

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant(s)

G. Robert Abrams  
Michael A. Ruderman

92-01613

Name of Respondent(s)

Schonfeld Securities Inc.  
Ronald K. Harrison  
Kathryn A. Licursi  
Stephen B. Schonfeld

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REPRESENTATION

For Claimants G. Robert Abrams & Michael A. Ruderman: David Robbins, Esq. of Kaufman, Gildin & Carlin.

For Respondents Schonfeld Securities Inc., Ronald Harrison, Kathryn Licursi and Stephen Schonfeld: Edward R. Curtin of Gersten Savage, Kapluite and Curtin.

Respondent Ronald Harrison did not appear.

CASE INFORMATION

Statement of Claim filed: May 11, 1992.

Claimant Robert Abrams' Submission Agreement filed on: April 30, 1992.

Claimant Michael Ruderman's Submission Agreement signed on: May 2, 1992.

Joint Statement of Answer filed by Respondents Schonfeld Securities, Kathryn Licursi & Stephen Schonfeld on: May 17, 1992.

Respondents Schonfeld Securities, Kathryn Licursi and Stephen Schonfeld's Submission Agreement signed on: July 17, 1992.

Respondent Ronald Harrison did not file an Answer or Submission Agreement as required by the NASD Code of Arbitration Procedure.

#### HEARING INFORMATION

Hearing Dates/Sessions:            January 20, 1993 / Two Sessions  
   January 21, 1993 / Two Sessions  
   February 1, 1993 / Two Sessions

Hearing Location: NASD offices located in New York City, New York.

#### CASE SUMMARY

Claimants Robert Abrams ("Abrams") and Michael Ruderman ("Ruderman"), alleged that in 1989 Respondent, Ronald K. Harrison, ("Harrison") ran an advertisement in The New York Times in which he solicited investors interested in high returns on their money. Claimants independently called the telephone number in the advertisement and later each met separately with Harrison. Claimants allege that during those meetings, Harrison stated that he was a registered representative with Respondent Schoenfeld Securities, Inc. ("Schoenfeld"). However, neither Abrams or Ruderman ever met with Harrison at Schoenfeld's offices. As a follow up to his meeting with Harrison, Abrams states that he telephoned Schoenfeld and spoke to Respondent Kathryn Licursi ("Licursi"), a vice president at Schoenfeld. He allegedly questioned her about Harrison and was told that Harrison was registered with Schoenfeld and that she was not aware of any prior or pending complaints against him. She also allegedly informed Abrams that Schoenfeld was a member of the NASD, and that it traded predominately for itself. Abrams claims that Licursi also indicated that she was aware of an investment club account called Genesis run by Harrison. Following this and other inquiries, Abrams agreed to give Harrison \$30,000.00 to invest in the Genesis account; he later gave Harrison another \$25,000.00. Ruderman, after meeting Harrison at Harrison's home and later, telephoning Abrams, whom Harrison had given as a reference, also gave Harrison \$25,000.00 to invest. None of the checks given to Harrison by Ruderman or Abrams was drawn payable to Schoenfeld. Claimants now claim that Harrison has absconded with their money and they seek recovery from him based on, inter alia, fraud and conversion. In May of 1990, Abrams notified the FBI, the SEC and the NASD of Harrison's actions and disappearance. At the arbitration, Abrams also introduced a default decision issued by the NASD against Harrison which required Harrison to repay Abrams. That decision also fined and disbarred Harrison from the NASD. Harrison did not appear at the arbitration hearings and apparently cannot be located. Claimants seek recovery against the other Respondents based on, inter alia, violations of various NASD rules and regulations and failure to properly supervise Harrison.

Respondents answered Claimants' allegations, claiming that the actions taken by Harrison with regard to Claimants were not on Schoenfeld's behalf nor at its request. They allege that Harrison did not act as a broker for Schoenfeld but was merely registered with them in order to trade Schoenfeld's account. There was evidence that Harrison's business card did not contain Schoenfeld's name and that Claimants did not receive monthly statements from Schoenfeld. Evidence additionally established that neither Claimant ever visited Harrison at Schoenfeld's offices. Respondents maintained that not only are both Claimants experienced and sophisticated investors, but that Abrams is also an attorney who had worked in the securities industry prior to these events.

Respondents allege both Claimants should have been and were aware of the risks and potential problems inherent in the scheme proposed to them by Harrison but that both elected to ignore those risks in search of high returns on their money.

#### **RELIEF REQUESTED**

Claimants requested for Abrams \$32,353.00 and for Ruderman \$28,726.00 in compensatory damages which included interest. The Claimants also requested punitive damages.

Respondents requested all claims be dismissed in their entirety.

#### **AWARD**

After considering the pleadings, the testimony and the evidence presented at the hearing and post hearing submissions, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. All claims against Schoenfeld Securities, Inc., Kathryn A. Licurisi, and Stephen B. Schoenfeld are denied.
2. Michael A. Ruderman's claims against Ronald K. Harrison are denied without prejudice to renew upon effective notice to Harrison.
3. Each party shall bear its own costs including attorneys' fees.
4. All other claims are hereby denied.

#### **FORUM FEES**

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

Respondents, Schonfeld Securities, Inc., Ronald Harrison, Kathryn Licursi and Stephen Schonfeld be and hereby are liable, jointly and severally, and shall pay the NASD the sum of \$1,500.00 to represent forum fees.

The NASD shall retain the \$150.00 filing fee and \$500.00 hearing session deposit previously deposited by Claimants.

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

**ARBITRATION PANEL**

\_\_\_\_\_  
Public Arbitrator

Charles C. Marotta  
Charles C. Marotta

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Public Arbitrator

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Industry Arbitrator

Date of Decision:

STATE OF:

SS:

COUNTY OF:

On this      day of      , 1993, before me personally appeared Melvin Lyon know and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

STATE OF:

NY

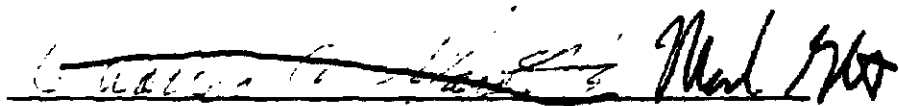
SS:

COUNTY OF:

NY

On this 8 day of March, 1993, before me personally appeared Charles C. Marotta known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

MARCO GLUT  
Notary Public, State of New York  
No. 0000000  
Qualified in Queens County  
Commenc. Expires April 20, 1994



STATE OF:

SS:

COUNTY OF:

On this      day of      , 1993, before me personally appeared Karen J. Van Ingen, Esq. known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

6 sessions x \$500.00 = \$3,000.00 less \$500.00 hearing  
session deposit = \$2,500.00 net due.

Forum Fees Assessed Against:

Claimants, G. Robert Abrams and Michael A. Ruderman, be and hereby are liable, jointly and severally, and shall pay the NASD the sum of \$1,000.00 to represent forum fees.

Respondents, Schonfeld Securities, Inc., Ronald Harrison, Kathryn Licursi and Stephen Schonfeld be and hereby are liable, jointly and severally, and shall pay the NASD the sum of \$1,500.00 to represent forum fees.

The NASD shall retain the \$150.00 filing fee and \$500.00 hearing session deposit previously deposited by Claimants.

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

**ARBITRATION PANEL**

Melvin Lyon  
Melvin Lyon / Chairperson

Public Arbitrator

Charles C. Marotta

Public Arbitrator

Karen J. Van Ingen, Esq.

Industry Arbitrator

Date of Decision:

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**ARBITRATION PANEL**

\_\_\_\_\_  
Melvin Lyon / Chairperson

Public Arbitrator

\_\_\_\_\_  
Charles C. Marotta

Public Arbitrator

  
\_\_\_\_\_  
Karen J. Van Ingen, Esq.

Industry Arbitrator

Date of Decision:

STATE OF:

SS:

COUNTY OF:

On this        day of       , 1993, before me personally appeared ~~Melvin Lyon~~ know and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

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STATE OF:

SS:

COUNTY OF:

On this        day of       , 1993, before me personally appeared **Charles C. Marotta** known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

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STATE OF:

*New York*

SS:

COUNTY OF:

*New York*

On this 19<sup>th</sup> day of March, 1993, before me personally appeared **Karen Van Ingen, Esq.** known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

*Mark O. Galt*

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**MARK O. GALT**  
Notary Public, State of New York  
No. 408990  
Qualified in Queens County

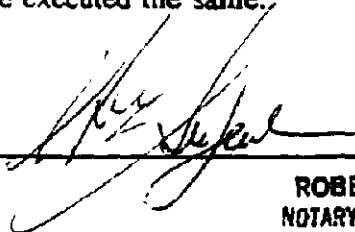


STATE OF: NEW JERSEY

SS:

COUNTY OF: BERGEN

On this 19 day of March, 1993, before me personally appeared Melvin Lyon know and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.



ROBERT L. GUGENHEIM  
NOTARY PUBLIC OF NEW JERSEY  
MY COMMISSION EXPIRES JUNE 20, 1993

STATE OF:

SS:

COUNTY OF:

On this      day of      , 1993, before me personally appeared Charles C. Marotta known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

STATE OF:

SS:

COUNTY OF:

On this      day of      , 1993, before me personally appeared Karen Van Ingen, Esq. known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.