

**N.A.S.D. AWARD**

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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In the Matter of the Arbitration Between

Name of Claimant

Script Office Supply, Inc.

and

92-03908

Name of Respondents

Stratton Oakmont, Inc. and  
George Greco

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**REPRESENTATION OF PARTIES**

Script Office Supply, Inc. ("Claimant") was represented by Donald C. Templin, Esq. of Haynes And Boone, L.L.P., Dallas, Texas and Larry Glazner, Esq., Levelland, Texas.

Stratton Oakmont, Inc. ("Stratton") was represented by Andrew Harvin, Esq. of Doyle, Reed, Restrepo, Harvin & Robbins, Houston, Texas.

George Greco ("Greco") was represented by Stephen B. Wexler, Esq. of Wexler & Burkart, P.C., Garden City, New Jersey.

**CASE INFORMATION**

The Statement of Claim was filed on or about November 18, 1992. Submission Agreement of Claimant was signed on November 9, 1992 by Ira Jephcott.

Statement of Answer was filed by Respondent Stratton on or about February 12, 1993. Submission Agreement of Respondent Stratton was signed on February 8, 1993 by Kenneth S. Greene.

Statement of Answer was filed by Respondent Greco on or about February 10, 1993. Submission Agreement of Respondent Greco was signed on February 8, 1993.

**HEARING INFORMATION**

A pre-hearing conference was held on July 13, 1993 for one (1) session with James S. Rahe, Esq. presiding.

The hearing was held on Tuesday, July 20, 1993 for one (1) session, Tuesday, September 21, 1993 for two (2) sessions and Wednesday, September 22, 1993 for two (2) sessions in Dallas, Texas for a total of five (5) hearing and one (1) pre-hearing sessions.

### **CASE SUMMARY**

Claimant alleged that Respondents Stratton Oakmont, Inc. and George Greco violated the N.A.S.D. Rules of Fair Practice and the Texas Securities Act by engaging in unauthorized transactions in common stock, incorrectly stating material facts with respect to common stock, making recommendations for the purchase and sale of Kodak and Ventura common stock without having reasonable grounds for believing that the recommendations were suitable for the Claimant.

Respondent Stratton Oakmont, Inc. denied the allegations set forth in the Statement of Claim. Respondent Stratton further stated that it had no reason to believe that the transactions in Claimant's account were not suitable for it; that Stratton had information that Ira Jephcott was a wealthy businessman and the President and principal shareholder of Claimant. Stratton also stated that the activity in the account was not excessive and that no complaints were received regarding the activity in the account. The following affirmative defenses were also asserted: failure to mitigate; authorization and/or ratification; waiver; the Statement of Claim does not set forth a cause of action; and the arbitration panel lacks the authority to award punitive damages.

Respondent George Greco denied the allegation of wrongdoing in the Statement of Claim. Respondent Greco also stated that the Claimant knowingly entered into and authorized each transaction; understood and realized the market risks relative to the investment activities; knowingly invested in short term trades and initial public offerings; and received confirmations for each transaction in the account in addition to the monthly statements which reflected the transactions in question.

### **RELIEF REQUESTED**

Claimant requested an award of damages in the amount of \$79,155.39, attorney's fees and other costs and expenses, punitive and treble damages.

Respondent Stratton requested that the Statement of Claim be dismissed in all respects and that it be awarded attorney's fees and costs.

Respondent Greco requested that the panel dismiss all claims asserted in the Statement of Claim with prejudice and award him such further relief as it deems appropriate under the circumstances.

**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 original(s) remain on file with the N.A.S.D..

**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:

1. Respondents Stratton Oakmont, Inc. and George Greco shall be and hereby are jointly and severally liable for and shall pay to the Claimant Script Office Supply, Inc. the sum of *Forty three thousand five hundred sixty five dollars* (\$43,565.00).
2. Respondent Stratton Oakmont, Inc. shall be and hereby is liable for and shall pay to the Claimant Script Office Supply, Inc. the sum of *Five thousand dollars* (\$5,000.00) as sanctions for failure to comply with the Order of this panel dated July 20, 1993.
3. Each party shall bear its own costs, expenses and attorney's fees incurred in this matter not specifically enumerated herein.

**FORUM FEES**

Pursuant to §43(c) of the N.A.S.D. Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. ("N.A.S.D.") shall **refund** the non-refundable filing fee in the amount of \$200.00 and shall **refund** as forum fees the hearing session deposit in the amount of \$750.00 previously deposited with the N.A.S.D. by the Claimant. Respondents shall be and hereby are jointly and severally liable for and shall pay to the N.A.S.D. the sum of \$4,250.00 as forum fees.

Forum fees are calculated at the rate of \$750.00 per hearing session and \$300.00 for each prehearing conference, if any. Fees are payable to the National Association of Securities Dealers, Inc.

Dated:

s/ James S. Raber, Esq.

James S. Raber, Esq.

Public Arbitrator, Presiding Chair

October 8, 1993

s/ Robert L. Yeager, III, Esq.  
Robert L. Yeager, III, Esq.  
Public Arbitrator

October 12, 1993

s/ David L. Baker  
David L. Baker  
Industry Arbitrator

October 11, 1993