

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of Arbitration Between

Name of Claimant

Grigori Tsoukanov

v.

95-03528

Name of Respondents

M. Rimson & Co., Inc.
Bob Judge
Mark Judge
Dan Dietrich

REPRESENTATION

For Claimant appeared Jeffery B. Melcer, Esq. of the law firm Ross, Suchoff, Egert & Hankin, P.C. located in New York, NY.

Respondents, M. Rimson & Co., Inc., Bob Judge, Mark Judge and Dan Dietrich, did not appear at the evidentiary hearing conducted in this matter.

CASE INFORMATION

Statement of Claim filed: July 20, 1995

Claimant's Submission Agreement signed on: August 7, 1995

Respondents, M. Rimson & Co., Inc., Bob Judge, Mark Judge and Dan Dietrich, did not submit a Statement of Answer nor did they submit a Submission Agreement as required by Section 25 of the NASD Code of Arbitration Procedure.

HEARING INFORMATION

Hearing dates/sessions: June 10, 1996 - 1 Session

The hearings were held at the offices of the National Association of Securities Dealers, Inc. located in New York City, New York.

CASE SUMMARY

Claimant alleged that M. Rimson & Co, Inc. ("Rimson"), Bob Judge, Mark Judge and Dan Dietrich (collectively referred to as "Respondents"), performed unauthorized trades in his account and were entirely negligent in the management of the account. Claimant alleged that as a result of the Respondents' actions, he lost \$10,807.00.

Claimant alleged that he was originally contacted by Glen Bennett ("Bennett") who recommended the purchase of share in Purtech Corporation, Inc. ("Purtech"). Claimant alleged that Bennett failed to disclose that Rimson was a market maker in Purtech which necessitated specific disclosures prior to purchase, that were not made.

Claimant alleged that at about the same time he purchased the shares of Purtech, Bennett interviewed him noting his financial status, investment objectives, and investing experience. Claimant alleged that he told Bennett that he had limited experience in market trading and would be relying exclusively on the expertise of Bennett and Rimson in making trades. Further, Claimant alleged that he put Rimson on notice that the account was strictly non-discretionary and no trades would be considered authorized without prior notification and consent of Claimant. Claimant alleged that he told Bennett that his primary trading objective was security of investment and his secondary objective was income generation.

Claimant alleged that without authorization, on January 5, 1994, 250 shares of Purtech were sold from his account at a loss of \$2.50 per share. Claimant further alleged that the proceeds of the sale were used for another unauthorized transaction; a purchase on behalf of Claimant in Starcom International ("Starcom"). Claimant alleged that Rimson was a market maker in Starcom and that he did not receive any specific disclosures that were required due to Rimson's status as a market maker in Starcom.

Claimant alleged that he protested the Starcom transaction both verbally and by written letter to no avail. Claimant further alleged that he was contacted by David Lam ("Lam") of Rimson and was told that the investment was within his objectives and traded regularly on an established market, he provisionally accepted the purchase of 1300 shares of Starcom but did not drop his protest of the original sale of Purtech.

The Claimant also alleged that Lam solicited an additional \$2800.00 from him for an investment opportunity which Lam stated would make up for the mistakes in Claimant's account. Claimant

alleged that he sent \$2800.00 for this investment to Lam, but the money was used by Respondent, Bob Judge, to purchase shares of Trinity Americas, Inc. ("Trinity"). Claimant alleged that this trade was made without his authorization. Claimant alleged that Bob Judge attempted to obtain his consent to this trade through oppressive and false tactics.

Claimant alleged that he was thereafter contacted by Dan Dietrich who purported to assist with the Claimant's objection to the unauthorized trading. Claimant alleged that Dietrich promised to unwind the Starcom transaction and put the funds into a long term investment. However, Claimant asserted that Dietrich purchased Lo Jack Corporation ("Lo Jack") stock without liquidating the Starcom position. Claimant alleged that he authorized the purchase of Lo Jack only upon the liquidation of the position in Starcom, thus making this trade unauthorized.

Claimant alleged that additional unauthorized trading in his account continued, which created a negative cash balance in his account. Claimant alleged that Rimson then sold positions in his account which were fraudulently in existence to cover the deficit that was wrongfully created.

RELIEF REQUESTED

Claimant requested damages in the amount of \$10,807.00, in addition to treble damages in the amount of 32,421.00.

OTHER ISSUES CONSIDERED AND DECIDED

- I. The arbitration panel made the following rulings concerning Respondents, M. Rimson & Co., Inc., Bob Judge, and Mark Judge who failed to appear at the evidentiary hearing conducted in this matter:
 - a. Pursuant to Section 1 of the NASD Code of Arbitration Procedure, the panel found subject matter jurisdiction over this entire controversy.
 - b. The panel found that the Respondents, M. Rimson & Co., Inc., Bob Judge and Mark Judge were members of the NASD at the time the controversy arose. Consequently, the panel found personal jurisdiction over the Respondents, M. Rimson & Co., Inc., Bob Judge and Mark Judge, pursuant to Section 12 of the NASD Code of Arbitration Procedure.
 - c. In addition, in accordance with Sections 21, 26 and 29 of the NASD Code of Arbitration Procedure, the panel found that the NASD provided Respondents, M. Rimson & Co., Inc., Bob Judge and Mark Judge with "due notice" of the hearing conducted in this matter by regular and certified mail. The panel, therefore, determined to proceed with the hearing without Respondents, M. Rimson & Co., Inc., Bob Judge and Mark Judge, whose absence was unexcused.

2. On stipulation by Claimant, the panel dismissed the claims against Respondent, Dan Dietrich without prejudice. The panel found Dietrich was not properly served with the Statement of Claim nor was he given due notice of the hearing.
3. 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. Respondents, M. Rimson & Co., Inc., Bob Judge and Mark Judge, are liable, jointly and severally, and shall pay to the Claimant the sum of \$7150.00, with interest, at the rate of 9% from July 21, 1995 until the date of payment of the award;
2. Respondents, M. Rimson & Co., Inc., Bob Judge and Mark Judge, are liable, jointly and severally, and shall pay to the Claimant the sum of \$400.00 representing reimbursement of the hearing session deposit paid by Claimant; and,
3. All other requests for relief are denied.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the arbitrators have assessed the following forum fees:

Total Forum Fees: \$400.00 (1 Session x \$400.00)

- 1) Respondents, M. Rimson & Co., Inc., Bob Judge and Mark Judge, are assessed the amount of \$400.00 representing the total forum fees due, less \$400 paid to Claimant, leaving \$00 due.

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

ARBITRATORS' SIGNATURES

A handwritten signature in cursive script, appearing to read "David S. Billet".

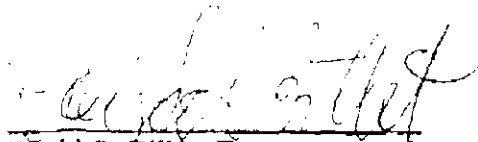
David S. Billet, Esq.
Public Chairperson

Alison H. Berry, Esq.
Public Arbitrator

Dale Berman
Industry Arbitrator

Date of decision: September 25, 1996

I, David S. Billet, Esq., do hereby affirm, pursuant to Article 7505 of the Civil Practice Law and Rules, that this is my decision in the above captioned matter.


David S. Billet, Esq.

I, Alison H. Berry, Esq, do hereby affirm, pursuant to Article 7505 of the Civil Practice Law and Rules, that this is my decision in the above captioned matter.

Alison H. Berry, Esq.

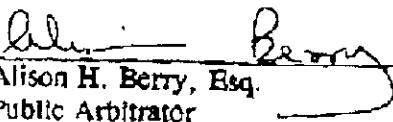
I, Dale Berman, do hereby affirm, pursuant to Article 7505 of the Civil Practice Law and Rules, that this is my decision in the above captioned matter.

Dale Berman

ASD Date of Decision: September 25, 1996

ARBITRATORS' SIGNATURES

David S. Billet, Esq.
Public Chairperson


Alison H. Berry, Esq.
Public Arbitrator

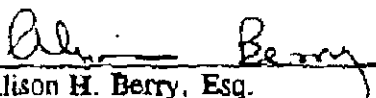
Dale Borman
Industry Arbitrator

Date of ~~decision~~: September 25, 1996

I, David S. Billet, Esq., do hereby affirm, pursuant to Article 7505 of the Civil Practice Law and Rules, that this is my decision in the above captioned matter.

David S. Billet, Esq.

I, Alison H. Berry, Esq., do hereby affirm, pursuant to Article 7505 of the Civil Practice Law and Rules, that this is my decision in the above captioned matter.


Alison H. Berry, Esq.

I, Dale Berman, do hereby affirm, pursuant to Article 7505 of the Civil Practice Law and Rules, that this is my decision in the above captioned matter.


Dale Berman

NASD Date of Decision: September 25, 1996

ARBITRATORS' SIGNATURES

David S. Billet, Esq.
Public Chairperson

Alison H. Berry, Esq.
Public Arbitrator



Dale Berman
Industry Arbitrator

Date of decision: September 25, 1996


I, **David S. Billet, Esq.**, do hereby affirm, pursuant to Article 7505 of the Civil Practice Law and Rules, that this is my decision in the above captioned matter.

David S. Billet, Esq.

I, **Alison H. Berry, Esq.**, do hereby affirm, pursuant to Article 7505 of the Civil Practice Law and Rules, that this is my decision in the above captioned matter.

Alison H. Berry, Esq.

I, **Dale Berman**, do hereby affirm, pursuant to Article 7505 of the Civil Practice Law and Rules, that this is my decision in the above captioned matter.



Dale Berman

NASD Date of Decision: September 25, 1996