

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration BetweenName of Claimant

Eric R. Levi

90-02577

Name of Respondent(s)Paragon Capital Corporation
Eugene Dworkis

Heard before:

Name

Public/Industry

Murray I. Sommer

Public Arbitrator

REPRESENTATION

Claimant, Eric Levi ("Levi"), was represented by: himself. Respondent, Paragon Capital Corporation ("PCC"), was represented by: Vincent M. Bruno of PCC. Respondent, Eugene Dworkis, ("Dworkis") was represented by: George Kundrat, an attorney in private practice.

CASE SUMMARY

This claim was initiated by a Statement of Claim filed with the National Association of Securities Dealers, Inc. ("NASD") on October 13, 1990. Claimant, an attorney and former stockbroker, alleged that he signed the necessary paperwork to open an account with Dworkis, a registered representative, at PCC. Claimant stated he gave Dworkis, to whom he had been introduced by Norman Alston, a financial advisor, clear instructions to purchase shares of HDTV at the Initial Public Offering price and further shares at a limit price "fill or kill". Claimant stated Dworkis disregarded these instructions regarding the additional purchase. Claimant stated he did not pay for the stock based on Dworkis' lack of action. Claimant stated he then did pay for the stock as he believed it would be sold at a profit, however, he never received confirmation of the sell order. Claimant later spoke with Dworkis and learned the stock had not been sold and could not be sold at a profit at that time. Finally, Claimant decided to sell the shares somewhere else, but encountered difficulties when he tried to transfer them from PCC.

National Association of
Securities Dealers, Inc.
NASD Financial Center
33 Whitehall Street
New York, New York 10004

In a Statement of Answer filed with the NASD on November 21, 1990, Respondent, PCC, alleged that Claimant opened a non-discretionary account; no limit order instructions were given to Dworkis regarding the HDTV investment. PCC stated that when Dworkis asked Claimant to pay for the stock, Claimant could have instructed Dworkis to sell the stock upon payment by Claimant, or contact PCC's Compliance Dept. if he were dissatisfied. PCC stated that when Claimant contacted Vincent Bruno ("Bruno"), PCC's Compliance Officer, Claimant failed to mention he had attempted to transfer the stock to be sold; he did not contact Bruno immediately upon discovering that the stock was never sold. PCC averred it decided that no further action should be taken in this matter; however, when PCC received a letter from Claimant requesting it to sell the shares of HDTV, PCC promptly executed the order and forwarded a check to Claimant for the proceeds.

In a Statement of Answer filed with the NASD on November 6, 1990, Respondent, Dworkis, alleged that he, in obtaining an investor profile on Claimant, the Claimant stated he had no interest in purchasing securities that traded on the New York or American Stock Exchanges, but wanted to purchase new issues that PCC was bringing to market. Dworkis stated Levi was a sophisticated investor well versed in new issue trading. Dworkis maintained he spoke with the Compliance Department about Levi's new account and then became aware, that contrary to the practice of the securities industry, Levi was attempting to open multiple accounts at PCC to purchase new issues. Dworkis averred Levi agreed not to open multiple accounts and to maintain his account with Dworkis. Dworkis asserted that confirms of all trades were mailed to Levi and no objections were ever made to Dworkis. Dworkis stated that Levi said he was upset the stock had not traded at a higher price and was not going to pay for his trades, but Dworkis explained that this was not allowed. Dworkis further stated that Levi never instructed Dworkis to sell the HDTV stock and if he had, Dworkis would have complied. Dworkis maintained he has no information or belief concerning Levi's efforts to sell the HDTV units to another brokerage firm. Finally, Dworkis stated that upon written instructions to PCC to sell the HDTV units, the position was sold.

RELIEF REQUESTED

Claimant requested: actual damages in the amount of \$3,125.00, interest, fees and costs.

Respondents, PCC and Dworkis, each requested: the Statement of Claim be dismissed against them, and Dworkis requested an award of costs and attorneys' fees.

AWARD

On April-9, 1991 and June 18, 1991 in New York, New York during a hearing lasting three (3) sessions, the undersigned arbitrator heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant, Levi, on September 13, 1990, signed by Danny J. Levine on behalf of Respondent, PCC on November 21, 1990 and signed by Respondent Dworkis on April 9, 1991.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award be entered. In either case, the parties have agreed to receive conformed copies of the Award while the original(s) remain on file with the NASD.

After considering the pleadings, the testimony, and the evidence presented at the hearing, the arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

- 1- The claim by the Claimant, Levi, hereby is dismissed in all respects;
- 2- All other claims are dismissed;
- 3- The parties shall each bear their respective costs including attorneys' fees;
- 4- The arbitrator denied any and all post-hearing submissions;

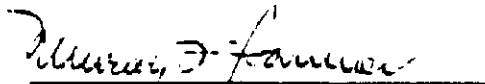
FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fee(s) are assessed:

a- against Claimant, Levi, in the amount of \$100.00, however, Claimant may apply the \$100.00 hearing session deposit to offset this amount ;

b- against Respondents, PCC and Dworkis, in the amount of \$200.00 assessed jointly and severally. Fees are payable to the National Association of Securities Dealers, Inc., within thirty (30) days of the date of this Award.

Arbitrator Signature


Murray I. Sommer, Esq.

Date of Decision: June 27, 1991