

N.A.S.D. AWARD**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 Claimant

Shredney Ventures Corp.

91-02451

Name of Respondents

Castle Securities Corp.
Andrew Scudiero
Nicholas Ferrara

REPRESENTATION

For Claimant: Harold Winkler, Esq. of the law firm of Alter & Winkler.

For Respondent Castle Securities Corp: Charles O'Rourke, Esq.

For Respondent Nicholas Ferrara: Howard Greenberg, Esq.

Respondent Andrew Scudiero did not attend the hearing.

CASE INFORMATION

Statement of Claim filed: August 6, 1991.

Claimant's Submission Agreement signed on : July 2, 1991.

The Respondent Andrew Scudiero has failed to file an Answer to the Statement of Claim or sign a Submission Agreement.

Statement of Answer filed by Respondent Castle Securities Corp on: September 30, 1991.

Respondent Castle Securities Corp.'s Submission Agreement signed on: September 27, 1991.

Respondent Nicholas Ferrara's Submission Agreement signed on: October 10, 1991.

Statement of Answer filed by Respondent Nicholas Ferrara on: October 10, 1991.

HEARING INFORMATION

Hearing Dates/Sessions: March 30, 1992, 2 Sessions

Hearing Location: NASD offices located in New York, New York.

CASE SUMMARY

Claimant alleged that it received confirmations from Castle Securities Corp. for the sale of a total of 175,500 Class A Warrants of Lifeline Holdings, Inc. at a price of \$.02 each and the sales were not authorized either verbally or in writing by Claimant and were made without their knowledge. Claimant further alleged Respondents Nicholas Ferrara and Andrew Scudiero maintained they stated the sales had been made in error and would be cancelled and the sales were never cancelled and the proceeds were applied towards the purchase of United Fiber Optics stock which was contrary to Claimant's instructions not to make any transactions in Claimant's account unless written instructions were received by Respondents. Claimant further alleged that 150,000 Lifeline A. Warrants had been transferred from its account for no consideration without their authorization and the signatures produced by Respondents are proposed to be those of Harold E. Winkler and Mr. Winkler advised Claimant he did not sign any authorizations. Claimant further maintained only 40,000 of the A Warrants were returned to its account.

Respondent Castle Securities Corp. maintained Claimant has not claimed any wrongdoing nor has it suffered any damages, with respect to the actions of Castle Securities Corp. or authorized actions of its agents and Castle Securities Corp. executed only those customer transactions which Respondent Nicholas Ferrara provided order tickets for and Nicholas Ferrara disputes the Claimant's assertions that any of the transactions were unauthorized. Respondent Castle Securities Corp. further maintained they properly supervised Nicholas Ferrara and if any of the allegations are true, they were done by Nicholas Ferrara without the knowledge of management and completely beyond the scope of his authority. Respondent Castle Securities Corp. further maintained Claimant never wrote anything addressed to the headquarters of Castle Securities Corp. at Freeport, NY indicating that there were unauthorized transactions in its accounts until December 15, 1990 and the warrants had no intrinsic value and Castle Securities Corp. was no longer a market maker. Castle Securities Corp. further maintained relief should not be levied against it on the basis they are "deep pockets" and they have done nothing wrong.

Respondent Nicholas Ferrara maintained all transactions in the account were authorized and fully disclosed to the customer, who received confirmations for all transactions and he was told that Mr. Harold E. Winkler and Mr. Berglas were listed on the account as well. Respondent Nicholas Ferrara

further maintained Claimant's calculation of damages is erroneous and any damages sustained by the Claimant were due to its own fault and the risks involved in the investments made.

RELIEF REQUESTED

Claimant requested damages of \$93,685.00.

Respondent Nicholas Ferrara requested dismissal of the claim against him.

Respondent Castle Securities Corp. requested dismissal of the claim 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. In accordance with Section 1 of the Code of Arbitration Procedure, the panel ruled it had jurisdiction over the Respondent Andrew Scudiero.
2. In accordance with Section 25 of the Code of Arbitration Procedure, the Respondent Andrew Scudiero was served with the Statement of Claim and given an opportunity to respond which he failed to do.
3. In accordance with Section 21 and Section 26 of the Code of Arbitration Procedure, the Respondent Andrew Scudiero was given due notice of the hearing procedure by regular and certified mail and failed to appear at the hearing.
4. In accordance with Section 29 of the Code of Arbitration Procedure the panel ruled that the Respondent Andrew Scudiero had adequate notice of this hearing and determined to proceed with the Respondent Andrew Scudiero as a party in his absence.
5. The claims by the Claimant against all Respondents be and hereby are denied in all respects.
6. The Claimant's claim for reimbursement of his costs incurred with respect to the purchase of his airline ticket is denied.
7. Each party shall bear their respective costs including attorneys' fees.

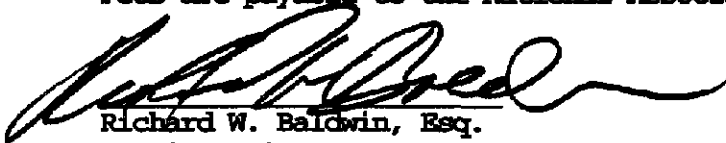
FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following forum fees are assessed.

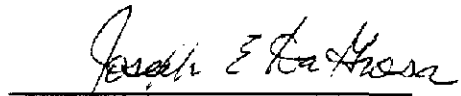
2 sessions X \$500.00 = \$1,000.00 minus hearing session
deposit of \$500.00 = net \$500.00 due.

The Claimant be and hereby is liable and shall pay to the NASD the sum of \$500.00 to represent forum fees.

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


Richard W. Baldwin, Esq.
Public Arbitrator


David Finnegan, Esq.
Public Arbitrator


Joseph E. DaGrosa
Industry Arbitrator

Date of Decision: May 11, 1992