

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between/Among

Christe Arvanitis and Maria Arvanitis

Claimants

vs.

J.S.C. Securities, Inc.

formerly Josephthal and Company, Inc.

Respondent

Case #89-01932
AWARD

CASE SUMMARY

This claim was filed on July 6, 1989. Claimants, Christie and Maria Arvanitis, allege that Respondent, J.S.C. Securities, Inc., formerly Josephthal and Company, Inc., fraudulently induced the Claimants to engage in option trading by deliberately misleading and falsely stating procedure within which to acquire a greater yield on their GNMA securities and that option trading, like GNMA securities, was totally guaranteed by the American treasury, both as to principal and interest.

It is further alleged that: (a) The Claimants, relying on the Respondent's expertise, agreed to trade options in an amount not to exceed \$200,000.00; (b) The Respondent exceeded this limit and acted contrary to Claimants' stated financial objectives, which were growth and safety of principal; (c) The Respondent, on numerous occasions, misstated the nature of option trading withheld crucial and significant documents relating to option trading and the Claimants' account; and (d) All trades were discretionary in that the Claimants never instructed the Respondent nor did the Respondent contact the Claimants regarding any option trades.

The Claimants also allege that the activities of the Respondent establish a pattern of racketeering activity as described in the Federal RICO statute.

Respondent, J.S.C. Securities, Inc., formerly Josephthal and Co., Inc., denies the allegations of wrongdoing. Respondents maintain that the Claimants were fully aware of the risks inherent in trading securities, including options and that the level of trading was suitable for the Claimants.

RELIEF REQUESTED

Claimants request that the arbitration panel award them damages in excess in \$2,000,000.00 together with punitive damages, treble damages, interest, costs and disbursements.

Respondent requests that the Claim be dismissed in its entirety with costs assessed against the Claimant.

AWARD

On April 11, 12 and 30, 1990; May 1 and 17, 1990 and June 29, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimants, on June 29, 1989 and by the Respondent on September 14, 1989. The hearing was held in New York City, New York and consisted of twelve (12) 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. Respondent, J.S.C. Securities, Inc., formerly Josephthal & Co., Inc., is hereby liable to the Claimants and shall pay the One Hundred And Sixty Nine Thousand Five Hundred And Four Dollars And Zero Cents (\$169,504.00).
2. There is no award for punitive damages.
3. The claim for damages under the Racketeering Influence Corrupt Organization Act is denied.
4. The parties shall each bear their respective costs, including attorneys' fees.
5. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$1,000.00 filing fee previously deposited by the Claimant.
6. Respondent is assessed forum fees in the amount of \$11,000.00 payable to the National Association of Securities Dealers, Inc. through its staff counsel accordance with Section 43 of the Code of Arbitration Procedure.

CONCURRING ARBITRATORS

/s/

Ira M. Starr

/s/

Pauline Mistretta

/s/

Ralph A. Gant

DATED: July 31, 1990