

N.A.S.D. AWARD

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9504059

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Donna Marie Fischer

vs.

Case #
93-03145

Name of Respondents

Channel Securities, Inc.
Howe Barnes Investments, Inc.
Paul A. Laude
Karl M. Sealey
Wayne A. Feldman
John Franklin Nappy

REPRESENTATION

For Claimant, Donna Marie Fischer ("Claimant"), Joseph Keenan, Esq. of Bochat & Keenan, P.C., located in Garden City, New York.

Respondent, Paul A. Laude ("Laude"), appeared pro se on behalf of himself and as former President of Channel Securities, Inc.

Respondent Wayne A. Feldman ("Feldman") appeared pro se.

CASE INFORMATION

Statement of Claim was filed on August 9, 1993.

Claimant's Submission agreement was signed on August 3, 1993.

Statement of Answer was filed by Laude on October 18, 1993.

Laude's Submission Agreement as an individual and as President of Channel Securities was signed on October 17, 1993.

Statement of Answer was filed by Feldman on October 18, 1993.

Feldman's Submission Agreement was signed on October 18, 1993.

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HEARING INFORMATION

Conference:	October 11, 1994	-	1 session
Hearing Dates/Sessions:	January 3, 1995	-	2 sessions
	November 7, 1994	-	2 sessions
	September 7, 1994	-	2 sessions
	August 19, 1994	-	2 sessions
	August 18, 1994	-	2 sessions

Hearing Location: NASD Offices, located in New York, New York.

CASE SUMMARY

Claimant alleged that in September 1989, Claimant opened an account with Channel with their investment executive, Mr. Sealey. Claimant alleged that Laude was registered with the SEC as the President, CEO and owner of Channel and as person responsible for all the books and records of Channel. Claimant stated that Sealey began to recklessly trade index options in Claimant's account which was unsuitable and inconsistent with her investment objectives.

Claimant further alleged that Sealey failed to advise Claimant of the risks of this speculative investment strategy, churned Claimant's account and purchased these options without authorization. Claimant alleged that Feldman, senior registered options principal of Channel, was responsible for supervising the options trading in Claimant's account. Claimant alleged that Respondents misrepresented Claimant's investment experience in trading stocks. Claimant further alleged that Sealey's trading led to margin calls and the liquidation of a New York City bond incurring a loss.

Moreover, Claimant alleged that a check for \$20,754.78 was forwarded to her by Howe Barnes, clearance agent of Channel and she deposited it in her bank account. Claimant alleged that Sealey told her to return a check in that amount to Channel Securities and in December of 1990, Sealey took possession of this check. Claimant alleged that the check was endorsed by Channel to Jason Lawson & Co., a company formed by John Nappy. Claimant alleged that Respondent Channel failed to supervise the activities of Sealey as well as other employees.

Respondents Feldman and Laude, denied all allegations pertaining to unsuitability, churning, unauthorized trading, misrepresentation and the misappropriation of funds.

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RELIEF REQUESTED

Claimant requested judgment against the Respondents for damages of more than \$30,000.00 plus treble damages under RICO, punitive damages; reasonable attorneys' fees, interest, costs and disbursements and such other and further relief as the arbitrators may deem just and proper.

Respondents requested that the complaint 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 and 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 hearing, the undersigned arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents Channel Securities and Paul Laude are jointly and severally liable to Claimant in the amount of **TWENTY-SEVEN THOUSAND SEVEN HUNDRED FORTY SIX DOLLARS AND THIRTY-SEVEN CENTS (\$27,746.37)**.
2. Respondent Wayne Feldman is liable to Claimant in the amount of **THREE THOUSANDEIGHTY-TWO DOLLARS AND NINETY THREE CENTS (\$3,082.93)**
3. Respondents Paul Laude and Channel Securities are jointly and severally liable to the NASD for all forum fees.

FORUM FEES

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

Non-refundable filing fee: \$100.00
Hearing Session Deposit: \$4,000.00 (\$400.00 per session x 10 sessions)
Pre-Hearing conference: \$300.00
Total Fees = \$4,400.00

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1. Claimant paid \$500.00
2. Respondents Paul Laude and Channel Securities owes \$500.00, payable directly to the Claimant and \$3,900.00 payable to the NASD,

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

ARBITRATION PANEL

Robert Pincus, Esq.	-	Public Chairperson
Edward Weiss, Esq.	-	Public Panelist
James J. Noone	-	Industry Panelist

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Concurring Arbitrators' Signatures

James J. Noone

NASD Date of Decision: April 28, 1995

State of N.J. S.S.:
County of Bergen

On this day of April, 1995, before me personally appeared James J. Noone known to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

James J. Noone

Kathleen S. Ruh

KATHLEEN S. RUH
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES
JAN. 16 1996

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Concurring Arbitrator's Signature

Edward Weiss

Edward Weiss, Esq.

NASD Date of Decision: April 28, 1995

State of
County of

NY
NY

S.S.:

On this 25 day of April, 1995, before me personally appeared Edward Weiss, Esq. known to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

Deborah A. DeJesus

DEBORAH A. DEJESUS
Notary Public, State of New York
No. 02DE5022979
Qualified in New York County
Commission Expires January 24, 1996

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Concurring Arbitrator's Signature




Robert Pincus, Esq.

NASD Date of Decision: April 28, 1995

State of NEW YORK s.s.:
County of NEW YORK

On this 28 day of April, 1995, before me personally appeared Robert Pincus known to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.



ANDREW RUSSELL
Notary Public, State of New York
No. 02RU5034752
Qualified in New York County
Commission Expires Oct. 17, 1996