

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

R.A. Blass, D.H. Lawrence & M.P. Podber

95-00553

Name of Respondent(s)

Josephthal Lyon & Ross Inc.

REPRESENTATION

The Claimants appeared pro se.

For Respondent Josephthal Lyon & Ross, Inc.: Robert E. Murphy, Esq., in-house counsel at Josephthal Lyon & Ross, Inc.

CASE INFORMATION

Statement of Claim filed: February 2, 1995.

Claimants' Submission Agreement signed on: January 24, 1995.

Statement of Answer filed by Respondent Josephthal Lyon & Ross, Inc. on: November 17, 1995.

Respondent Josephthal Lyon & Ross, Inc.'s Submission Agreement signed on: November 17, 1995.

HEARING INFORMATION

Hearing Date/Sessions: March 11, 1996 / Three Sessions

Hearing Location: Nikko Hotel, 3300 Piedmont Road, Atlanta, GA.

CASE SUMMARY

Claimants alleged on November 11, 1993, all of the above-referenced individual Claimants were fraudulently induced by Josephthal Lyon & Ross, Incorporated to purchase A & A Foods Ltd. common stock and the individual Claimants purchased these securities in their individual accounts based upon the recommendation of Josephthal Lyon & Ross, Incorporated.

Claimants next alleged all of the Claimants' accounts were serviced by the same registered representative at Josephthal Lyon & Ross, Incorporated, Peter Biagi. Claimants next alleged on November 11, 1993 the Claimants relied upon Mr. Biagi's advice as to this particular investment and he advised them to place market orders for A & A Foods Ltd. immediately in order to obtain the then current price of 2 1/2 and

said he would net out the trade at approximately 2 3/4 and the Claimants instructed Mr. Biagi to enter market orders to purchase A & A Foods Ltd.

Claimants next alleged on November 18, 1993, the trades were executed at 3 7/16 plus a 5/32 markup for a net price of 3 19/32.

Claimants next alleged as the facts will show, none of the claimants' trade executions were handled as market orders and instead these trades were delayed for over a week with total disregard for the Claimants' best interest or intentions and as a result of Josephthal Lyon & Ross, Incorporated's misrepresentations, the Claimants overpaid substantially for these investments, eventually causing substantial losses in their accounts. Claimants next alleged in making recommendations to the Claimants and by effecting transactions in their accounts, Josephthal Lyon & Ross, Incorporated has committed acts constituting violations of federal and state securities laws, violations of federal and Georgia RICO laws, breach of contract, breach of fiduciary duty and breach of duty, as well as fraud and misrepresentation.

Respondent Josephthal Lyon & Ross, Incorporated maintained that when a market order is placed there can be no guarantees regarding the price the order is executed at, therefore, the Claimants knew that they may pay more or less than the price advised by the broker prior to entering the order. Respondent Josephthal Lyon & Ross, Incorporated next maintained that none of the Claimants complained when they were told how much the price per share was and Claimants ratified any understanding they had with the account executive regarding the execution of their orders when they sent in their checks for the full purchase price. Respondent Josephthal Lyon & Ross, Incorporated next maintained the first time the Claimants mentioned any dissatisfaction with the execution of the trades was from Claimant Richard A. Blass five months after the transactions occurred and Claimants Diane H. Lawrence and Morris P. Podber never stated that they were dissatisfied until the arbitration. Respondent Josephthal Lyon & Ross, Incorporated next maintained that if the Claimants suffered any damages which they denied, their alleged damages would only be the difference between what they allegedly agreed to pay and what they actually paid.

RELIEF REQUESTED

Claimants requested actual damages in excess of \$23,538.00 plus punitive damages, treble damages, all of Claimants' costs, expenses and disbursements including attorneys' fees, pre-judgment interest plus such other relief as the arbitration panel deems just and proper.

Respondent requested a dismissal of the claim plus costs.

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 Respondent Josephthal Lyon & Ross, Incorporated be and hereby is liable and shall pay to the Claimant Richard A. Blass the sum of \$1,088.05 inclusive of pre-judgment interest.
2. The Respondent Josephthal Lyon & Ross, Incorporated be and hereby is liable and shall pay the Claimant Morris P. Podber the sum of \$1,523.27 inclusive of pre-judgment interest.

3. The Respondent Josephthal Lyon & Ross, Incorporated be and hereby is liable and shall pay to the Claimant Diane H. Lawrence the sum of \$1,523.27 inclusive of pre-judgment interest.
4. The Claimants' requests for punitive damages and treble damages are denied.
5. Each party shall bear their respective costs including attorneys' fees.

FORUM FEES

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

claim filing fee:	\$ 150.00
hearing session fees: 3 sessions x \$500.00 =	\$1,500.00
Total Fees:	\$1,650.00

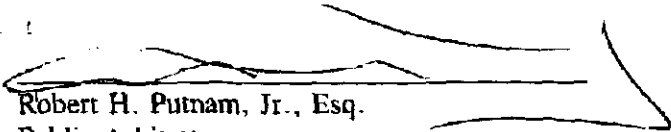
The undersigned arbitrators have determined that the Claimants shall bear one-half of the cost of arbitration and the Respondent shall bear one-half of the cost of arbitration.

1. The Claimants are liable and shall pay to the NASD the sum of \$825.00 Claimants previously paid \$650.00 and owe a balance of \$175.00.

2. The Respondent Josephthal Lyon & Ross, Incorporated shall pay to the NASD the sum of \$825.00 plus the sum of \$300.00 representing the member surcharge.

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

ARBITRATORS' SIGNATURE



Robert H. Putnam, Jr., Esq.
Public Arbitrator



Fred H. Vollbeer
Public Arbitrator



Chesley V. Morton, Jr.
Industry Arbitrator

Date of Decision: April 16, 1996