

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Frank C. Simonetti & Brian Simonetti

90-03388

Name of Respondents

G.K. Scott & Company, Inc.
Robert J. Romanelli

REPRESENTATION

For Claimants: Appeared pro se.

For Respondent G.K. Scott & Co.: Harold I. Geringer, Esq., of Geringer & Dolan.

For Respondent Robert J. Romanelli: Appeared pro se.

CASE INFORMATION

Statement of Claim filed: November 29, 1990.

Claimant's Submission Agreement signed: January 7, 1991.

Statement of Answer filed by Respondent G.K. Scott & Co.: April 1, 1991.

G.K. Scott & Co., Inc.'s Submission Agreement signed: March 26, 1991.

Respondent Robert J. Romanelli did not submit an executed Submission Agreement nor a written Statement of Answer. He did, however, appear at the hearing and was permitted to testify on his own behalf.

HEARING INFORMATION

Hearing Date/Sessions: October 16, 1991/ 2 sessions.

Hearing Location: Offices of the National Association of Securities Dealers, Inc. ("NASD") in New York City, NY.

CASE SUMMARY

Claimants, Frank and Brian Simonetti (collectively, "Claimants") alleged that Respondent Robert J. Romanelli ("Romanelli"), then employed by Respondent G.K. Scott & Co., Inc. ("G.K. Scott"), engaged in excessive trading in their account in order to generate commissions to himself, and that he purchased highly speculative securities for their account which were unsuitable for them in light of their financial condition. The Claimants also alleged that Romanelli engaged in transactions in their account without their authorization and that G.K. Scott failed to properly supervise Romanelli.

G.K. Scott and Romanelli denied the allegations made against them, and

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contended that the Claimants were experienced investors who authorized and requested all trades in their account with full knowledge of the inherent risks. G.K. Scott also contended that it properly supervised all of its registered representatives.

RELIEF REQUESTED

Claimants requested actual damages in excess of \$30,000.00, plus interest. G.K. Scott and Romanelli requested dismissal of all claims made against them, plus costs.

AWARD

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

1. Pursuant to the by-laws of the NASD, the arbitrators determined that Romanelli was required to submit to this arbitration, notwithstanding his failure to submit an executed Submission Agreement. Therefore, Romanelli is bound by this Panel's rulings and determinations.
2. That Respondent G. K. Scott is liable to the Claimants and shall pay to the Claimants the sum of SIX THOUSAND THREE HUNDRED SEVENTY- FIVE AND 00/100 DOLLARS (\$6,375.00); inclusive of interest.
3. That Respondent Romanelli is liable to the Claimants and shall pay the sum of TWO THOUSAND ONE HUNDRED TWENTY-FIVE AND 00/100 DOLLARS (\$2,125.00); inclusive of interest.
4. The parties each shall bear their respective costs including attorneys' fees.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed:

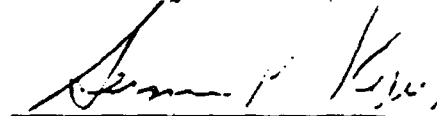
2 sessions x \$400.00 per session = \$800.00 due to the NASD.

The NASD shall retain the \$120.00 non-refundable claim filing fee previously deposited by the Claimants and the Respondents are directed to re-imburse the Claimant for their previously deposited hearing session deposit so that Respondent G. K. Scott shall pay to the Claimants the sum of \$300 and Respondent Romanelli is directed to refund to the Claimants the sum of \$100. In addition, the Respondent G. K. Scott be and hereby is liable and shall pay to the NASD the sum of \$300.00 and Respondent Romanelli is liable and shall pay to the NASD \$100. These amounts represent the balance of the forum fees.

Concurring Arbitrators' Signatures



David M. Kaplan (Public Arbitrator-Chairman)



Seymour P. Kaye (Public Arbitrator)



Theodore Kilmelman (Industry Arbitrator)

Date of Decision: December 20, 1991