

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimants

Richard and Mary Virgile

91-00265

Name of Respondents

Richard A. Chennisi  
Steven Stil  
Robert R. Skoff  
John Moran  
Edward Gonzales

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REPRESENTATION

For Claimants Richard and Mary Virgile ("Claimants"): Richard Virgile.

For Respondent Richard A. Chennisi ("Chennisi"): Jeffrey B. Hulse, Esq..

For Respondent Steven Stil ("Stil"): Steven Stil.

For Respondent Robert R. Skoff ("Skoff"): Steven B. Caruso of the law firm of Caruso & Caruso.

For Respondent John T. Moran ("Moran"): John T. Moran.

For Respondent Edward Gonzales ("Gonzales"): Edward Gonzales.

CASE INFORMATION

Statement of Claim filed: January 23, 1991

Claimants' Original Submission Agreement signed on: June 24, 1990

Claimants' Amended Statement of Claim filed: July 31, 1991

Claimants' Amended Submission Agreement signed on: July 27, 1991

Statement of Answer filed by Chennisi on: June 20, 1991

Chennisi's Submission Agreement signed on: June 18, 1991

Chennisi's Amended Statement of Answer filed on: July 31, 1991

Stil did not file an answer.

Steven Stil's Submission Agreement signed on: December 27, 1991

Skoff's Statement of Answer filed on: June 17, 1991

Skoff's Submission Agreement signed on: June 12, 1991

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Moran's Answer to the Amended Statement of Claim filed on: February 10, 1992  
Moran's Submission Agreement signed on: May 26, 1992

Gonzales Answer to the Amended Statement of Claim filed on: September 13, 1991  
Gonzales' Submission Agreement signed on: September 13, 1991

#### HEARING INFORMATION

Hearing Dates/Sessions: March 10, 1992, preliminary hearing with full panel - two sessions, April 23, 1992 - two sessions, May 26, 1992 - two sessions, June 9, 1992 - two sessions, August 5, 1992 - two sessions, October 5, 1992 - one session - 11 total hearing sessions.

Hearing Location: NASD Office, New York, New York

#### CASE SUMMARY

Claimants alleged that Chennisi made material misrepresentations of material facts to induce Claimants into purchasing ISTECH Industries & Technologies ("ISTECH"). Claimants alleged that, based on the intentional misstatements of Chennisi, Claimant Richard Virgile authorized the purchase of 9000 shares of ISTECH. Claimants alleged that Chennisi wrongfully and without authority purchased 10,000 shares of ISTECH. Claimants alleged that ISTECH was not a suitable stock for their account because it did not meet with their stated investment objective of purchasing undervalued stocks with limited down side risks. Claimants alleged that they advised Chennisi to sell their ISTECH shares if it started trading below 3 1/4 per share. Claimants alleged that they promptly complained regarding the over purchase of ISTECH for their account. Claimants alleged that after they complained about the handling of their account by Chennisi a new broker, Respondent Stil, contacted them advising Claimants that Chennisi had allegedly been promoted and that he, Respondent Stil, was now handling their account. Claimants alleged that Stil made material misstatements to them to induce them to purchase EMS Systems ("EMS"). Claimants alleged that they authorized the purchase of 2500 shares of EMS but when they received their confirmation for the purchase they discovered that Stil wrongfully and without authorization purchased 2800 shares. Claimant Richard Virgile alleged that he immediately complained about Stil's actions to Stil's branch manager, Respondent Skoff. Claimant alleged that Skoff canceled this transaction but told Claimants that it was too late to cancel the ISTECH purchase. Claimants alleged that when Respondents employer J.T. Moran & Co., Inc. ("J.T. Moran") was "raided" by the Securities and Exchange Commission ("SEC") the price per share of ISTECH dropped dramatically and Respondents failed to follow Claimants instructions

and sell ISTEK at 3 1/4 per share. Claimants alleged that they were victims of a fraud and conspiracy perpetrated on them by the Respondents.

Chennisi denied each and every allegation of wrongdoing alleged by Claimants and maintained that, while he was the broker for Claimants, the account was properly managed at all times. Chennisi maintained that all information he provided to Claimants was accurate and true. Chennisi maintained that Richard Virgile placed an order to purchase 10,000 shares of ISTEK. Chennisi maintained that Claimants never told him to sell ISTEK if it fell to 3 1/4 per share. Chennisi maintained that as long as he was the broker on Claimants' account ISTEK was trading above 3 1/4 per share. Chennisi maintained that there was no fraud or conspiracy. Chennisi maintained that by shutting down J.T. Moran, the SEC caused the market for ISTEK to plummet.

Skoff maintained that he was not responsible for any of the trades that took place in Claimants' account and that he acted properly when Claimants complained to him about Stil's handling of the EMS trade. Skoff denied he ever told Claimants that he would personally handle their account or that Stil had been fired. Skoff maintained that he never told Claimants that ISTEK was a safe company or that their position would be liquidated if the stock fell below a certain point.

Stil did not submit an answer to either Claimants' Statement of Claim or Amended Statement of Claim but participated in the hearings and denied any wrongdoing.

Moran categorically denied any wrongdoing in relation to Claimants' account. Among other things, Moran maintained that he had no involvement with regard to Claimants' account and that nothing alleged by Claimants would make Moran personally liable to the Claimants. Moran maintained he made no misstatements, he violated no laws or NASD rule or regulation, he did not effectuate any unauthorized transactions, and he is not liable for failure to supervise other Respondents.

Gonzales denied that he is liable in any way to the Claimants. Gonzales maintained that he was not responsible for conduct that allegedly occurred prior to his employment with J.T. Moran. Gonzales maintained that he acted properly and in good faith at all times.

#### RELIEF REQUESTED

Claimants requested: actual damages in the amount of \$40,162.00, punitive damages in the amount of \$40,162.00, costs, attorneys fees and interest.

Chennisi requested that Claimants' claim be denied in its entirety and that he be awarded costs and an award of attorney's fees.

Skoff requested that Claimant's claim be dismissed against him and that he be

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awarded costs and attorney's fees.

Moran requested that Claimant's claim against him be dismissed and that costs of these proceedings should be borne by the Claimants and that Claimants' should bear his attorneys' fees and expenses in defense of this matter.

Gonzales requested that Claimants' claim against him be dismissed and that he be awarded all costs and expenses incurred by him in defending this matter.

OTHER ISSUES CONSIDERED & DECIDED

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

The panel in a preliminary session with the full Panel and all parties granted Respondent Gonzales' Motion to Dismiss.

The panel concluded that although Stil did not submit an answer in this matter or attend the hearings in this matter, he did execute a Submission Agreement; therefore, pursuant to the bylaws of the NASD, the panel determined that Stil submitted to this arbitration, notwithstanding his failure to file an answer.

AWARD

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

1. That Claimants' claim against Respondent Skoff is dismissed in its entirety.
2. That Respondent Moran is liable to the Claimants and shall pay to the Claimants the sum of THREE THOUSAND AND 00/100 DOLLARS (\$3,000); inclusive of interest.
3. That Respondent Chennisi is liable to the Claimants and shall pay to the Claimants the sum of NINE THOUSAND AND 00/100 DOLLARS (\$9,000); inclusive of interest.
4. That Respondent Stil is liable to the Claimants and shall pay to the Claimants the sum of TWO THOUSAND SEVEN HUNDRED SEVENTY EIGHT AND 30/100 DOLLARS (\$2,778.30); inclusive of interest.
5. That Claimants' claim for punitive damages is denied in its entirety.
6. That the parties shall bear their respective costs, including attorneys' fees.

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FORUM FEES

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


Claimants are assessed forum fees in the amount of amount of \$2200, however they are entitled to offset this amount with their hearing session deposit of \$500 so that the amount due as forum fees from the Claimants is \$1700.

Respondents Chennisi, Skoff, Moran and Stil are jointly and severally assessed forum fees in the amount of \$3,300.

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

Concurring Arbitrator's Signature  
Name

Public/Industry

  
Deborah Sherman, Esq.  
Chairperson

  
Public Arbitrator

NASD Date of Decision: December 28th, 1992

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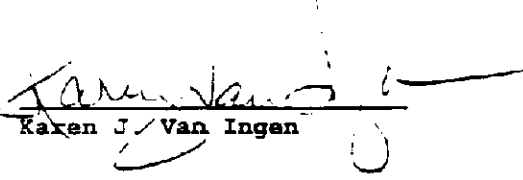
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Concurring Arbitrator's Signature  
Name

Public/Industry

  
Karen J. Van Ingen

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Industry Arbitrator

NASD Date of Decision: December 28th, 1992

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Concurring Arbitrator's Signature  
Name

Public/Industry

  
George J. Masumian

  
Public Arbitrator

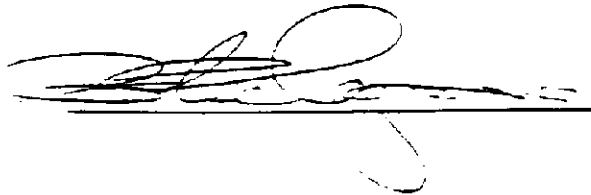
NASD Date of Decision: December 28th, 1992

STATE OF: New York

S.S.I

COUNTY OF: ~~Westchester~~ Westchester

On this 17 day of December 1992, before me personally appeared **George J. Masumian** known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.



PETER J. RUSSO  
Notary Public, State of New York  
Qualified for Westchester County  
Commission Expires November 3, 1994