

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Thomas J. Murray

vs.

Award No.
94-04747

Name of Respondents

Joseph Charles & Associates, Inc.
Paul Richman

REPRESENTATION

For Claimant, Thomas J. Murray ("Claimant") Steven Kramer, Esq., from the law firm of Steven Kramer & Associates, located in New York City.

For Respondents, Joseph Charles & Associates, Inc. and Paul Richman, Esq. ("Respondents") Arnold Levine, Esq.

CASE INFORMATION

Statement of Claim was filed on November 10, 1994.

Claimant's Submission Agreement was signed on November 7, 1994.

Statement of Answer was filed by Respondents on December 28, 1994.

Respondent Joseph Charles & Associates, Inc.'s Submission Agreement was signed on December 28, 1994.

Respondent Paul Richman's Submission Agreement was signed on December 5, 1995.

HEARING INFORMATION

Hearing Date/Sessions: December 5, 1995 - 2 Sessions

Hearing Location: N.A.S.D., Inc.
Broad Financial Center
33 Whitehall Street
New York, New York 10004

CASE SUMMARY

Claimant, Thomas J. Murray, alleges that on January 12, 1993, he opened an account with respondent Joseph Charles & Associates Inc., with an initial investment of \$21,675.00 plus commissions to Mr. Richman. Claimant also alleges that prior to making

the initial investment, he informed Mr. Richman that, as a first time investor, he would only be interested in conservative investments. Claimant further alleges that Mr. Richman assured him that he (Richman) would select an investment portfolio tailored to Claimant's needs.

Claimant contends that whenever he spoke to Mr. Richman over the next 8 to 9 months he reminded Mr. Richman of his investment goals. Claimant also contends that Mr. Richman informed Claimant that the variety of stocks in Claimant's portfolio would do well over the next several months.

Claimant asserts that in August, 1993, he was contacted by Mr. Richman regarding a stock called Fast Com Communications and which Mr. Richman represented as a sound and promising stock. Claimant also asserts that Mr. Richman indicated that this stock would place Claimant in a "high gain situation within one week." Claimant further asserts that Mr. Richman informed him that he (Claimant) could purchase the stock "without putting down money immediately" since Claimant was in a "good cash situation" and that Claimant could purchase the stock over the phone and be billed later. Claimant contends he did not realize, at that time, that this transaction would place him in a "margin situation".

Claimant maintains that by December, 1993 none of the stocks he purchased were doing well and at that point he wanted to sell the entire portfolio but Mr. Richman advised against it. Claimant indicates that the stocks continued to decline and he received margin calls at least twice per month. Claimant alleges that in June, 1994 when he realized that his cash value was less than \$6,000.00, he demanded that all his stocks be sold.

Claimant contends that Joseph Charles & Associates, Inc. along with Bear Stearns should be held accountable for the alleged mismanagement of his account and for the losses incurred.

Respondents denied the allegations set forth in the Statement of Claim and asserted several affirmative defenses.

Respondents assert that at no time did Mr. Richman engage in unauthorized transactions. They also assert that all purchases and sales were authorized by Claimant, in advance, and that Claimant was, at all times, fully aware of the nature of each transaction.

Respondents contend that in July, 1993 and August, 1993, all trades were "conceptually long term." They also contend that in October, 1993 after both upward and downward movement in the Claimant's portfolio, Claimant insisted that trading become more active with a view toward short term profits. Respondents further contend that Mr. Richman advised against this but Claimant insisted on this activity in an attempt to increase portfolio value.

Respondents maintain that, at all times, Claimant was fully aware of the nature of margin transactions and that Mr. Richman gave Claimant a full explanation of this as early as March, 1993. Respondents also maintain that during the latter part of 1993 while Claimant was in a margin position, several trades were made from which Claimant realized a profit. Respondents further maintain that Mr. Richman suggested that the profits made be credited to Claimant's account to reduce the margin debit but Claimant insisted that the profit be remitted to him. Respondents contend that Mr. Richman advised Claimant that such activity was contrary to good practice but the profits were sent to Claimant in compliance with Claimant's requests. Respondents assert that they acted in compliance with the applicable rules and

regulations and that Claimant, at all times, knew exactly what he was doing and authorized all transactions.

RELIEF REQUESTED

Claimant requests damages in the amount of \$33,000.00.

Respondents request that the claim be dismissed in its entirety, that they be awarded reasonable attorneys' fees as well as costs and disbursements and such other and further relief as the panel deems just and reasonable.

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. The claim is dismissed in its entirety.
2. Respondents' request for attorneys' fees and costs are denied.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed against equally against the Claimant and Respondents.

Non-refundable filing fee:	\$120.00
Hearing session fees:	\$800.00 (\$400.00 x 2 sessions)
Total fees:	\$920.00

Claimant is assessed total fees of:	\$460.00 (one-half of \$920.00)
Claimant paid total fees of:	\$520.00 (\$120.00 Filing Fee, \$400.00 Hearing Session Deposit)
Claimant is due refund of:	\$60.00 (\$520.00 - \$460.00)
Respondent is assessed fees of:	\$460.00 (one-half of \$920.00)
Respondent paid:	\$0.00
Respondent owes:	\$460.00

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

ARBITRATION PANEL

Cynthia L. Boyce, Esq.	-	Public Chairperson
Arthur Kelban	-	Public Panelist
Carl H. Hewitt	-	Industry Panelist

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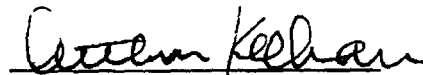
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AFFIRMATION

I, Arthur Kelban, do hereby affirm pursuant to Article 7505 of the Civil Procedure Law and Rules, that this is my decision in the above captioned matter.


Arthur Kelban

Concurring Arbitrator's Signature


Arthur Kelban

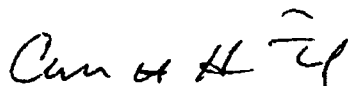
NASD's Date of Decision: February 1, 1996

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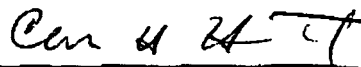
AFFIRMATION

I, Carl H. Hewitt, do hereby affirm pursuant to Article 7505 of the Civil Procedure Law and Rules, that this is my decision in the above captioned matter.



Carl H. Hewitt

Concurring Arbitrator's Signature



Carl H. Hewitt

NASD's Date of Decision: February 01, 1996