

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Donald and Mary Dufour.

95-03369

Name of Respondent(s)

First Montauk Securities, Inc.
A.T. Broad & Co., Inc.
Saperston Financial, Inc.
John R. Van

REPRESENTATION

For Claimants Donald and Mary Dufour appeared Michael J. McNeil, Esq. of the law firm of Iseman, Cunningham, Riester & Hyde located in Albany, New York.

For Respondent Saperston Financial, Inc., appeared Patrick G. Finegan, Jr., Esq. located in Washington, DC.

For Respondent John R. Van appeared James M. Reilly, Esq., of the law firm of Herzog Engstrom & Koplovitz, P.C. located in Albany, New York.

Respondent A.T. Broad & Co., Inc. did not appear.

CASE INFORMATION

The Statement of Claim was filed on July 10, 1995.

Claimants' Submission Agreement was signed July 26, 1995.

Claimants' Reply to Respondent Saperston Financial, Inc.'s Answer and Motion to Sever was filed on September 26, 1995.

A Statement of Answer and Motion to Sever into Separate Cases was filed by Respondent Saperston Financial, Inc. on August 30, 1995.

Respondent Saperston Financial Inc.'s Submission Agreement was signed on August 22, 1995.

A Statement of Answer was filed by Respondent John R. Van on September 15, 1995.

Respondent John R. Van's Submission Agreement was signed on September 14, 1995.

A Motion to Sever Claims Answer and Cross-Claim was filed by Respondent First Montauk Securities, Corp. on October 6, 1995.

Respondent First Montauk Securities, Corp.'s Submission Agreement was signed on October 6, 1995.

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HEARING INFORMATION

Pre-Hearing Conference:	July 12, 1996	-	1 Session
Hearing Dates/Sessions:	November 5, 1996	-	2 Sessions
	November 6, 1996	-	2 Sessions
	February 18, 1997	-	2 Sessions
	February 19, 1997	-	2 Sessions

The hearing was held at the Marriott Hotel, 189 Wolf Road located in Albany, NY.

CASE SUMMARY

Claimants alleged that stockbroker John R. Van made unsuitable investments on behalf of the Dufours culminating in an investment of their entire portfolio in a single, high risk bond issue, Grand Union subordinated notes with a face value of \$195,000. Van allegedly made the purchase on margin causing Dufours to lose not only their \$62,000 investment but to be in alleged debt to Van's broker-dealer employer, Saperston Financial, Inc. Mr. Van allegedly failed to disclose to the Dufours the substantial risks associated with this investment strategy, both as to the securities themselves and as to the use of margin borrowing. The notes were liquidated in December 1994 leaving an alleged deficit totaling \$56,744.07.

Claimants alleged they were cheated by Respondent Van at three securities firms in a row: First Montauk Securities, AT Brod and then Saperston Financial, Inc., with damages claimed on a joint and several theory against all three. AT Brod went out of business before the case was heard. Respondents Van and Saperston Financial, Inc. denied the allegations, claiming that the DuFours knew what they were doing and that Mr. Dufour was a senior auditor at Grand Union for over 30 years. Saperston Financial counterclaimed for \$55,932.02 per a note signed by the DuFours that was attached to its answer and counterclaim.

RELIEF REQUESTED

Claimants requested against John R. Van, \$56,211.00, with interest from July 28, 1993, being the date of the opening of the A.T. Brod account, plus \$10,000.00, with interest from May 16, 1994, being the date of the opening of the Donald Dufour account at Saperston Financial, Inc. ("Saperston"); and against Saperston Financial, Inc., in the amount of \$45,964.17 with interest from March 11, 1994, being the date of the opening of the joint Saperston account, plus \$10,000 with interest from May 16, 1994, being the date of the opening of the Donald Dufour account at Saperston; and against A.T. Brod & Co., Inc., in the same amounts as against John R. Van; plus the full amount of any alleged indebtedness deriving from the margin account, punitive damages as may be determined by the arbitration panel, together with the costs, disbursements, and forum fees associated with bringing this arbitration.

OTHER ISSUES CONSIDERED & 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.

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. Respondent John R. Van is hereby liable and shall pay to Claimants' Donald and Mary Dufour compensatory damages in the amount of \$15,000.00 without interest.
2. Respondent Saperston Financial, Inc.'s counterclaim against Claimants is hereby dismissed.
3. Each party shall bear their respective costs including attorneys' fees.

FORUM FEES

Pursuant to Rule 10332 of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation, Inc. shall retain the \$150.00 non-refundable filing fee previously deposited by the Claimants and shall retain the \$500.00 non-refundable filing fee previously deposited by Respondent Saperston Financial, Inc.

1 Pre-hearing session x \$300.00	=	\$ 300.00
8 Hearing sessions x \$600.00	=	\$4,800.00
Total	=	\$5,100.00

Claimants Donald and Mary Dufour are hereby liable and shall pay to the NASD Regulation, Inc. the sum of \$1,700.00 representing one-third of the total amount of forum fees assessed. Claimants previously deposited \$500.00 to NASD Regulation, Inc. Therefore, Claimant owes \$1,200.00 to the NASD Regulation, Inc.

Respondent Saperston Financial, Inc. is hereby liable and shall pay to the NASD Regulation, Inc. the sum of \$1,700.00 representing one-third of the total amount of forum fees assessed. Respondent previously deposited \$600.00 to NASD Regulation, Inc. Therefore, Respondent owes \$1,100.00 to the NASD Regulation, Inc.

Respondent John R. Van is hereby liable and shall pay to the NASD Regulation, Inc. the sum of \$1,700.00 representing one-third of the total amount of forum fees assessed.

Fees are payable to the NASD Regulation, Inc.

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ARBITRATOR'S SIGNATURE

I, David W. Morris, Esq., do hereby affirm pursuant to Article 7507 of the Civil Practice Law and Rules that this is my decision in the above referenced matter.

David W. Morris

David W. Morris, Esq.
Public Chairperson

I, Lorraine I. Reno, Esq., do hereby affirm pursuant to Article 7507 of the Civil Practice Law and Rules that this is my decision in the above referenced matter.

Lorraine I. Reno, Esq.
Public Panelist

I, Robert L. Spangler, do hereby affirm pursuant to Article 7507 of the Civil Procedure Law and Rules that this is my decision in the above referenced matter.

Robert L. Spangler
Industry Panelist

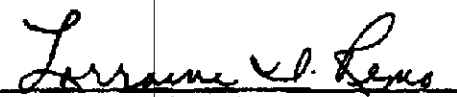
Date of Decision: June 12, 1997

ARBITRATOR'S SIGNATURE

I, David W. Morris, Esq., do hereby affirm pursuant to Article 7507 of the Civil Practice Law and Rules that this is my decision in the above referenced matter.

David W. Morris, Esq.
Public Chairperson

I, Lorraine I. Rerno, Esq., do hereby affirm pursuant to Article 7507 of the Civil Practice Law and Rules that this is my decision in the above referenced matter.


Lorraine I. Rerno, Esq.
Public Panelist

I, Robert L. Spangler, do hereby affirm pursuant to Article 7507 of the Civil Procedure Law and Rules that this is my decision in the above referenced matter.

Robert L. Spangler
Industry Panelist

Date of Decision: June 12, 1997

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ARBITRATOR'S SIGNATURE

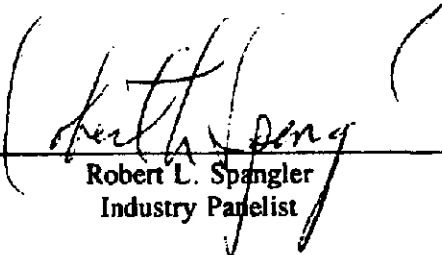
I, **David W. Morris, Esq.**, do hereby affirm pursuant to Article 7507 of the Civil Practice Law and Rules that this is my decision in the above referenced matter.

David W. Morris, Esq.
Public Chairperson

I, **Lorraine I. Remo, Esq.**, do hereby affirm pursuant to Article 7507 of the Civil Practice Law and Rules that this is my decision in the above referenced matter.

Lorraine I. Remo, Esq.
Public Panelist

I, **Robert L. Spangler**, do hereby affirm pursuant to Article 7507 of the Civil Procedure Law and Rules that this is my decision in the above referenced matter.


Robert L. Spangler
Industry Panelist

Date of Decision: June 12, 1997