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N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of Arbitration Between

Name of Claimant

Homer W. and Mary Magnus

93-00885

Name of Respondent

Josephthal Lyon & Ross, Inc.
Nick Esposito

REPRESENTATION

For Claimants Homer W. and Mary Magnus ("Claimants") appeared Morgan W. Bentley, Esq., a sole practitioner located in Newark, New Jersey.

For Respondents Josephthal Lyon & Ross, Inc. ("Josephthal") and Nick Esposito ("Esposito") appeared Robert E. Murphy, Esq., in house counsel for Josephthal Lyon & Ross, Inc.

CASE INFORMATION

Statement of Claim filed: February 26, 1993

Claimant's Submission Agreement signed on: March 1, 1993.

Joint Statement of Answer filed by Respondents Josephthal and Esposito on: July 12, 1993.

Respondent Josephthal's Submission Agreement signed on: July 12, 1993.

Respondent Esposito's Submission Agreement signed on: July 28, 1994.

HEARING INFORMATION

Pre-hearing Conference:

May 23, 1994

- One Session

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Hearing dates/sessions:	July 28, 1994	-	Two Sessions
	September 23, 1994	-	Two Sessions

The hearings were held at the National Association of Securities Dealer, Inc.'s offices located in New York City, New York.

CASE SUMMARY

Claimants alleged that they began trading with Respondent Esposito in 1990. Claimants further alleged that Respondent Esposito began to engage in unauthorized trading in a margin account, but that they never signed a margin consent form.

In addition, Claimants alleged that Respondents recommended unsuitable securities to the Claimants, engaged in excessive trading, were negligent and breached their fiduciary duty owed toward the Claimants.

Respondents maintained that there were no improprieties in the handling of Claimants' account, that Claimant authorized every transaction, and that Claimants signed an agreement consenting to margin transactions. Respondents further maintained that Claimants consented to the margin transactions and that they were made aware of the risks involved with trading on margin. Further, Respondents maintained that Claimants actually profited from the margin transaction complained of.

RELIEF REQUESTED

Claimants requested damages in the amount of \$25,000.00 plus interest from February 1991.

Respondents requested that the Statement of Claim be dismissed in its entirety.

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.

AWARD

After considering the pleadings, the testimony and the evidence presented at the

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hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Josephthal be and hereby is liable and shall pay to the Claimant the sum of \$22,262.43 plus simple interest at 9% per annum from October 31, 1991 until the date of payment of the award.
2. All claims against Respondent Esposito be and hereby are dismissed in all respects.
3. Each party shall bear their respective costs, including attorney's fees.
4. All other claims be and hereby are denied.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the arbitrators have assessed the following forum fees:

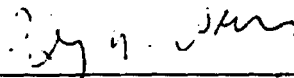
Pre-hearing conference	\$300.00
four hearing sessions X \$400.00 =	\$1600.00
minus Claimants' hearing session deposit	<u>\$400.00</u>
	\$1500.00 net due

Respondent Josephthal be and hereby is liable and shall pay to the NASD the sum of \$1500.00 representing outstanding forum fees.

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

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ARBITRATORS' SIGNATURES



Sidney N. Weiss, Esq.
Chairperson - Public arbitrator

Barry A. Mahler, Esq.
Public Arbitrator

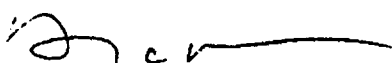
Saul W. Nirenberg
Industry Arbitrator

Date of Decision: November 4, 1994

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ARBITRATORS' SIGNATURES

Sidney N. Weiss, Esq.
Chairperson - Public arbitrator



Barry A. Mahler, Esq.
Public Arbitrator

Saul W. Nirenberg
Industry Arbitrator

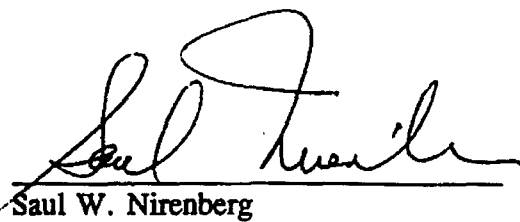
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