

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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In the Matter of the Arbitration Between

Name of Claimants

A. Robert Galanti  
Bennett Paul Alterman

91-00126

Name of Respondent

Castle Securities Corp.

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REPRESENTATION

For Claimants: Michael K. Wolensky of the law firm of Kutak, Rock & Campbell.

For Respondent: Paul Chernis, Esq. of the law firm of Silverman, Collura & Chernis, P.C.

CASE INFORMATION

Amended Statement of Claim filed on: January 31, 1991.

Claimants' Submission Agreement signed on: December 20, 1990.

Statement of Answer filed by Respondent on: December 4, 1991.

The Respondent did not sign a Submission Agreement as required pursuant to Section 25 (b) (1) of the Code of Arbitration Procedure.

HEARING INFORMATION

Hearing Dates/Sessions: December 4, 1991, 1 Session.  
January 13, 1992, 1 Session.

Hearing Location: NASD offices located in Atlanta, Georgia.

CASE SUMMARY

Claimants alleged that Respondent's employee, Mr. Andrew Lewis Scudiero, effected transactions in the accounts of Claimants without being properly registered to sell securities in Georgia. Claimants further alleged Mr. Scudiero executed an unauthorized trade of stock in Claimant A. Robert Galanti's account; Respondent Castle Securities Corp. made representations that sales transactions had occurred with respect to certain shares previously acquired but then failed and refused to honor those sales contracts even though there is written confirmations as to some of them and Respondent breached the fiduciary duty owed to the Claimants.

Respondent maintained that Claimants had no contact with Michael T. Studer or anyone in a supervisory position at Castle Securities Corp. with respect to their account executives and further maintained Castle Securities Corp. was in possession of new account applications listing New York addresses for Claimants and were signed by Claimants and Castle Securities Corp. justifiably relied upon those applications and rightfully believed Claimants were New York residents and Mr. Ferrara, branch manager of the office where Mr. Scudiero worked, was the registered representative responsible for Claimants' accounts and he was registered with the State of Georgia. Respondent further maintained Castle Securities Corp. executed only those customer transactions which the registered representative provided order tickets for and Claimants' accounts had numerous trade and delivery problems and to resolve such problems, a final settlement was negotiated on October 19, 1991 and the securities in question were never held at Castle Securities Corp. Respondent further maintained almost simultaneously with the October 19, 1991 settlement the branch where Mr. Scudiero and Mr. Ferrara worked was closed. Respondent further maintained relief for Claimants shouldn't be levied against it on the basis that they are "deep pockets."

RELIEF REQUESTED

Claimants A. Robert Galanti and Bennett Paul Alterman requested damages of \$54,406.25 and \$12,187.50 respectively, interest on those amounts from the respective date of investment, expenses, attorneys' fees in amounts to be proved at the hearing, plus punitive damages in the sum of \$100,000.00.

Respondents requested dismissal of all claims against them.

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. The Respondent Castle Securities Corp. be and hereby is liable and shall pay to the Claimant A. Robert Galanti the sum of \$50,197.50, interest specifically excluded;
2. The Respondent Castle Securities Corp. be and hereby is liable and shall pay to the Claimant Bennett Paul Alterman the sum of \$11,250.00, interest specifically excluded;
3. The Claimants' request for Punitive Damages is denied; and
4. The Respondent Castle Securities Corp. be and hereby is liable and shall pay to the Claimants the sum of \$5,500.00 to represent attorneys' fees pursuant to the Georgia Securities Act of 1973, as amended.

FORUM FEES

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

2 sessions X \$750.00 = \$1,500.00 minus hearing session deposit of \$750.00 = net \$750.00 due.

The Respondent Castle Securities Corp. be and hereby is liable and shall pay to the NASD the sum of \$750.00 to represent forum fees.

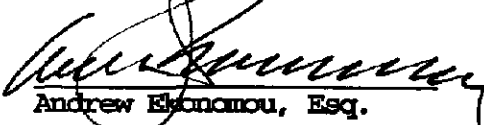
The NASD shall retain the \$200.00 claim filing fee previously deposited by the Claimants.

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

CONCURRING ARBITRATORS' SIGNATURES

  
Richard Allan Kaye, Esq.

Public Arbitrator

  
Andrew Ekonomou, Esq.

Public Arbitrator

  
R. Al Thornton, Jr.

Industry Arbitrator

Date of Decision: 4/6/92

Dated by the NASD: April 20, 1992