

N.A.S.D. AWARD**NATIONAL ASSOCIATION OF SECURITIES DEALERS**

In the Matter of the Arbitration Between

Names of Claimants

Anastasios and Eleni Letsos

95-01632

Names of Respondents

Jordan Belfort
Kenneth Greene
Daniel Porush
Peter Tsadilis
Stratton Oakmont, Inc.

REPRESENTATION

For Claimants: Christopher Lovell, Esq., Geoffrey M. Horn, Esq. and Peggy Wedgworth, Esq. of the law firm of Lovell & Stewart, LLP, New York, New York.

For Respondent Jordan Belfort ("Belfort"): Franklin D. Ormston, Esq. of the law firm of Ormston & Evangelist, Jericho, New York.

For Respondent Kenneth Greene ("Greene"): Marvin G. Picholz, Esq. of the law firm of Hoffman, Pollack & Picholz, LLP, New York, New York.

For Respondent Daniel Porush ("Porush"): Mark E. Gelfand, Esq., Great Neck, New York.

Respondent Peter Tsadilis ("Tsadilis") appeared pro se.

For Respondent Stratton Oakmont, Inc. ("Stratton"): Patrick G. Hayes of Stratton.

CASE INFORMATION

Statement of Claim filed: April 3, 1995.

Claimants' Submission Agreement signed on: March 23, 1995.

Answer and Motion to Dismiss the Statement of Claim filed by Respondents Belfort and Greene on: May 25, 1995.

Respondent Belfort's Submission Agreement signed on: April 18, 1995.

Respondent Greene's Submission Agreement signed on: April 24, 1995.

Answer and Motion to Dismiss the Statement of Claim filed by Respondent Porush on: May 25, 1995.

Respondent Porush's Submission Agreement signed on: April 12, 1995.

Respondent Tsadilis' Submission Agreement signed on: April 11, 1995.

Respondent Stratton's Submission Agreement signed on: April 11, 1995.

Respondent Stratton and Tsadilis did not submit Statements of Answer.

HEARING INFORMATION

One pre-hearing conference was conducted with an arbitrator on April 17, 1996 and two pre-hearing conferences were conducted with the arbitration panel on September 18, 1997 and February 4, 1998. In addition, three hearing sessions were conducted in this matter on February 5 and 6, 1998 in Atlanta, Georgia.

CASE SUMMARY

Claimants alleged that in or about January or February 1994, Claimants, owners and operators of a Greek restaurant in Atlanta, Georgia, received a "cold call" from Peter Tsadilis, a Stratton Oakmont, Inc. registered representative. Claimants alleged that Mr. Tsadilis convinced them to open an account with Stratton, and the first trade in the account occurred on March 1, 1994. Claimants further alleged within the next three months, they deposited in excess of \$217,000.00 with Stratton. Claimants asserted that by November of 1994 their account was valued at approximately \$12,000.00 and in May of 1995 Claimants filed a Statement of Claim against Stratton, Tsadilis, Belfort, Greene and Porush. The Statement of Claim alleged that Stratton, through its broker, Respondent Tsadilis, churned Claimants' account and made unsuitable trades for Claimants' account. Claimants, in addition to claims for common law fraud and RICO violations, alleged that Respondents Belfort, Greene and Porush were jointly and severally liable for these violations as control persons of Tsadilis and Stratton pursuant to section 20 (a) of the Securities Exchange Act.

Respondent Greene maintained that at all times Claimants dealt solely with Respondent Tsadilis, by telephone, and in the Greek language. Respondent Greene further maintained that he disaffiliated from Stratton in 1992 relinquishing his stock in its holding company and all operational control and was barred from the securities industry on consent, without admitting or denying any allegations and without a trial, on February 4, 1994. Respondent Greene further contended that as a matter of fact as well as law, he was not responsible for any acts of Stratton or its brokers from that time and since he had no direct supervisory responsibility for Respondent Tsadilis, he cannot be responsible for a failure to supervise under section 15(b), or as a "control person" under section 20 of the Securities Exchange Act of 1934.

Respondents Belfort and Porush denied the allegations contained in the Statement of Claim. Respondents Belfort and Porush further maintained that Claimants at all relevant times had, or should have had, full knowledge of all material facts concerning their securities account; Claimants authorized and ratified all transactions in their account; Respondents Belfort and Porush, in discharging their duties to Claimants, if any, acted in good faith; and, the Claimants are not entitled to punitive damages.

RELIEF REQUESTED

At the hearing Claimants requested damages in the sum of \$124,000.00, punitive damages in the sum of \$600,000.00 plus costs, including attorneys' fees.

Respondents Greene, Belfort and Porush requested a dismissal of all claims against them and an award

of costs.

OTHER ISSUES CONSIDERED & DECIDED

The parties present at the hearing 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 present at the hearing agreed to receive conformed copies of the Award while the original(s) remain on file with NASD Regulation, Inc.

In May of 1996 NASD Regulation, Inc. was informed that the parties reached a tentative agreement to settle the dispute. Thereafter, NASD Regulation, Inc. was informed that this agreement was never concluded and that Claimants wished to continue the arbitration.

Due to the bankruptcy filing of Respondents Stratton and Tsadilis, all proceedings against these parties were stayed. Therefore, the arbitration panel made no determination regarding these Respondents.

Subsequent to the commencement of the evidentiary hearing, the arbitration panel was informed that the Claimants had entered into settlement agreements with Respondents Belfort and Greene.

Respondent Porush and his attorney, Mark E. Gelfand, did not attend the evidentiary hearing in this matter. NASD Regulation, Inc. staff contacted Mr. Gelfand on the date of the evidentiary hearing to confirm that he and his client, Mr. Porush, were aware of the hearing dates and had determined not to attend the evidentiary hearing. Mr. Gelfand confirmed said information and further informed the staff that he was still representing Respondent Porush. Thereafter, the arbitration panel determined to proceed with the hearing despite Mr. Porush' absence.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing and post hearing submissions (if any), the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

Respondent Porush is liable and shall pay to the Claimants the sum of \$87,000.00, inclusive of pre-judgment interest.

Claimants' requests for costs and punitive damages are denied.

FORUM FEES

Pursuant to Rule 10332 of the Code of Arbitration Procedure, forum fees in the sum of \$5,300.00 (one pre-hearing conference-one arbitrator \$300.00 plus two pre-hearing conferences-panel \$2,000.00 plus three sessions x \$1,000.00) are assessed as follows:

Claimant is assessed the sum of \$1,325.00 less the \$1,000.00 on deposit in partial satisfaction thereof leaving a balance due in the sum of \$325.00.

Respondent Porush is assessed the sum of \$1,325.00.

Respondent Belfort is assessed the sum of \$1,325.00.

Respondent Greene is assessed the sum of \$1,325.00.

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

Concurring Arbitrators' Signatures

Name

Public/Industry

/S/

Richard Allan Kaye, Esq.

Public

/S/

Stuart Meyers, Esq.

Public

/S/

Terry R. Weiss, Esq.

Industry

Date of Decision: March 11, 1998