

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

**NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.**

In the matter of the Arbitration Between

**Name of Claimant(s)**

Steven E. Sinai

NASD Arbitration  
No. 93-04408

**Name of Respondent(s)**

John Nakoski  
Quest Capital Strategies, Inc.

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**REPRESENTATION**

For Claimant: Anthony J. Hom, Esq., Philadelphia, Pennsylvania

For Respondent Quest Capital Strategies, Inc.: Gregory J. Sherwin,  
Esq., Fields, Fehn & Sherwin, Los Angeles, California

**CASE INFORMATION**

Statement of Claim filed: December 23, 1993

Claimant's Submission Agreement signed: October 6, 1993

Joint Statement of Answer filed by Respondents: March 2, 1994

Respondents did not file properly executed Submission Agreements.  
However, Respondents are subject to National Association of  
Securities Dealers, Inc. (NASD) jurisdiction in accordance with  
Section 12 of the NASD Code of Arbitration Procedure.

**HEARING INFORMATION**

Pre-Hearing Conference Date(s)/Session(s): None

Hearing Date(s)/Session(s): October 30, 1995 (two sessions)

Hearing Location: San Diego, California

**CASE SUMMARY**

Claimant alleged that Respondents recommended and effected purchases and sales of securities and options which were unsuitable for Claimant. Claimant further alleged that Respondents failed to provide Claimant with competent professional services, material misrepresentations and omissions, fraud, breach of fiduciary duty, churning, violation of New York Stock Exchange, Inc. and NASD Rules, negligence, breach of contract, violation of Federal Securities Laws and failure to supervise.

Respondents denied Claimant's allegations of wrongdoing and alleged that Claimant is licensed by the NASD as a series 7 registered representative, and as a licensed representative cannot file a complaint using the standard of knowledge of a member of the general public. Respondents further alleged that Claimant is a professional mathematician who does not qualify as a normal member of the public for whom the risk/loss analysis of option trading are a challenge. Respondents further alleged that Claimant's Statement of Claim misrepresents Claimant's net worth and the nature of the relationship between Claimant and Respondent Nakoski, and further misrepresents the source of information used for trading decisions. Respondents further alleged that Claimant's Claim misrepresents the amount of trading losses and fails to supply any documentation for the asserted losses. Respondents asserted that all claims by Claimant should be dismissed with prejudice.

**RELIEF REQUESTED**

Claimant requested \$46,000.00 in compensatory damages plus interest from the date the losses were incurred to the date of the arbitration hearing plus attorneys fees, costs, and any other damages the panel may deem just and fair.

**OTHER ISSUES CONSIDERED AND DECIDED**

At hearing the panel of arbitrators was advised that John Nakoski filed for bankruptcy on July 29, 1994. Accordingly, the above-captioned matter is stayed with respect to Mr. Nakoski.

The parties have agreed that the Award in this matter may be executed in either 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. All claims by Claimant are dismissed.
2. The parties shall each bear their respective costs including attorney's fees.

#### FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed: The NASD shall retain the \$400.00 hearing session deposit previously deposited by the Claimant. Forum fees are to be split between Claimant and Quest Capital Strategies, Inc. and are calculated as follows:

Two hearing sessions @ \$400.00/session	=	\$800.00
Total fees assessed	=	\$800.00

Claimant's share (50%)	=	\$400.00
Credit for hearing deposit	=	\$400.00
Balance due	=	\$ 0.00

Quest Capital Strategies, Inc.'s share (50%)	=	\$400.00
Balance due	=	\$400.00

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

**ARBITRATORS**

Name ..... Public / Industry

Guenter S. Cohn, Esq.

Public Arbitrator

Joel C. Estes, Esq.

Public Arbitrator

Alfred E. Monahan

Industry Arbitrator

**Concurring Arbitrators' Signatures**

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Guenter S. Cohn, Esq.

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Joel C. Estes, Esq.

*Alfred E. Monahan*  
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Alfred E. Monahan

Date of Decision: \_\_\_\_\_

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Public Arbitrator

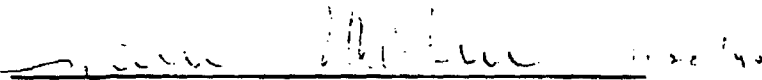
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