

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Phillip N. & Ruth Stamas

vs.

Case
#93-03564

Name of Respondents

Gruntal & Co., Inc.
Patrick L.F. Maloney

REPRESENTATION

For Claimants, Phillips and Ruth Stamas ("Claimants"), Luke Stanton, Esq., from the law firm of Scimone Stanton & Connell.

For Respondents, Gruntal & Co., Inc. ("Gruntal"), Emilia M. DeMeo, Esq., in-house for Gruntal.

Respondent, Patrick L.F. Maloney ("Maloney") appeared pro se.

CASE INFORMATION

Statement of Claim was filed on September 9, 1993.

Claimants' Submission Agreement was signed on October 25, 1993.

Respondent Gruntal's Statement of Answer was filed on January 5, 1994.

Respondent Gruntal's Submission Agreement was signed on January 5, 1994.

Respondent Maloney's Statement of Answer was filed on September 28, 1994.

Respondent Maloney did not execute a Submission Agreement.

HEARING INFORMATION

Hearing Date/Session: October 6, 1994 - 2 sessions

Hearing Location: NASD offices located in Boston, Massachusetts.

CASE SUMMARY

Claimants alleges that on February 22, 1992, while vacationing in Florida they received a call from Maloney, who recommended that Claimants purchase 1,500 shares of Cambridge Biotech and 2000 units of Blackstone Bond Fund. Claimants state that they agreed to purchase both recommendation.

Mr. Stamas alleges that his mail was forwarded to him from Massachusetts to Florida and he noticed that an additional 4,000 shares of Biotech was purchased on margin. Mr. Stamas alleges that this purchase was unauthorized. Mr Stamas states that he called Maloney to request an explanation for the unauthorized purchase, and Maloney apologized and answered that it was a mistake would straighten.

Mr. Stamas states that when he returned to Massachusetts, he met with Maloney who told him he was no longer with Gruntal and asked him not to pursue this matter further. Mr. Stamas states that nothing was done after the meeting with Maloney so he went to the Boston office of Gruntal and demanded a cancellation of the unauthorized purchase which Gruntal denied. transaction.

Gruntal alleges that Claimants, Ruth and Phillip Stamas, are experienced investors who have a history of investing in low priced securities, both at Gruntal and elsewhere.

Gruntal states that Claimant opened an individual account with Gruntal in February 1988 which Maloney began servicing in December, 1988. Gruntal also states that in September, 1990, Ruth Stames, opened an individual account at the same time that Claimants opened a joint account with Gruntal and signed a client agreement which included a margin agreement.

Gruntal alleges that Claimants authorized several transactions for which they received confirmations and monthly statements for all transactions including the purchase of the 4000 additional shares in March, 1992. Gruntal further states that Claimants did not complained to any one at Gruntal about the March 1992 purchase until after Maloney had left his employment with Gruntal, in early August, 1992.

Maloney denies all claims and denies liability.

RELIEF REQUESTED

Claimants request an award of \$43,252.50 for the purchase price of 4000 shares of Cambridge Biotech Corporation stock.

Gruntal requests that the Statement of Claim be dismissed in its entirety.

Maloney requests that all claims be dismissed.

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 original 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:

Respondents, Gruntal & Co., Inc. and Patrick L.F. Maloney are hereby jointly and severally liable and are ordered to pay the Claimants the amount of **TEN THOUSAND FIVE HUNDRED DOLLARS AND ZERO CENTS (\$10,500.00)**.

FORUM FEES

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

Non-refundable Filing Fee - \$120.00
Hearing Session Fees - \$400 (\$400 x 2 sessions = \$800.00)
Total Fees = \$920.00

- 1) Total Forum Fees in the amount of \$920.00 are hereby assessed equally amount the Claimants and Respondents.
- 2) Accordingly the Claimants are hereby assessed the amount of \$306.66. Claimants are entitled to offset this amount with the \$520.00 Claimants previously paid to the NASD. Claimants are entitled to a refund of \$113.34.
- 3) Respondent, Gruntal & Co., Inc. is assessed the amount of \$306.67. Gruntal shall satisfy the fees assessed by reimbursing Claimant \$113.34 and by remitting the balance \$193.33 to the NASD.
- 4) Respondent Maloney is assessed \$306.66.

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

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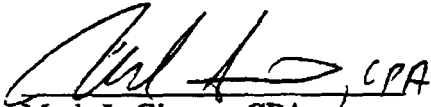
ARBITRATION PANEL

William P. Marsan, Esq. - Public Chairperson

Mark J. Gianno, CPA - Public Panelist

Thomas J. Doherty - Industry Arbitrator

Concurring Arbitrator's Signature


Mark J. Gianno, CPA

Date of Decision: November 2, 1994

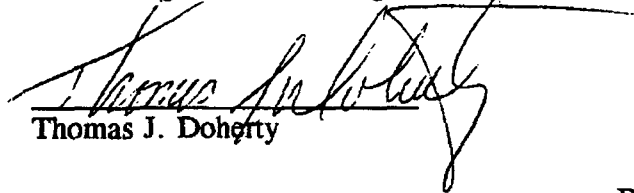
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