

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Linda, Julie & Andrew Petitti

v.

Case #
92-00822

Name of Respondents

Norstar Brokerage Corporation
Robert T. Lowe
Neal Boshnak
Robert Rosencrantz

REPRESENTATION

For Claimants, Linda and Julie and Andrew Petitti ("Claimant"), Robert S. Sinsheimer, Esq., from the law firm of Sinsheimer, Levine & Hurvitz.

For Respondents, Norstar Brokerage Corporation ("Norstar"), Neal Boshnak ("Boshnak"), and Robert Rosencrantz ("Rosencrantz"), Martin S. Berglas, Esq.

Respondent, Robert T. Lowe ("Lowe"), was not represented by counsel.

CASE INFORMATION

Statement of Claim was filed on March 6, 1992.

Claimants' Submission Agreement was signed on October 12, 1991.

Joint Statement of Answer was filed by Norstar, Boshnak and Rosencrantz on July 17, 1992.
Norstar's Submission Agreement was signed on July 15, 1992.

Boshnak's Submission Agreement was signed on July 15, 1992.

Rosencrantz's Submission Agreement was signed on July 15, 1992.

Lowe did not file a Statement of Answer.

Lowe did not execute a Submission Agreement.

HEARING INFORMATION

Hearing Date/Sessions: April 20, 1993 - Two Sessions.

Hearing Location: National Association of Securities Dealers, Inc.'s offices located at 260 Franklin Street, Boston, Massachusetts.

CASE SUMMARY

Claimants allege that Linda and Julie Petitti opened an account with Norstar which was to be managed by their father, Andrew Petitti. Claimants further allege that Andrew Petitti informed a Norstar representative that he would conduct all the trading in his daughter's account and that the transactions would be the same as in his account but on a smaller scale. Claimants state that Linda and Julie executed a Power of Attorney in favor of their father who executed a Financial Responsibility Statement.

Claimants further allege that on about October 26, 1987, Respondents without authorization or advance notice to Claimants, bought back 13 put positions in the account at a price in excess of \$110,000.00 which later resulted in margin call of \$18,300.00. Claimants state that had Respondents not bought back the positions, the account would have lost only \$48,000.00. Thus, the unauthorized trades caused the Claimants damages in excess of \$80,000.00. Claimants states that they are entitled to damages based upon the following theories of recovery, breach of contract, misrepresentation and breach of duty of care.

Respondents deny any and all allegations of wrongdoing asserted by the Claimants. Respondents contend that Andrew Pettiti, while he was granted third-party trading authority in his daughters' account, is not a proper party to this arbitration because there has been no allegation of wrongdoing in his account.

Respondent state that Claimants in opening the account granted Norstar the absolute and unequivocal right to repurchase any securities that were held "short" in the account without making any demands or giving any advance notice to Claimants which is standard in the securities industry. Respondents allege that as a result of the stock market break of October 19, 1987, the naked options positions in the account dramatically increased in value which caused the account to fall below the minimum margin requirements of Norstar and the New York Stock Exchange and increased Norstar's and Claimants exposure.

Respondents contend that in light of the account agreement, Norstar did not have to contact Claimants but tried to do so. Respondents further contend that Mr. Petitti's power of attorney was specifically limited to the placement of orders to sell and purchase securities and did not extend to margin problems.

RELIEF REQUESTED

Claimants request and award of \$81,192.42 plus interest at a rate of twelve percent (12%) from October 28, 1987, punitive damages and attorney's fees.

Respondents request that the claim be dismissed and all costs should be assessed against the Claimants.

OTHER ISSUES CONSIDERED AND DECIDED

All parties present at the hearing have agreed to receive conformed copies of the decision.

Lowe did not appear at the hearing to defend the allegations asserted by Claimants. Based upon the evidence submitted by the NASD concerning notice given to the parties about this hearing, and pursuant to Sections 25 and 29 of the Code of Arbitration Procedure, this panel has determined that notice was given and proceeded with the hearing in his absence.

AWARD

After considering the pleadings, the testimony, the evidence presented at the hearing and Claimants' post-hearing submission, the undersigned arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. All claims asserted by the Claimants are denied in their entirety.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following Forum Fees are assessed equally against all parties.

Non-refundable Filing Fee: \$150.00.

Hearing Session Fees: \$500.00 x 2 sessions = \$1,000.00.

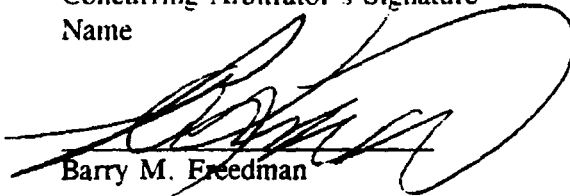
1. Claimants deposited \$150.00 and is entitled to a refund of \$75.00.
2. Respondents shall satisfy the of forum fees assessed by reimbursing Claimants \$75.00 and by remitting the balance of \$500.00 to the NASD.

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

ARBITRATION PANEL

Gerard S. Marsan. Esq.	-	Public Chairperson
Simon J. Tager	-	Public Panelist
Barry M. Freedman	-	Industry Panelist

Concurring Arbitrator's Signature
Name

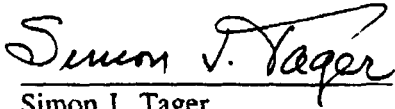

Barry M. Freedman

Date of Decision: June 22, 1993

ARBITRATION PANEL

Gerard S. Marsan. Esq.	-	Public Chairperson
✓ Simon J. Tager	-	Public Panelist
Barry M. Freedman	-	Industry Panelist

Concurring Arbitrator's Signature
Name


Simon J. Tager

Date of Decision: June 22, 1993

ARBITRATION PANEL

Gerard S. Marsan, Esq.	-	Public Chairperson
Simon J. Tager	-	Public Panelist
Barry M. Freedman	-	Industry Panelist

Concurring Arbitrator's Signature
Name


Gerard S. Marsan, Esq.

Date of Decision: June 22, 1993