

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

PUBLIC

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In the Matter of the Arbitration Between

Name of Claimant

Richard J. Seraphin

91-03633

Name of Respondents

Mid-State Securities Corp.  
John Bendokas  
Randolph L. Messina  
Nicholas A. Codispoti

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REPRESENTATION

For Claimant Richard J. Seraphin: Mitchell Cobert, Esq. of the Law Office of Mitchell Cobert.

For Respondents Mid-State Securities Corp., John Bendokas, Randolph L. Messina and Nicholas A. Codispoti: Gary Redish, Esq. of Dunn, Pashman, Sponzilli, Swick & Finnerty.

CASE INFORMATION

Statement of Claim filed on: November 15, 1991.

Claimants' Submission Agreement signed on: November 7, 1991.

Joint Statement of Answer filed by Respondents, Mid-State Securities Corp., John Bendokas, Randolph L. Messina and Nicholas A. Codispoti on: January 22, 1992.

The Respondents did not submit any Submission Agreements.

HEARING INFORMATION

Hearing Dates/Sessions: August 4, 1992/2 sessions  
August 5, 1992/2 sessions

Hearing Location: NASD, New York, NY.

CASE SUMMARY

Claimant, alleged that Respondent Benokas, employed by Respondent Mid-State Securities Corp., convinced Claimant to sell his tax-free municipal bonds and invest in Ledgewood, a limited partnership, which had no similar attributes of safety and continuous dividends. Claimant further alleged Respondent Bendokas represented that Claimant would receive a profit of between 20% to 30% over his original investments and Respondent Bendokas either knew these comments were false or were made with reckless disregard for the truth. Claimant further alleged he relied to his detriment on Respondent Bendokas' representations and would not have invested his assets in Ledgewood had these representations not been made and this investment was unsuitable and inappropriate for Claimant. Claimant further alleged he never received a private placement memorandum about Ledgewood from any of the Respondents and alleged Respondents violated state securities laws, NASD Rules of Fair Practice, common law fraud, breach of contract and breach of fiduciary responsibility.

Respondents maintained that Claimant received a copy of the private placement memorandum for Ledgewood and he signed documents that he did receive the private placement memorandum. Respondents further maintained that Respondents' did not misrepresent any facts or violate any of the aforementioned rules. Respondents asserted the following defenses: estoppel, waiver, unclean hands, laches, damages were caused by Claimant's act, and other various defenses.

RELIEF REQUESTED

Claimant requested:

- a) with regard to Ledgewood Property, L.P. program rescission and restitution of \$50,000.00 plus penalties.
- b) punitive damages.
- c) compensatory damages.
- d) interest at 12% per annum.
- e) counsel fees and costs.
- f) such other and further relief as this tribunal may seem fair and just.

Page three  
Award 91-03633

Respondents requested: dismissal of all claims in their entirety.

**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 original remains on file with the NASD.

The arbitration panel made the following rulings with regard to the Respondent:

1. In accordance with Section 12 of the Code of Arbitration the panel ruled that it had jurisdiction over the Respondents.

**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 Mid-State Securities Corp., John Bendokas and Nicholas Codispoti, be and hereby are liable, jointly and severally, and shall pay to Claimant the sum of \$25,000.00, with interest at the rate of 9% from the date of issuance of the award;
2. All claims against Respondent Randolph L. Messina are dismissed in their entirety;
3. The Claimant's claim for punitive damages is denied;
4. The Claimant's request for rescission is denied;
5. Each party shall bear their respective costs, including attorneys' fees.

Page five  
Award 91-03633

CONCURRING ARBITRATORS' SIGNATURE

Paul E. Barr

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Date of Decision: August 26, 1992

Dated by the NASD: August 26, 1992

Page four  
Award 91-03633

FORUM FEES

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

4 sessions x \$400.00 = \$1,600.00 less \$400.00 hearing session deposit = \$1,200.00 net due.

Forum Fees Assessed Against:

The Respondents, Mid-State Securities Corp., John Bendokas, Randolph L. Messina, and Nicholas Codispoti be and hereby are liable jointly and severally and shall pay to the NASD the sum of \$800.00 to represent forum fees.

The Claimant be and hereby is liable and shall pay the NASD the sum of \$400.00 to represent forum fees.

The NASD shall retain the \$120.00 filing fee and \$400.00 hearing session deposit previously deposited by Claimant.

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

ARBITRATION PANEL

Name

Public/Industry

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Page five  
Award 91-03633

CONCURRING ARBITRATORS' SIGNATURE

Jane M. Cury  
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Dated by the NASD: August 26, 1992

Date of Decision: August 5, 1992

Page five  
Award 91-03633

CONCURRING ARBITRATORS' SIGNATURE

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*C. N. Krom*  
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Date of Decision: August 26, 1992