

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between)
)
ROCCO PAGLIARULO and)
STEVE TEMPKIN,)
)
Claimants,)
)
vs.) Case #88-03850
) Award
)
PAUL KEILEY, JOE D'ANGELO and)
ANTHONY STOISICH,)
)
Respondents.)
)

Heard before the member of the Arbitration Panel:

Richard Reeves, Esq.

CASE SUMMARY

This claim was filed with the NASD, Inc. on December 16, 1988. The hearing was conducted in Tampa, Florida on December 12, 1989 and January 18, 1990 with a total of two sessions.

Claimants Rocco Pagliarulo ("Pagliarulo") and Steve Tempkin ("Tempkin") alleged that Respondents Paul Keiley ("Keiley"), Joe D'Angelo ("D'Angelo") and Anthony Stoisich ("Stoisich") were liable for misrepresentations made by Keiley regarding current market prices, saleability and publicity of Hygolet stock. Respondents D'Angelo and Stoisich alleged that: they never made any misrepresentations; Keiley acted in a proper manner; and, they had very limited contact with this account. Respondent Keiley failed to file an Answer but appeared at the hearing to defend and denied liability.

RELIEF REQUESTED

Claimants requested damages in the amount of \$10,000.00 plus costs. Respondent: requested dismissal of the Claim.

AWARD

On December 12, 1989 and January 18, 1990, the arbitrator heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants on December 8, 1988, and by Respondents D'Angelo and Stoisich on January 25, 1989, and not signed by Respondent Keiley as required pursuant to Section 12(a) of the NASD, Inc. Code of Arbitration Procedure ("Code"), Respondent Keiley being a person associated with an NASD member firm, Investors Center Inc., during the time this controversy arose. Having considered the pleadings, the testimony, and the evidence presented at the hearing, and Respondent Stoisich neither appearing at the hearing nor seeking any adjournment thereof, notwithstanding his knowledge of this arbitration as evidenced by his Answer and letter dated December 4, 1989 (Arbitrator's Exhibit #2(1)), this arbitrator has determined in full and final resolution of the issues submitted for determination as follows:

1. Jurisdiction exists pursuant to Sections 12 and 13 of the Code.
2. Although the reasons are set forth in the record of proceedings for finding of adequate notice to Respondent Stoisich, the reasons will again be set forth here. The NASD, Inc. has made every attempt to locate and serve Respondent Stoisich with Notice of this hearing as demonstrated by the following record evidence:

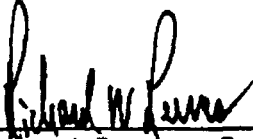
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REPORT OF ARBITRATOR

As arbitrator in this matter, I make the following findings:

1. I find in favor of the Claimants and against the Respondents Paul C. Keiley and Tony Stoisch. I find that Respondent Joe D'Angelo is not liable to the Claimants.
2. Based on the Certificate dated January 31, 1990, issued by the Office of Comptroller, Department of Banking and Finance, State of Florida, Certificate No. 0063, which has been made part of the record in this arbitration proceeding and marked Arbitrator's Exhibit #3, it was established that Respondent Keiley was not registered with the Division of Securities and Investor Protection of the State of Florida as an agent for Investors Center, Inc. during the period of time involving the transaction forming the subject matter of the arbitration proceeding. The security was purchased on April 4, 1987, and sold on May 26, 1987. Mr. Keiley was not registered during that period of time.
3. I find that Sections 517.12 and 517.211, Florida Statutes, are applicable and apply to this arbitration proceeding. Pursuant to said statutory authorization, I find both Respondent Keiley and Respondent Stoisch liable to the Claimants for damages (as set out in the Award) sustained by Claimants pursuant to said security transaction. I find that Respondent Stoisch personally participated in making the sale by being the alter-ego of the brokerage house Investors Center, Inc. and by permitting Respondent Keiley to act as an agent of the brokerage house for the initial transaction at \$17 per share when he was only authorized to sell said security at \$10 per share.


Richard Reeves, Esq. 3-5-90

March 6, 1990