

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

John and Santa Natoli

92-02273

Name of Respondent(s)

Princeton Securities Corp.
Leonard Neuhaus

REPRESENTATION

For Claimants: Kathrine Nathan, Esq., of Brandeis, Bernstein & Wasserman.

For Respondent, Princeton Securities Corp: Kenneth A. Kamen of Princeton Securities Corp.

CASE INFORMATION

Statement of Claim filed: July 8, 1992.

Claimant's Submission Agreement signed on: June 22, 1992.

Statement of Answer filed by Respondent, Princeton Securities Corp. on: August 3, 1992.

Respondent Princeton Securities Corp's Submission Agreement signed on: July 31, 1992.

Respondent, Leonard Neuhaus, did not submit an executed Submission Agreement, and he did not file a Statement of Answer.

HEARING INFORMATION

Hearing Date/Session: February 9, 1992 - One Session

Hearing Location: NASD, Inc. - New York City, New York

CASE SUMMARY

Claimants allege that Respondent, Leonard Neuhaus ("Neuhaus"), executed an unauthorized purchase of 10,000 shares of Networked Pictures Systems, Inc. ("NPSI"). Claimants allege that Neuhaus induced them to pay for this purchase by giving them a written guarantee to cover any loss that might result. Claimants allege that Respondent, Princeton Securities Corp. ("PSC") is liable for failure to supervise the activities of Neuhaus.

Claimants allege that they had an account with Neuhaus at a different brokerage firm but they were unhappy with his handling of their account and they chose not to follow him to PSC. Claimants allege that they did not have an account at PSC and never intended to open an account at PSC.

Claimants allege that after the unauthorized purchase they requested that the position be sold. Claimants allege that the position was not sold pursuant to their request, nor would Respondents returned the money they gave to Neuhaus for the purchase.

Respondent, PSC, maintains that shortly after Neuhaus began working at Princeton, he sold 10,000 shares of NPSI to the Claimants. PSC maintains that the sale proceeded normally and was paid for by the Claimants. PSC maintains that when they found out about the guarantee Neuhaus had given to the Claimants, they fired him. PSC maintains that they told the Claimants of Neuhaus' dismissal, informed them that they knew nothing about the guarantee and that they would not return Claimant's money. PSC maintains that Claimants acknowledged that Neuhaus had no authority to issue a guarantee and that PSC had not authorized the guarantee.

RELIEF REQUESTED

Claimants requests damages in the amount of \$5,822.00 in actual damages, interest from April 27, 1990, punitive damages, reasonable attorneys fees, costs and disbursements.

Princeton requests that the claim be dismissed.

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.

PSC moved to strike Claimants' Exhibit A and B attached to the Statement of Claim and Footnote 3 in the Statement of Claim. PSC further moved to dismiss the claim. PSC's Motions are hereby denied. Pursuant to the NASD's records of service on the Respondent, Neuhaus, this arbitrator ruled that service was not made on Neuhaus, nor was Neuhaus given adequate notice of the hearing. Accordingly, the arbitrator ruled that the Claimants could not proceed against Neuhaus at this hearing.

AWARD

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

1. The Statement of Claim is hereby dismissed in its entirety.
2. The parties shall bear their respective costs of this action, including attorneys fees.

FORUM FEES

Pursuant to Section 43(c) of the code of Arbitration Procedure, the following forum fees are assessed.

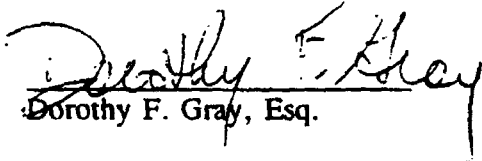
Non-refundable filing fee - \$75.00.
Hearing Session fees (\$200 x 1 session) = \$200.00.

1. Total forum fees in the amount of \$275.00 are hereby assessed against the Claimants. Claimants are entitled to offset this amount with the \$300.00 previously deposited with the NASD, Inc. Accordingly, Claimants shall receive a refund of \$25.00 for overpayment of fees.

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Arbitrator's Signature
Name

Public

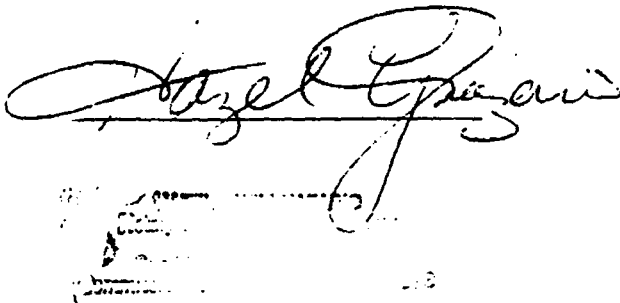

Dorothy F. Gray, Esq.

Date of Decision: March 16, 1993

STATE OF NEW YORK
COUNTY OF NY

s.s.:

On this 16 day of March, 1993, before me personally appeared Dorothy F. Gray known and known to me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that she executed the same.


Hazel E. Gray