorization and then sold other securities in Claimant's account without authorization in order to pay for the trade. Respondent, Joseph Lalota, Jr., maintained that Claimant authorized the purchase of 10,000 shares at the issue price of \$8 per share, and 90,000 shares at no more than \$13 per share, and when the price of the stock fell, he refused to pay for the purchase. Respondent, Steinberg & Lyman, maintained that it did not engage in any unauthorized trading with respect to Claimant's account, and if there was any wrongdoing, Mr. Lalota should be responsible. Respondent, Broadcort Capital Corporation, maintained that it acted as a clearing broker for Steinberg & Lyman and pursuant to the clearing agreement, Broadcort was not responsible or liable for any acts or omissions of the introducing broker or its employees.

RELIEF REQUESTED

Claimant requested damages of \$147,500.00, plus interest, costs and attorneys' fees. Respondent, Joseph Lalota, Jr., requested dismissal of the claim. Respondent, Steinberg & Lyman, requested dismissal of the claim and an award of costs and attorneys' fees. In the alternative, if Steinberg & Lyman is found to be liable to the Claimant for any amount, Joseph Lalota, Jr. should be liable to Steinberg & Lyman in an amount not less than any award to Claimant, together with interest, costs and attorneys' fees. Respondent, Broadcort Capital Corporation, requested dismissal of the claim against it.

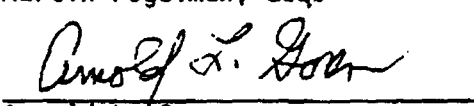
AWARD

On June 28, July 14 and July 20, 1989, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimant on February 18, 1988, by the Steinberg & Lyman on October 11, 1988, by Joseph Lalota, Jr. on December 12, 1988 and by Broadcast Capital Corporation on June 28, 1988. 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:

- A. The claim of the Claimant against Broadcast Capital Corporation was dismissed by the panel on motion at the commencement of the hearing.
- B. The claim of the Claimant against Steinberg & Lyman and Joseph Lalota, Jr. is dismissed in its entirety.
- C. The parties shall each bear their respective costs, including attorneys' fees;
- D. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$750.00 filing fee previously deposited by the Claimant.
- E. In addition to the above, Claimant is assessed forum fees in the amount of \$4,500.00 payable to the NASD, Inc. through its staff administrator in accordance with Section 43 of the Code of Arbitration Procedure.

ARBITRATORS CONCURRING

  
Martin Fogelman, Esq.

  
Arnold L. Goren

  
Vincent Buchanan

Dated: August 10, 1989