

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

IN THE MATTER OF THE ARBITRATION BETWEEN	:	
Cowen & Company	:	
	:	
	:	
vs.	:	Case #89-00726
	:	
	:	
Henry Stojowski	:	AWARD
	:	
	:	
	:	
vs.	:	
	:	
Viceroy International Securities	:	
Avin Bakal	:	
Robert Onesti	:	
	:	
	:	
Third-Party	:	
Respondents	:	

CASE SUMMARY

Claimant Cowen & Company ("Cowen") alleged that Respondent Henry Stojowski ("Stojowski") maintained a margin account with Respondent Viceroy Securities Corp. ("Viceroy") which was carried by Cowen as clearing broker for Viceroy, and for which Cowen extended credit. Cowen alleged that Stojowski failed to deposit sufficient funds in his account to satisfy margin requirements, and that Cowen was forced to liquidate the securities in Stojowski's account. Cowen alleged that this liquidation was insufficient to satisfy the debit balance, and Stojowski's account still maintains a deficit.

Respondent Stojowski contended Cowen loaned money to him without securing a proper margin agreement and that this margin account, and the securities purchased in this account, were unsuitable for him. Stojowski asserted a counterclaim against Cowen in which he alleged he suffered losses due to the unsuitability of this account. Cowen replied that it was Viceroy's responsibility to obtain proper margin agreements from its customers, not Cowen's. Moreover, Cowen asserted cross-claims against Viceroy, Respondent Robert Onesti ("Onesti"), and Respondent Avin Bakal ("Bakal") for indemnification if Cowen is found liable to Stojowski. Stojowski also asserted a counterclaim against Bakal in which he alleged that the margin account and securities purchased in the account were not suitable for him. Stojowski also alleged that Bakal misrepresented the risks inherent with margin trading. Respondent Bakal contended that the NASD lacked jurisdiction over him in connection with this proceeding, and contended the transactions in Stojowski's account were all in conformity with Stojowski's stated investment objectives. Moreover, Bakal contended Stojowski was made aware of the risks involved in margin trading, and that the losses in his account were

the result of market conditions. Bakal asserted a cross-claim against Stojowski for the disparagement of his name.

Stojowski also asserted a counterclaim against Onesti in which he alleged Onesti solicited him to open a margin account, and that Onesti did not properly advise him in the management of his account. Onesti contended he did not solicit Stojowski to open a margin account, and that Stojowski maintained a margin account six months prior to speaking with Onesti. Onesti also contended he properly advised Stojowski in the handling of his account. Onesti asserted a cross-claim against Stojowski in which he alleged Stojowski maliciously brought this action against Onesti which has severely damaged his career.

Respondent Viceroy did not file an answer, nor appear in these proceedings.

RELIEF REQUESTED

Claimant Cowen requested actual damages of \$11,786.91, plus interest and costs from Respondent Stojowski. Claimant also requested dismissal of Stojowski's counterclaim against it in its entirety, and in the event Claimant is found liable to Stojowski, that it be fully indemnified by Respondents Viceroy, Onesti and Bakal. Respondent Stojowski requested dismissal of the Statement of Claim in its entirety, plus pursuant to his counterclaim against Cowen actual damages of \$21,808.29, plus pursuant to his counterclaim against Respondent Bakal actual damages of \$21,808.29 and setoff against Bakal for any amounts that he may be liable to Cowen, plus pursuant to his counterclaim against Respondent Onesti actual damages of \$21,808.29 and setoff against Onesti for any amounts that he may be liable to Cowen.

Respondent Robert Onesti requested the dismissal of all claims made against him, plus pursuant to his crossclaim against Stojowski, actual damages of \$100,000.00.

Respondent Avin Bakal requested dismissal of all claims made against him, plus pursuant to his crossclaim against Stojowski, actual damages of \$100,000.00, plus costs and attorney's fees.

AWARD

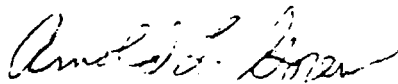
On March 27 and April 6, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Cowen & Co. on March 8, 1989, by Respondent Henry Stojowski on June 28, 1989, by Respondent Robert Onesti on August 1, 1989, by Respondent Avin Bakal on April 19, 1990, and not by Respondent Viceroy Securities Corp. as is required by Section 8 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure. The hearings were conducted at the offices of the National Association of Securities Dealers, Inc. in New

York City, New York and consisted of four (4) hearing 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:

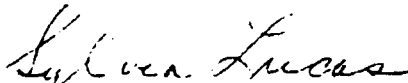
1. In accordance with Section 25 of the NASD's Code of Arbitration Procedure, Respondent Viceroy Securities Corp. was served with the pleadings in this matter and given an opportunity to respond; Viceroy failed to do so.
2. In accordance with Sections 21 and 26 of the Code, Respondent Viceroy was given due notice of the hearing dates and procedures; Viceroy failed to appear at the hearing.
3. In accordance with Section 29 of the Code, the arbitration panel determined in light of the foregoing, to proceed with the hearing as if Viceroy had entered an appearance in this matter.
4. Respondent Henry Stojowski be and hereby is liable and shall pay to the Claimant Cowen & Co. the sum of Thirteen Thousand Six Hundred Dollars and No Cents (\$13,600.00), inclusive of interest.
5. Claimant Cowen & Co. be and hereby is liable and shall pay to the Respondent Henry Stojowski, pursuant to Stojowski's counterclaim, the sum of Three Thousand Six Hundred Dollars and No Cents (\$3,600.00), inclusive of interest. Therefore, Respondent Henry Stojowski is liable and shall pay to the Claimant Cowen & Co. the net amount of Ten Thousand Dollars and No Cents (\$10,000.00), inclusive of interest.
6. Respondent Viceroy Securities Corp. be and hereby is liable and shall pay to the Claimant Cowen & Co., pursuant to Cowen's crossclaim, the sum of Three Thousand Six Hundred Dollars and No Cents (\$3,600.00), inclusive of interest.
7. All claims, counterclaims, and crossclaims made against Respondent Avin Bakal be and hereby are dismissed in their entirety.
8. All claims, counterclaims and crossclaims made against Respondent Robert Onesti be and hereby are dismissed in their entirety.
9. All counterclaims and crossclaims made against Respondent Henry Stojowski be and hereby are dismissed in their entirety.
10. All parties shall each bear their respective costs including attorney's fees.
11. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the

\$900.00 filing fee previously deposited by the Claimant and Respondent Henry Stojowski be and hereby is liable and shall pay to the NASD the sum of Four Hundred Dollars and No Cents (\$400.00), Respondent Robert Onesti be and hereby is liable and shall pay to the NASD the sum of Four Hundred Dollars and No Cents (\$400.00), and Respondent Avin Bakal be and hereby is liable and shall pay to the NASD the sum of Four Hundred Dollars and No Cents (\$400.00), as costs of the four (4) hearing sessions conducted in this matter.

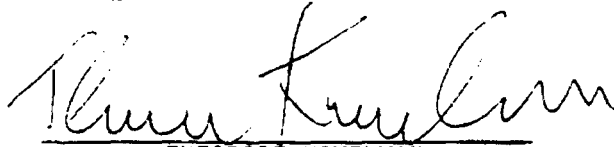
CONCURRING ARBITRATORS



ARNOLD L. GOREN



SYLVIA LUCAS



THEODORE KIMELMAN

DATED: May 4th, 1990