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N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Ira Kaplan

9.503220

Name of Respondents

*M. Rimson & Co., Inc.
James Shekhtman

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Securities Dealers, Inc.

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REPRESENTATION

For Claimant Ira Kaplan appeared John E. Lawlor, Esq., of Garden City, NY.

Respondent James Shekhtman appeared via telephone.

Respondent M. Rimson & Co. Inc., did not appear.

CASE INFORMATION

The Statement of Claim was filed on July 5, 1995. Claimant's Submission Agreement was signed on August 9, 1994.

Respondent M. Rimson & Co., Inc. did not file a Statement of Answer or sign a submission agreement as required under Section 25 of the Code of Arbitration Procedure.

Respondent Shekhtman filed his Statement of Answer on February 27, 1996. Respondent failed to file a submission agreement as required under Section 25 of the Code of Arbitration Procedure.

HEARING INFORMATION

Hearing Date/Session: January 15, 1996 - One Session.
June 4, 1996 One Session.

Hearing Location: NASD offices and Mr. Shannon's office each located in New York, NY.

CASE SUMMARY

Claimant alleged that he seeks compensatory damages for the financial losses in his account as a result of misrepresentations and unsuitable trading effected by M. Rimson and Co., Inc. and James Shekhtman in regard to his purchase of SECO Environmental and Latin American Resources, securities in which Respondents made a market and, upon information and belief, in securities in which Rimson stood to

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make more money in than in "listed" or blue chip investments. Claimant further alleged the Respondents have engaged in fraudulent conduct; have breached an express or implied contract with Claimant in failing to abide by industry standards of conduct, express and implied, including but not limited to Rimson's own practices and procedures or in-house compliance manual; breached fiduciary and regulatory duties owed to Claimant: were negligent and failed to use due care as expressly or impliedly agreed with respect to Claimant's account. Claimant argued Rimson further violated its duty to exercise due diligence. was otherwise negligent in failing to learn the essential facts relative to Claimant and to monitor the transactions carried on in Claimant's account. Claimant further argued that Rimson failed to diligently supervise Claimant's account and to effectively supervise and exercise control over James Shekhtman.

Respondent Shekhtman maintained that he had performed his stockbroker duties diligently and prudently and made suitable recommendations to Claimant. Respondent stated that Claimant gave him permission to buy 2,000 shares of SECO Environmental using proceeds from prior trading. Respondent contended that he advised Claimant to sell those shares when the price fell to offset his capital gains but stated that Claimant had received a financial report directly from the company and determined that he did not want to sell the stock.

Respondent further stated that he took a leave of absence and in the interim his accounts were assigned to different brokers who were responsible for Claimant's purchase of Latin American Resources. Therefore, respondent argued, he can not be liable for claimant's loss in that stock.

RELIEF REQUESTED

At the hearing the Claimant amended his claim and requested damages in the sum of \$11,495.00 plus interest from the date the losses are deemed to have occurred; the costs and disbursements of the action and such other and further relief as to the arbitrator seems appropriate.

Respondent Shekhtman did not specifically request relief.

OTHER ISSUES CONSIDERED AND DECIDED

The arbitrator made the following rulings with respect to the Respondent M. Rimson & Co., Inc.:

In accordance with Section 25 of the Code of Arbitration Procedure ("Code"), the Respondent were served with the Statement of Claim and given an opportunity to respond which they failed to do;

In accordance with Section 21 and Section 26 of the Code, the Respondents were given due notice of the hearing procedure by regular and certified mail and failed to appear at the hearing session;

In accordance with Section 29 of the Code, the arbitrator determined in light of the foregoing information to proceed with the Respondents as parties.

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On January 22, 1996, after the first hearing session, Respondent Shekhtman, who did not appear at the first hearing, made an application to the arbitrator to reopen the hearing. Claimant responded on January 29, 1996. On February 5, 1996, the arbitrator issued a ruling granting Respondent Shekhtman's Motion to Reopen and specifically required Respondent to file a Statement of Answer and a Uniform Submission Agreement. The arbitrator made the following ruling concerning Respondents failure to file a Uniform Submission Agreement:

1. Pursuant to section 1 of the Code of Arbitration Procedure (the "Code"), the arbitrator found subject matter jurisdiction over this entire controversy.
2. The arbitrator found that Respondent Shekhtman was an associated person of a member of the NASD at the time the controversy arose and therefore, the arbitrator found personal jurisdiction over Igor Shekhtman pursuant to section 12 of the Code.
3. In view of the above, the arbitrator found that Respondent Shekhtman was required to file with the NASD a properly executed Submission Agreement pursuant to section of 25(b) of the Code.

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 arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent M. Rimson & Co., Inc. be and hereby is liable and shall pay to the Claimant the sum of \$9,995.00 plus simple interest at the rate of 9% per annum from May 23, 1995 until date of payment of the award.
2. Respondent Shekhtman be and hereby is liable and shall pay to the Claimant the sum of \$2,500.00 plus simple interest at the rate of 9% per annum from May 23, 1995 until date of payment of the award.
3. Each party shall bear their respective costs including attorneys' fees.
4. All other claims are hereby denied.

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FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the arbitrator has determined that the NASD shall retain the non-refundable claim filing fee of \$75.00 previously paid by claimant and has assessed the following forum fees:

2 hearing session x \$200.00=	\$400.00
less claimant's hearing session deposit	-\$200.00
Total due	\$200.00

The arbitrator has determined that the claimants shall bear one fourth of the cost of arbitration: Respondent Shekhtman shall bear one-fourth the cost, and Respondent M. Rimson & Co., Inc. shall bear one-half the cost of arbitration.

The claimant is liable and shall pay the NASD the sum of \$100.00. Claimant previously deposited \$200.00 with the NASD = net \$0 due.

Respondent Shekhtman is liable and shall pay \$100.00 to claimant as reimbursement for the hearing session deposit.

Respondent M. Rimson & Co., Inc. is liable and shall pay the NASD \$200.00.

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

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ARBITRATOR SIGNATURE

Michael G. Shannon
Michael G. Shannon, Esq.
Public Arbitrator

1. Michael G. Shannon, Esq., do hereby affirm pursuant to Article 7507 of the Civil Procedure Law & Rules. that this is my decision in the above-captioned matter.

Michael G. Shannon
Michael G. Shannon, Esq.

Date of Decision: July 23, 1996