

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

PUBLIC

In the Matter of the Arbitration Between

Name of Claimant(s)

Michael E. Fareri
Vincent D'Angelo
Fareri Bros, Inc.

92-01793

Name of Respondent(s)

Wayne Grayson Capital Corp.
Frank Ravenna

REPRESENTATION

For Claimants: William Greenberg, Esq.

For Respondent Wayne Grayson Capital Corp: Thomas A. Rigilano, Esq. of Gusrae, Kaplan & Bruno.

For Respondent Frank Ravenna: Frank Ravenna, appearing *pro se*.

CASE INFORMATION

Statement of Claim filed: May 29, 1992.

Claimant, Michael E. Fareri's Submission Agreement signed on: August 13, 1992.

Claimant, Vincent D'Angelo's Submission Agreement signed on: May 22, 1992.

Claimant, Fareri Bros., Inc.'s Submission Agreement signed on: August 10, 1992.

Statement of Answer and Cross-Claim filed by Respondent, Wayne Grayson Capital Corporation on: February 3, 1993.

Respondent, Wayne Grayson Capital Corporation has not filed a Submission Agreement as required pursuant to Section 25 of the Code of Arbitration Procedure.

Respondent Frank Ravenna has not filed a Statement of Answer as required pursuant to Section 25 of the Code of Arbitration Procedure.

Respondent, Frank Ravenna's Submission Agreement signed on: June 15, 1993.

HEARING INFORMATION

Pre-Hearing Conference: May 10, 1993/One Session.

Hearing Dates/Sessions: May 15, 1993/One Session.

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

CASE SUMMARY

Claimants Michael E. Fareri("Fareri") and Vincent D'Angelo("D'Angelo") allege that Respondent Frank Ravenna("Ravenna") solicited certain investments in stock options and index options on behalf of their individual accounts which were unsuitable for their investment objectives. Claimants further allege that Respondent Ravenna, within the scope of his employment by Respondent Wayne Grayson Capital Corp.("Grayson"), misrepresented the risks of the trading and the status of their accounts and recommended the investment program for the sole purpose of generating excessive commissions, in violation of Respondent Ravenna's fiduciary obligation to his customers. Claimants Fareri and D'Angelo further allege that the investment program was conducted without proper and adequate supervision by Respondent Grayson in violation of the rules and procedures of the SEC and SROs governing options. Claimant D'Angelo also alleges that Respondent Ravenna acted without authority in selling WCI Holding Corp and Lone Star Industries securities. Claimant Fareri Bros., Inc.("Fareri Bros.") alleges that a check, which Respondent Ravenna was specifically instructed to deposit in Claimant Fareri Bros. account, was improperly deposited in Claimant Fareri's account.

Respondent Wayne Grayson Capital Corporation maintained that they acted in good faith and did not induce any actions that could form the basis of liability to Claimants. Respondent Grayson further maintained the damages of the Claimants, if any, are the proximate result of the culpable conduct of persons other than the Respondent, Wayne Grayson Capital Corp. or are the proximate result of market conditions, and/or other factors beyond the control of Respondent Wayne Grayson Capital Corp. and Claimants are therefore barred from seeking recovery of such damages from Wayne Grayson Capital Corp. Respondent Grayson also filed a Cross-Claim in which they allege, in the event that Respondent Ravenna engaged in any practices which could form the basis of liability to the Claimants, that such practices were undertaken outside the scope of Respondent Ravenna's association with Respondent Grayson and that Respondent Grayson had no knowledge or reason to believe in the existence of such practices.

Respondent Ravenna failed to file a Statement of Answer. At the hearing, Respondent Ravenna refused the opportunity to move for a postponement and left the hearing after his opening statement.

RELIEF REQUESTED

Claimant Michael E. Fareri requested that he be awarded \$113,602.89 plus interest from 6/30/91, plus costs, disbursements, attorneys' fees and punitive damages.

Claimant Vincent D'Angelo requested two awards in the amounts of \$115,630.67 and \$40,437.38, respectively, plus interest, punitive damages, disbursements and costs, including reasonable attorneys' fees.

Claimant Fareri Bros. requested an award in the sum of 100,000 plus interest from 3/4/91, along with costs, disbursements, reasonable attorneys' fees, and punitive damages.

Respondent Grayson requested that the claim be dismissed in its entirety as to it, that an award over and against Frank Ravenna be rendered for the full amount of any award obtained by Claimants against Respondent Grayson, and that costs be awarded in its favor.

OTHER ISSUES CONSIDERED & DECIDED

Prior to the commencement of the first hearing session the arbitration panel was informed that Claimants withdrew with prejudice their claims against Respondent Wayne, Grayson Capital Corp. and the Respondent Grayson withdrew without prejudice its cross-claims against Respondent Ravenna. The panel was further informed that Claimant Ferari Bros. was withdrawing with prejudice all claims against both Respondents.

The Claimants and the Respondent Ravenna agreed to submit the case to a panel consisting of two arbitrators.

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:

- a) Respondent Frank Ravenna is hereby liable and shall pay to Claimant Michael E. Fareri the sum of \$113,000. This amount is inclusive of interest.
- b) Respondent Frank Ravenna is hereby liable and shall pay to Claimant Vincent D'Angelo the sum of \$50,500. This amount is inclusive of interest.

- c) The claims for punitive damages are hereby denied.
- d) Each party shall bear their respective costs, including attorneys' fees.


FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fee(s) are assessed.

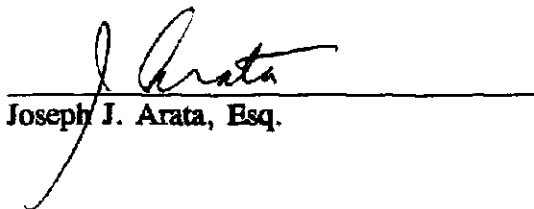
1 session(\$750) + pre-hearing conference(\$300) = \$1,050, less Claimants' hearing session deposit(\$750), less Respondent Grayson's hearing session deposit of 600 = 0 due

Concurring Arbitrators' Signatures
Name

Public/Industry


Jerome Goodgal

Public Arbitrator


Joseph J. Arata, Esq.

Public Arbitrator

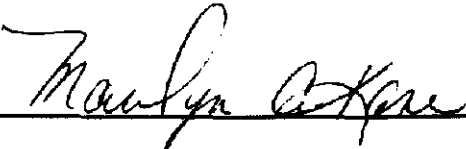
Date of Decision: July 19, 1993

STATE OF: *NEW JERSEY*

SS:

COUNTY OF: *PASSAIC*

On this *12* day of *July*, 1993, before me personally appeared Jerome Goodgal 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.



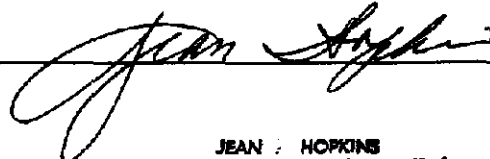
MARILYN A. KANE
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES OCTOBER 25 1995

STATE OF: *NEW YORK*

SS:

COUNTY OF: *NEW YORK*

On this *15* day of *JULY*, 1993, before me personally appeared Joseph J. Arata, 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.



JEAN P. HOPKINS
Notary Public, State of New York
No. 41-4652889
Qualified in Queens County
Certificate filed in New York County
Commission Expires

5-31-95