



Arbitration

National Association of  
Securities Dealers, Inc.  
NASD Financial Center  
33 Whitehall Street  
New York, New York 1000

N. A. S. D.

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant

Stanley S. McGee

vs.

AWARD

Case #

88-03225

Name of Respondents

Diversified Equities Corporation

Joseph Friscia

Frank Ruggieri

Marc J. Rothenberg

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CASE SUMMARY

Claimant, Stanley S. McGee, alleges that Respondents, Diversified Equities Corporation, Joseph Friscia, Frank Ruggieri and Marc J. Rothenberg, provided him with inaccurate information and deliberately misled him to purchase Oxford Acquisition Group warrants which was a high risk security. Claimant further alleges that Respondents withheld material information which would have disclosed the risk involved in the investment and breached their fiduciary duties owed to him.

Respondents, Diversified Equities Corporation and Joseph Friscia, deny liability. They contend that there was sufficient compliance oversight. Said Respondents interpose a Counterclaim which was abandoned at the hearing.

Respondent, Frank Ruggieri, denies liability. He contends that he was employed by Diversified as an accountant and as financial operational principal. He further contends that he was not an officer of the Corporation.

Respondent, Mark Rothenberg, did not file a Statement of Answer. However, he appeared at the hearing and gave a general denial.

RELIEF REQUESTED

Claimant requests that the panel award him \$15,000.00 in compensatory damage, interest from September, 1987, to the date of the award and date of satisfaction. Claimant also request an award of \$10,000 in punitive damages. Respondents request that the panel dismiss the claim. Respondent, Ruggieri, further moves to dismiss and seeks an award of attorney fees.


AWARD

This claim was filed on October 13, 1988. On August 17, 1990 and September 12, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimant on April 28, 1989, and by Respondent Frank Ruggieri on April 9, 1990. Respondents, Diversified Equities Corporation, Joseph Friscia and Mark Rothenberg did not execute submission agreements. The hearing was conducted in New York, New York and consisted of four sessions. 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. Respondents, Diversified Equities Corporation and Joseph Friscia, are hereby jointly and severally liable to the Claimant and shall pay him Seven Thousand, Four Hundred and Thirty Seven Dollars and Fifty Cents (\$7,437.50).
2. No interest is awarded on the above sum.
3. The claim for punitive damages is denied.
4. The claims asserted against Respondents, Frank Ruggieri and Mark Rothenberg are denied.
5. The Counterclaim asserted by Frank Ruggieri is denied.
6. The parties shall each bear their respective costs including attorneys fees.
7. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$400.00 filing fee previously deposited by the Claimant.

8. Respondents, Diversified Equities Corporation and Joseph Friscia, are assessed forum fees in the amount of \$1,600.00. \$1,200.00 of which shall be made payable to the NASD, Inc. through its staff counsel in accordance with Section 43 of the Code of Arbitration Procedure. The remaining \$400.00 shall be paid to the Claimant.

ARBITRATOR CONCURRING

A handwritten signature in cursive script, reading "Paul T. Green". The signature is written in dark ink and is positioned above a horizontal line.

Paul T. Green