

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

:	In the Matter of the Arbitration Between	:	
:		:	
:	Edward C. Mendez and Nancy	:	
:	Coparaso Mendez	:	
:		:	
:	Claimants	:	CASE #89-01046
:	vs.	:	AWARD
:		:	
:	Equitable Securities of New York, Inc.	:	
:	David W. Appel, Jr.	:	
:		:	
:	Respondents	:	
:	vs.	:	
:		:	
:	James J. Lorenzo	:	
:	First Albany Corporation	:	
:	John T. McLaughlin	:	
:		:	
:	Third Party Respondents	:	
:		:	
:		:	

CASE SUMMARY

Claimants, Edward C. Mendez and Nancy Coparaso Mendez ("Claimants") alleged that Respondents, Equitable Securities of New York, Inc. ("Equitable") and David W. Appel, Jr. ("Appel") executed unauthorized transactions in Claimants' accounts and improperly charged commissions for these transactions. Respondent Equitable maintained David W. Appel, Jr., President, never spoke with Claimant Nancy Coparaso Mendez and he spoke with the Claimant Edward C. Mendez only after Compass Distributing, Inc. was trading in the after market and he was instructed by the Claimant to cancel the Compass sell order which had been recently executed in Claimant Nancy Coparaso's account. Respondent Equitable asserted a third party claim against James J. Lorenzo ("Lorenzo"), First Albany Corporation ("First Albany") and James T. McLaughlin ("McLaughlin") maintaining they were the individuals responsible for entering all orders on behalf of Claimants with the exception of one sell order and that any liability incurred by Respondent Equitable is the direct result of the actions of Third Party Respondents Lorenzo, McLaughlin and First Albany.

Respondent Appel maintained there are no legal grounds to permit the piercing of the corporate veil of Respondent Equitable and hold its corporate principal Appel liable for alleged acts against the Claimants.

Third Party Respondent McLaughlin maintained he carried out all of the instructions of the Claimants with regard to buying and selling stock and further maintained certain transactions were carried out by McLaughlin pursuant to instructions of Respondent Appel and he was, upon information and belief, acting either with instructions from the Claimants or within the guidelines for the buying and selling of securities. McLaughlin further maintained that liability should be imposed solely on Respondents Appel and Equitable Securities and/or any other Respondents named.

Third Party Respondent First Albany maintained all transactions complained of were executed at Equitable and not at First Albany, and the Claimants have not complained of transactions by or through First Albany, and they have no liability for the claims.

Third Party Respondent Lorenzo maintained all transactions were performed either at the direction of Claimant Edward C. Mendez or because the account had insufficient funds to cover transactions and stock was liquidated to cover the insufficiency and that no transactions were executed without the Claimants' knowledge. Lorenzo further maintained most of the confirmation slips have settlement dates which correspond to a time period in which he was no longer employed by Equitable.

RELIEF REQUESTED

Claimants requested damages of approximately \$13,069.01. Respondent Equitable requested dismissal of claim, or if an award is rendered it be rendered against Third Party Respondents Lorenzo, First Albany and/or McLaughlin. Respondent Appel requested dismissal of claim against him or in the alternative, summary judgement be granted against the Claimants and for the Respondent Appel. Third Party Respondent First Albany requested that the claim of Equitable Securities be denied. Third Party Respondent McLaughlin requested that the claim of Respondents Equitable Securities and Appel be dismissed in all respects. Third Party Respondent Lorenzo requested dismissal of claim.


AWARD

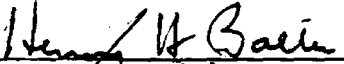
On May 21, 1990 the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants on March 31, 1989 and by Respondent Equitable on December 11, 1989 and by Respondent Appel on December 11, 1989, and by Third Party Respondent First Albany on January 8, 1990, and by Third Party Respondent McLaughlin on January 31, 1990, and not signed by Third Party Respondent Lorenzo pursuant to Section 8 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure. The hearing was held at the offices of the National Association of Securities Dealers, Inc. located in New York City, NY and consisted of one (1) hearing session. 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:

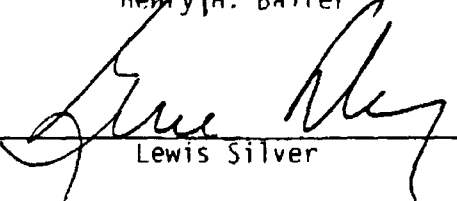
1. In accordance with Section 25 of the Code of Arbitration Procedure, the Third Party Respondent Lorenzo was served with the Statement of Claim and given an opportunity to respond which he did.

2. In accordance with Section 21 and Section 26 of the Code of Arbitration Procedure, the Third Party Respondent Lorenzo was given due notice of the hearing procedure by regular and certified mail and failed to appear at the hearing.
3. In accordance with Section 29 of the Code of Arbitration Procedure, the arbitration panel determined in light of the foregoing information to proceed with the hearing as scheduled.
4. Judgement in favor of: Claimants against Respondent Equitable in the amount of Thirteen Thousand Sixty Nine Dollars and No Cents (\$13,069.00),
5. Judgement in favor of: Equitable in its Third Party Claim against the Third Party Respondent Lorenzo in the amount of Three Thousand Eight Hundred Ninety Five Dollars and No Cents (\$3,895.00).
6. Claimant's claim against Respondent Appel is dismissed in its entirety.
7. Third Party Claim of Respondent Equitable against Third Party Respondent First Albany and Third Party Respondent McLaughlin is dismissed in its entirety.
8. The parties shall each bear their respective costs, including attorney's fees.
9. Pursuant to Section 43 of the Code of Arbitration Procedures, the National Association of Securities Dealers, Inc. shall retain the \$400.00 filing fee previously deposited by the Claimants.

CONCURRING ARBITRATORS


Martin D. Eile


Henry H. Balter


Lewis Silver

DATED: June 8th, 1990