

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Marvin and Flora Maria Negron

Case No. 92-00776

Name of Respondent(s)

Advest, Inc.
Joseph Karcagi

REPRESENTATION

For Claimants, Marvin and Flora Maria Negron ("the Negrons"): Catherine Nathan, Esq. of Brandeis, Bernstein & Wasserman.

For Respondents, Advest, Inc. ("Advest") and Joseph Karcagi ("Karcagi"): William C. Freitag, Esq. of The Advest Group, Inc.

CASE INFORMATION

Statement of Claim filed: March 4, 1992. Claimants' Submission Agreement signed: February 21, 1992.

Respondents Joint Statement of Answer filed: May 5, 1992. Respondent, Advest's, Submission Agreement signed: May 5, 1992 by William C. Freitag on behalf of Advest, Inc.

Respondent, Karcagi, did not sign a Submission Agreement as required by Section 25 of the Code.

HEARING INFORMATION

On February 11, 1993, in Tampa, Florida, a hearing lasting two (2) sessions was conducted.

CASE SUMMARY

Claimants alleged that they were totally unsophisticated investors with very limited assets when Respondent, Karcagi, encouraged Mr. Negron to invest their funds with Advest. Claimants alleged that despite their stated investment objectives of conservative investments for the family's security which would also provide some income, Karcagi purchased substantial holdings in oil

and gas securities which he aggressively traded providing minimal benefit to Claimants but substantial commissions to Respondents, and a Franklin Government Securities fund. Claimants further alleged that in early 1987, Karcagi urged them to trade on margin which Claimants alleged they knew nothing about and that Karcagi failed to fully explain the facts and consequences of. Claimants maintained that as a consequence of the wrongful actions of Respondents described above, they sustained substantial losses of principal and that at the same time Respondents enjoyed substantial commissions and margin interest.

Respondents denied all allegations of wrongdoing contained in the Statement of Claim and maintained that through frequent conversations with Karcagi, Claimants were aware of their account's positions and risks they had undertaken, that Claimants received research on all investments suggested to them, confirmations for all trades and monthly account statements which displayed the accounts equity and provided monthly information on profit and losses to Claimants. Respondents further maintained that Claimants authorized all trading which took place in their account but that the account was liquidated when Claimants could not meet margin calls. Respondents denied responsibility for any portion of Claimants' losses.

RELIEF REQUESTED

Claimants requested an award of damages in the amount of \$50,000.00 together with interest from March, 1986, punitive damages, reasonable attorneys' fees and such further relief as the arbitrators deem just and adequate.

Respondents requested all costs for transportation, meals, lodging for both Respondents and their witnesses, attorney's fees, filing fees and compensation for injuries to the reputations of Advest, professionally and Karcagi, professionally and personally.

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.

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. Respondents, Advest and Karcagi, are found liable, jointly and severally, and shall pay to Claimants the sum of Seventy Two Thousand Dollars and No Cents (\$72,000.00) including interest.
2. Respondents, Advest and Karcagi, are also found liable, jointly and severally, and shall pay to Claimants the further amount of \$10,000.00 for attorney's fees pursuant to Section 517.211, Florida Statutes.

3. Claimants' request for punitive damages is hereby denied.
4. All other Claims are hereby denied.

OTHER COSTS

The parties shall each bear all other costs and expenses incurred by them in connection with this proceeding.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the Panel has assessed forum fees in the amount of \$800.00 (two sessions x \$400.00 per session).

Respondents are hereby assessed \$800.00 jointly and severally, \$400.00 payable directly to the Claimants and \$400.00 payable to the National Association of Securities Dealers, Inc.

The NASD shall retain the non-refundable filing fee of \$120.00 paid by the Claimants.

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

Concurring Arbitrators' Signatures

/s/

Jerry M. Hamovit, Esq.

Public

/s/

Regar Mickler

Industry

/s/

James B. Williams

Public

Date of Decision: March 18, 1993