



N.A.S.D. AWARD

Arbitration

NATIONAL ASSOCIATION OF SECURITIES DEALERS

National Association of
Securities Dealers, Inc.
NASD Financial Center
33 Whitehall Street
New York, N.Y. 10004
FAX (212) 858-4389

In the Matter of the Arbitration Between

Name of Claimants

Marc Ira Eson, and Penn Consulting, Inc.

90-01739

Name of Respondents

First Albany Corporation
Michael J. Palazzo

REPRESENTATION

For Claimants: Robert J. Lunn, Esq. of Holtzberg & Lunn.

For Respondents: Michael A. Brady, Esq. of Hagerty & Brady.

CASE INFORMATION

Statement of Claim filed: June 19, 1990.

Claimants' Marc Ira Eson and Marc Ira Eson as President of Penn Consulting, Inc. ("Claimant") Submission Agreement signed on: May 30, 1990.

Joint Statement of Answer filed by Respondents' First Albany Corporation and Michael J. Palazzo ("Respondents") on: November 23, 1990.

Respondent First Albany Corporation's ("First Albany") Submission Agreement signed on: September 6, 1990.

Respondent Michael J. Palazzo's ("Palazzo") Submission Agreement signed on: March 22, 1991.

HEARING INFORMATION

Pre-Hearing Conference: June 19, 1991 - one session

Hearing Dates/Sessions: July 30, 1991 - two sessions
July 31, 1991 - two sessions
August 29, 1991 - three sessions
October 28, 1991 - two sessions

Hearing Location: Hyatt Regency Hotel, Buffalo, New York

CASE SUMMARY

Claimants alleged that Respondents acted negligently in the sale of certain Hydro-Quebec stripped bonds. Claimants asserted a lack of knowledge that the bonds were stripped when delivered to Respondent for sale. Claimants alleged that Respondents failed to use due diligence and care to learn the essential facts about the accounts. Claimants alleged that Palazzo was advised of the investment objectives for Marc Escon's personal account and for Perm Consulting, Inc.'s business account. Claimants alleged that Palazzo was told to "get off" margin in both accounts. Claimants alleged that Respondents failed to follow Claimants' requests. Claimants alleged that Respondents grossly mishandled the accounts.

Respondents denied each and every allegation asserted by the Claimant. Respondents specifically maintained that Claimant knowingly withheld information regarding the type of bonds delivered and attempted to profit through use of the proceeds to purchase other securities on margin. Respondents maintained that the bonds were sold, cancelled and then resold at the direction of Claimants.

RELIEF REQUESTED

Claimants requested: compensatory damages trebled in the amount of \$570,000.00; foreseeable project damages in the amount of \$302,550.00 plus interest; punitive damages in the amount of \$250,000.00; \$100,000 compensatory damages for damage to Claimants' credit and reputation; reasonable attorneys' fees; reasonable accountants' fees; fee for credit improvement; and, interests and costs.

Respondents requested: judgment dismissing the Claimants' claim, together with costs and disbursements of this action.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing and post hearing submissions (if any), the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. That Respondent First Albany is liable to the Claimants and shall pay to the Claimants the sum of SIXTY SEVEN THOUSAND AND 00/100 DOLLARS (\$67,000.00); plus interest at a rate of 9% simple interest per annum from May 30, 1990 until the date this award is paid.
2. That all claims against Respondent Palazzo are denied in their entirety
2. That all other claims for damages, including punitive damages, are

denied in their entirety.

3. That all parties shall bear their own costs, including attorneys' fees.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the Forum Fees are equally assessed between the Claimants and Respondent First Albany.

Claimants are assessed forum fees in the amount of \$3650 which reflects the total hearing session fees plus the pre-hearing conference fee divided by two minus Claimants' hearing session fee previously deposited (total hearing session fee of \$9,000 plus the pre-hearing conference fee of \$300 = \$9300 divided by 2 = \$4650 minus Claimant hearing session deposit of \$1000 = \$3650)

Respondent First Albany is assessed forum fees in the amount of \$4650 which reflects nine hearing session equalling \$9,000 plus one pre-hearing conference of \$300 divided by 2. Respondents did not deposited any hearing session deposits to offset this amount.


Fees are payable to the National Association of Securities Dealers, Inc.

Concurring Arbitrators' Signatures
Name

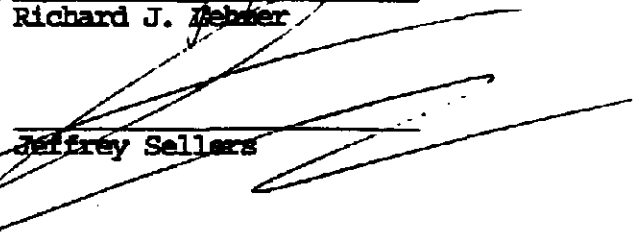
Public/Industry


James G. Parker

Public Arbitrator


Richard J. Weber

Public Arbitrator


Jeffrey Sellers

Industry Arbitrator

Date of Decision: December 24, 1991