

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Andrew Linz

91-03421

Name of Respondents

Wakefield Financial Corp.
Alexander G. Minella

REPRESENTATION

For Claimant Andrew Linz ("Claimant"): Robert B. Weintraub, a sole practitioner.

For Respondent Wakefield Financial Corp. ("Wakefield") and Alexander G. Minella ("Minella"): Francis J. Murray, a sole practitioner.

CASE INFORMATION

Statement of Claim filed: October 30, 1991.
Claimant's Submission Agreement signed on: October 24, 1991.

Joint Statement of Answer filed by Respondents on: May 5, 1992.
Respondent Wakefield's Submission Agreement signed on: January 13, 1992.
Respondent Minella's Submission Agreement signed on: January 13, 1992.

HEARING INFORMATION

Pre-Hearing Date/Session: September 09, 1992/1 session/1 arbitrator

Hearing Date/Sessions: September 29, 1992

Hearing Location: NASD, Inc./New York, New York.

CASE SUMMARY

Claimant alleged Respondents defrauded him by secretly "rigging" the trading in certain securities (e.g. Topologix, Inc. Media Products, Inc. ComponentGuard, Inc.); represented its

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transactions were conducted at arms-length between independent, competitive firms, concealed that the transactions were collusive; created the appearance that its quotations in the NASDAQ system were honestly set; pre-arranged trades to create the appearance of a genuine market in certain securities and concealed that fact; made false entries upon the books and records of Wakefield; and induced investors to purchase and discouraged investors from selling certain securities. Claimant also alleged violation of the RICO statute.

Respondents alleged Claimant stated no real cause of action against Respondents; Claimant's allegation of artificiality is based on the District Attorney of New York County's theory against Respondents and rests upon two (2) erroneous premises: 1) that every transaction in a given security is inherently fraudulent if underwriters, as they must, seek expressions of interest from potential purchasers in advance of an offering and if they communicate in advance about an offering to potential purchasers and 2) that if market makers who trade in OTC securities fail to set price quotes for the security independently from and in competition with every other market maker who trades in that security a crime has occurred. Respondents alleged these two (2) fallacies were documented in a Special study concerning the OTC market identifying noncompetitive practices by traders in that market which arise out of friendliness between traders. Respondents maintained courts in civil litigation regarding securities fraud have also recognized that the prices of OTC securities are not always set as a result of competition. Respondents denied being a part of any conspiracy which performed any act intended to manipulate or artificially control the market of any security and denied defrauding Claimant.

RELIEF REQUESTED

Claimant requested: actual damages in the amount of \$27,973.41, trebled to an amount of at least \$83,920.23; interest; and attorneys' fees.

Respondents requested: judgment dismissing the Statement of Claim in its entirety; costs and disbursements.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed that the Award in this matter may be

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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.

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- Respondents Wakefield Financial Corporation and Alexander G. Minella hereby are liable, jointly and severally, and shall pay to Claimant, Andrew Linz the sum of \$37,733.15;
- 2- Claimant's RICO claim is denied;
- 3- All other claims are denied;
- 4- Each party shall bear its own expenses, including attorneys' fees.

OTHER COSTS

- 1- Respondents are liable, jointly and severally, in the amount of \$500.00 to represent the fee for the adjournment granted by the arbitration panel in the above-captioned matter on August 24, 1992.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the NASD shall retain the \$150.00 non-refundable filing fee previously deposited by Claimant and 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.

1 pre-hearing session X \$300.00 = \$300.00 due.

Forum fees Assessed Against:

- 1- Respondents, jointly and severally, in the amount of \$800.00. Respondents shall also, jointly and severally,

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reimburse Claimant the sum of \$500.00 to represent the hearing session deposit.

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

ARBITRATOR SIGNATURE

A handwritten signature in cursive script, appearing to read "L. A. Pittore", written over a horizontal line.

Lawrence A. Pittore, Esq./Public Arbitrator

DISSENTING ARBITRATOR SIGNATURE

Lawrence A. Pittore, Esq./Public Arbitrator

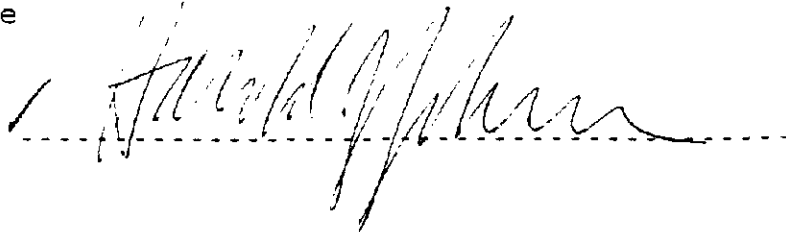
Date of Decision: November 17, 1992

STATE OF NEW YORK

S.S.:

COUNTY OF WESTCHESTER

On this 9th day of NOVEMBER, 1992,
before me personally appeared Lawrence A. Pittore, Esq. known to
me to be the individual described in and who executed the
foregoing instrument and he duly acknowledged to me that he/she
executed the same

A handwritten signature in cursive script, appearing to read "Harold J. Johnson", written over a horizontal dashed line.

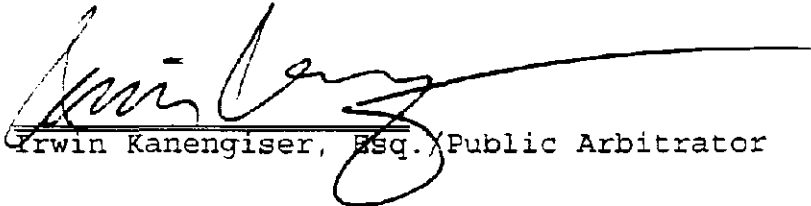
HAROLD J. JOHNSON
Notary Public, State of New York
No. 4639003
Qualified in Westchester County
Commission Expires Jan. 31, 1993

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reimburse Claimant the sum of \$500.00 to represent the hearing session deposit.

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

ARBITRATOR SIGNATURE



Irwin Kanengiser, Esq. / Public Arbitrator

DISSENTING ARBITRATOR SIGNATURE

Irwin Kanengiser, Esq. / Public Arbitrator

Date of Decision: November 17, 1992

STATE OF *New Jersey*
COUNTY OF *Morris*

S.S.:

on this *9th* day of *November*, 1992,
before me personally appeared *Irwin Kanengiser, Esq.* known to me
to be the individual described in and who executed the foregoing
instrument and he duly acknowledged to me that he/she executed
the same

Sonia K. Morasco

SONIA K. MORASCO

NOTARY PUBLIC OF THE STATE OF NEW JERSEY

My Commission expires Mar. 21, 1993

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reimburse Claimant the sum of \$500.00 to represent the hearing session deposit.

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

ARBITRATOR SIGNATURE

Maive R. Giovati, Esq./Public Arbitrator

DISSENTING ARBITRATOR SIGNATURE

Maive R. Giovati
Maive R. Giovati, Esq./Public Arbitrator

Date of Decision: November 17, 1992

STATE OF *New York*
COUNTY OF *N.Y.*

S.S.:

On this *12* day of *Nov.*, 1992,
before me personally appeared **Maive R. Giovati, Esq.** known to me
to be the individual described in and who executed the foregoing
instrument and he duly acknowledged to me that he/she executed
the same

Sandro A. Rogers

SANDRO A. ROGERS
Notary Public, State of New York
No. 31-4833269
Qualified in New York County
Commission Expires Aug. 31, 1993