

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Robert E. Karoly

93-03999

Name of Respondent

J.W. Charles Securities, Inc.

REPRESENTATION

For Claimant, Robert E. Karoly ("Karoly"): Russell L. Forkey, Esq., Dumar, Curtis, Cross, Laystrom & Perloff, Fort Lauderdale, Florida.

For Respondent, J.W. Charles Securities, Inc. ("J.W. Charles"): Gregg Glaser of J.W. Charles Securities, Inc., Boca Raton, Florida.

CASE INFORMATION

Statement of Claim filed: 9/9/93.

Claimant's Submission Agreement signed on: 8/4/93.

Statement of Answer filed by Respondent on: 3/8/94.

Respondent's Submission Agreement signed on: 3/8/94 by Gregory Tendrich on behalf of the firm.

HEARING INFORMATION

Hearing Date/Sessions: 3/23/95-two (2) sessions.

Hearing Location: Fort Lauderdale, Florida.

CASE SUMMARY

Claimant alleged that he instituted the referenced action against JW Charles and Corporate Management Group, Inc. for breach of an option agreement dated November 1, 1990, as subsequently amended on or about April 29, 1991; that as a result of the violation of the agreement, Claimant is seeking the value of the shares that he was entitled to, interest, costs, attorney's fees and punitive damages.

Respondent alleged that Claimant's failure to remain with JW Charles for two years from November 1, 1990 is a breach of the contract by and between Karoly and JW Charles; that, further, Claimant's breach resulted in giving JW Charles the right to repurchase and cancel his shares for \$3.00; that this sum was never intended to be paid and that, in fact, the only reason Claimant had to pay the \$3.00 upon exercise of his options was to start the Rule 144 holding period. Respondent further contended that the intentions of the parties is the basis on which a contract is formed; that if there is not a meeting of the minds, the parties should be put in the position they were in before the contract which would entail Karoly returning his shares, and JW Charles returning his \$3.00. Respondent stated that there obviously was not a meeting of the minds since Claimant says he never read the agreement. Respondent maintained that Claimant is not entitled to any damages.

RELIEF REQUESTED

Claimant requested the value of the shares that he was entitled to, interest, costs, attorney's fees and punitive damages.

Respondent requested dismissal of the Claim.

OTHER ISSUES CONSIDERED & DECIDED

1. The following parties were named in the original Statement of Claim but due to their "non-member" status were subsequently removed as parties to this case: Corporate Management Group, Inc.; Edward O'Brien; J. Philip Smith; Frank E. Witt; A. Michael Lipper; James Moltz; and, The Securities Industry Association.

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

1. Respondent, JW Charles, is found liable and shall pay to the Claimant the sum of \$12,000.00.
2. Claimant's requests for attorneys' fees costs, expenses and punitive damages are denied.
3. Claimant shall have no continuing ownership interest in those shares represented by Corporate Management Group, Inc. Certificate CM 1489, Exhibit "E" to the Statement of Claim.

OTHER COSTS

Apart from the Forum Fees assessed below, the parties shall each bear all other expenses incurred by them in connection with this proceeding.

FORUM FEES

Pursuant to Section 44c of the Code of Arbitration Procedure, the Panel has assessed Forum Fees in the amount of \$1,200.00 (two (2) hearing sessions X \$600.00).

1. Respondent, JW Charles, is hereby assessed forum fees in the amount of \$1,200.00, \$150.00 of which shall be paid directly to Claimant and the remaining \$1,050.00 shall be paid to the NASD, Inc.
2. The NASD shall retain the \$500.00 non-refundable filing fee paid by Claimant.

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

ARBITRATION PANEL

Concurring Arbitrators' Signatures

Name	Public/Industry
<u>/s/</u>	
<u>David A. Weintraub, Esq.</u>	Industry/Chairman
<u>/s/</u>	
<u>Douglas Delanoy, Jr,</u>	Industry/Panelist
<u>/s/</u>	
<u>Calvin D. Ceva</u>	Industry/Panelist

Date of Decision: May 9, 1995