

**NATIONAL ASSOCIATION OF SECURITIES DEALERS
AWARD**

In the Matter of the Arbitration Between

Richard A. Saul,

Claimant,

v.

NASD No. 94-1938

Kennedy, Cabot & Company, Gruntal & Company,
Ron Roberts and John Aldaco,

Respondents.

Representation

For Claimant: Pro Se, Newark, Ohio

For Respondents: George Kupper, Esq. of Kennedy, Cabot & Co., Beverly Hills, California

Case Information

Statement of Claim filed: May 15, 1994

Claimant's Submission Agreement signed: May 16, 1994 and July 5, 1994

Statement of Answer of Gruntal & Co. filed on: September 23, 1994

Statement of Answer filed by Kennedy, Cabot & Co., Ron Roberts and John Aldaco:
September 26, 1994

Respondent Ron Roberts' Submission Agreement signed on: September 23, 1994

Respondent John Aldaco's Submission Agreement signed on: September 26, 1994

Respondent Kennedy, Cabot & Co.'s Submission Agreement signed on: September 23, 1994

Respondent Gruntal & Co. did not file a Submission Agreement but is subject to the

jurisdiction of the National Association of Securities Dealers (NASD) in accordance with Section 8 of the NASD Code of Arbitration Procedure.

Hearing Information

Prehearing Conference Date(s)/Sessions: None

Hearing Date/Sessions: May 11, 1995/two

Hearing Location: Los Angeles, California

Case Summary

Claimant alleged that improper execution of a trade in TVIN common stock. On June 6, 1993, Claimant Richard A. Saul (Saul) purchased 12,000 shares of TVIN and received a confirmation. He then discovered he could buy directly from the company without commission and on June 15 purchased 10,000 shares. If Respondent Kennedy Cabot & Co. (Kennedy) had told Saul there was any problem with his purchase the previous week he could have brought more shares directly from TVIN. Claimant received a correct June monthly statement but the one for August referenced a 1 for 10 reverse. When he telephoned Kennedy he was told the stock did not split and the error would be corrected, but the September statement continued to show the error.

Saul also alleged that on October 25 he purchased 1,500 more shares of TVIN, reflected in his November statement, along with an inexplicable Journal entry with respect to the original 12,000 shares and a total position of 2,700 shares, instead of 13,500. On December 6 Claimant ordered 12,000 shares of TVIN sold and received a confirmation number. Instead, he received a confirmation purchasing 9,300 shares of TVIN, for which his account was debited.

Respondents Kennedy, Ron Roberts (Roberts) and John Aldaco (Aldaco) denied all allegations of wrongdoing and alleged that when Claimant placed an order to buy the 12,000 shares of TVIN, its predecessor company, TVIE, was also trading. When Saul was quoted the price of \$.10/share for TVIN, he knew that this price was an error. The error was found and corrected on his August 1993 monthly statement through a reverse split. Respondents also alleged that Claimant's order to sell 12,000 shares of TVIN would have represented a nine-fold increase in the purchase price but Aldaco approved the sale because of Saul's repeated statements and demands. This sale left the account short 9300 shares, mandating a buy-in due to market risk and Reg. T violations.

Respondent Gruntal & Co. (Gruntal) denied all allegations of wrongdoing and alleged it was only a clearing broker with respect to Saul's account and as such had no contact with him. All of the transactions were handled by Kennedy and its brokers. Gruntal's understanding was that Saul purchased 12,000 shares of TVIN Corp., at \$.10/share. TVIN was undergoing a bankruptcy reorganization at that time and as part of that process, TVIN's shares were to undergo a reverse stock split whereby 10 shares of the TVIN Old would become one share of TVIN New. Gruntal alleged that it understood that Saul requested and received TVIN Old shares, although the initial confirmation and statement referenced TVIN New shares. The error was corrected on the August statement however. Claimant knew that he originally purchased 12,000 old shares and that, in light of the reverse stock split, the correct number of shares in his account was 1,200 new shares.

Relief Requested

Claimant requested:

1. The December 17 reversal of the sale of 9,300 shares;
2. Reinstatement of Claimant's 1,500 shares;
3. Punitive damages of \$86,500

Respondents requested that all claims be dismissed and no forum fees or costs be imposed upon them.

Other Issues Considered and Decided

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.

Respondent Gruntal's Motion to Dismiss, made prior to the arbitration hearing, was denied.

All claims against Respondents John Aldaco and Ron Roberts were withdrawn by Claimant at the arbitration hearing prior to the taking of evidence.

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. Respondents Gruntal & Co. and Kennedy, Cabot & Co. are jointly and severally liable for and shall pay Claimant \$5,000;
2. Respondents Gruntal & Co. and Kennedy, Cabot & Co. are jointly and severally liable for and shall pay Claimant interest at the rate of 10% per annum on the above amount from and inclusive of June 9, 1994 to and inclusive of the date this award is paid;
3. Each and every claim against Respondent Roberts is dismissed;
4. Each and every other claim, including the claim for punitive damages, is dismissed;
5. The parties shall each bear their respective attorney's fees;
6. The parties shall each bear their respective costs.

Other Costs

None.

Forum Fees

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed: The National Association of Securities Dealers, Inc., shall retain the \$500 of the \$750 hearing session deposit previously paid by the claimant, and refund the balance of \$250. Forum fees are assessed against Claimant for \$500, already paid, Respondent Kennedy for \$500 and Respondent Gruntal for \$500, calculated as follows:

Total fees assessed, two sessions at \$750/session	\$1,500
Claimant's assessment	500
Claimant's refund due	250
Respondent Gruntal's assessment	500
Respondent Kennedy's assessment	500

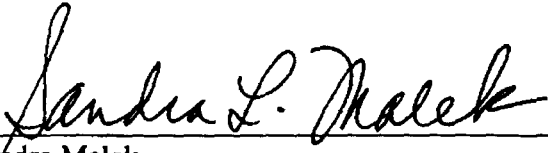
No adjournment fees were assessed.

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

Arbitration Panel

<i>Name</i>	<i>Public/Industry</i>
Sandra Malek	Public
Irving Michelman	Public
Robert Taylor	Industry

Concurring Arbitrators' Signatures



Sandra Malek

Irving Michelman

Robert Taylor

Date Served: 6-21-95

Date of Decision: