

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Karol Baron

Case No. 91-03696

Name of Respondents

Paragon Capital Corp. and
Robert Jaffe

REPRESENTATION

For Claimant, Karol Baron ("Baron"): Howard J. Nussbaum, Esq. of Weinstein Zimmerman and Nussbaum, P.A.

For Respondents, Paragon Capital Corporation ("Paragon"): Anthony A. Rolle, Esq. of Broad and Cassel. For Respondent, Robert Jaffe ("Jaffe"): Pro Se.

CASE INFORMATION

Statement of Claim filed: November 21, 1991. Claimant's Submission Agreement signed on: November 12, 1991.

Respondent Paragon's Statement of Answer filed: February 10, 1992. Respondent's Submission Agreement signed: February 12, 1992 by Danny T. Levine.

Respondent Robert Jaffe's, Statement of Answer filed: February 13, 1992. Respondent's Submission Agreement signed: January 23, 1992 by Robert Jaffe.

HEARING INFORMATION

On November 4, 1992, in Fort Lauderdale, Florida, a hearing lasting 1 session was conducted; on February 5, 1993, in Fort Lauderdale, Florida, a hearing lasting 1 session was conducted; and on May 21, 1993, in Fort Lauderdale, Florida, hearings lasting 2 sessions were conducted.

CASE SUMMARY

Claimant Baron alleged that Respondent Jaffe, as agent for Respondent Paragon, churned Baron's account, failed to advise Baron of the risks involved, and mislead him. More specifically, Baron alleged that securities, which included "Unity Health Care" stock and "Paragon Club Theater Network" stock, were purchased, sold and repurchased with frequent promises that the stock would climb. Baron further alleged that as Paragon was the issuing brokerage house, it was always suggested to him that Jaffe had the inside information on the future movement of the securities. Baron alleged that he purchased approximately \$76,000.00 in securities which have declined in aggregate value to less than \$10,000.00.

Respondent, Jaffe denied all allegations of wrongdoing and alleged that Baron made a profit on 80 % of his transactions done through Respondent Jaffe, and that Baron did not follow his advise and would have limited his losses if he had followed Jaffe's advise.

Respondent, Paragon denied all allegations of wrongdoing and alleged that none of Baron's allegations of wrongdoing on the part of Respondent Jaffe were directed to the attention of the Branch Manager or the Compliance Officer for Paragon prior to the receipt of the Statement of Claim.

RELIEF REQUESTED

Claimant requested damages in the sum of \$76,000.00

Respondent Jaffe and Respondent Paragon requested that the Statement of Claim be dismissed.

OTHER ISSUES CONSIDERED & DECIDED

1. Respondent Paragon filed a request for Entry of Order to limit issues and Claimant Baron filed a response thereto. The Panel denied the request without prejudice.
2. Respondent Paragon filed a Motion to Dismiss pursuant to Section 16 of the NASD Code of Arbitration Procedure and an Amended Motion to Dismiss pursuant to Section 16. Claimant Baron filed a Motion to Strike Respondent, Paragon's Amended Motion to Dismiss Proceedings, and Respondent Paragon filed a Reply to Claimant's Motion to Strike Amended Motion to Dismiss Proceedings. The panel denied the Motion to Dismiss.
3. Respondent Robert Jaffe settled the claim filed against him and he was subsequently dismissed from the arbitration prior to the final hearing.

4. Claimant and Respondent Paragon have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award be entered. In either case, these 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 arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent, Paragon Capital Corporation, is found liable and shall pay to the Claimant the amount of Four Thousand Nine Hundred Ninety Nine Dollars and No Cents (\$4,999.00).

OTHER COSTS

The parties shall each bear all other costs and expenses incurred by them in connection with this proceeding including attorney's fees.

FORUM FEES

1. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the Panel has assessed forum fees in the amount of \$2,000.00 (4 sessions x \$500.00).

2. Claimant is hereby assessed \$1200.00 for which the NASD shall retain the \$500.00 previously deposited in partial satisfaction thereof, leaving a balance due to the NASD of \$700.00 payable to the National Association of Securities Dealers, Inc.

3. Respondent, Paragon is hereby assessed \$800.00 payable to the National Association of Securities Dealers, Inc.

4. The NASD shall retain the non-refundable filing fee of \$150.00 paid by the Claimant.

5. The NASD shall retain the hearing session deposit of \$500.00 paid by Claimant, Karol Baron.

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

Concurring Arbitrator's Signatures:

SL

Presiding, Public Arbitrator

SL

Public Arbitrator

SL

Industry Arbitrator

Date of Decision: 9/13/93