

NASD REGULATION, INC. AWARD

In the Matter of the Arbitration Between

Name of Claimants

Elias and Anna Karaffa

vs.

Case No.
95-04282

Name of Respondents

*Baron Chase Securities
First Montauk Securities
Paul Giarmoleo
Ty Rodriguez
Robert T. Kirk
Paul Deperino

REPRESENTATION

For Claimants Elias and Anna Karaffa ("Claimants") appeared Peter C. McGinnis, Esq., a sole practitioner, located in Poughkeepsie, New York.

For Respondent Barron Chase Securities ("Barron Chase") and Fourth Party Respondent Robert T. Kirk ("Kirk") appeared Eugene Michael Kennedy, Esq., a sole practitioner, located in Fort Lauderdale, Florida.

For Third Party Respondents Paul Giarmoleo ("Giarmoleo"), Ty Rodriguez ("Rodriguez"), and First Montauk Securities ("First Montauk"), collectively referred to as "Third Party Respondents", appeared Edward M. Gould, Esq., a sole practitioner, located in Islip, New York.

Fifth Party Respondent Paul Deperino ("Deperino") appeared pro se.

CASE INFORMATION

Statement of Claim filed on: January 03, 1996.

Claimants' Submission Agreements signed on: December 15, 1995.

Statement of Answer filed by Respondent Barron Chase on: January 26, 1996.

Statement of Claim against Third Party Respondents filed on: January 26, 1996.

Statement of Answer to Third Party Cross-Claim filed on: April 01, 1996.

Respondent Barron Chase failed to file a signed Submission Agreement as required by Rule 10314(b) of the NASD Regulation Code of Arbitration Procedure (the "Code").

Statement of Answer and Cross-Claim of Third Party Respondents filed on: March 19, 1996.

Cross-Claim against Robert T. Kirk filed on: March 19, 1996.

9712031

Page Two
Award 95-04282

Third Party Respondents Statement of Claim against Paul Deperino filed on: March 19, 1996.
Third Party Respondent Ty Rodriguez's Submission Agreement signed on: March 19, 1996.
Third Party Respondent Paul Giarmoleo's Submission Agreement signed on: March 19, 1996.
Third Party Respondent First Montauk Securities failed to file a signed Submission Agreement as required by Rule 10314(b) of the Code.

Statement of Answer and Motion to Dismiss filed by Fourth Party Respondent Kirk on: April 01, 1996.
Fourth Party Respondent Kirk failed to file a signed Submission Agreement as required by Rule 10314(b) of the Code.

Statement of Answer filed by Fifth Party Respondent Deperino on: September 24, 1997.
Fifth Party Respondent Deperino failed to file a signed Submission Agreement as required by Rule 10314(b) of the Code.

HEARING INFORMATION

Pre-Hearing Conference:	March 13, 1997	One Session
Hearing Date/Sessions:	October 01, 1997	Two Sessions

The pre-hearing conference was held telephonically. The hearings were conducted at the Marriott Hotel located in Albany, New York.

CASE SUMMARY

Claimants alleged that upon opening an account at Barron Chase with Respondent Deperino they set forth the following conditions: that a prospectus and/or research material be provided to them before any security was bought and no security should be sold without first consulting Claimants. Claimants further alleged that Respondent Deperino bought and sold numerous securities without authorization and without providing Claimants with a prospectus of the securities involved. Claimants also alleged that when they received their monthly statement and saw the numerous transactions, they complained to Respondent Deperino, and stated that no further activity was to take place in their account. Claimants asserted that despite this Respondent Deperino continued to buy and sell securities without authorization. Claimants further asserted that on September 26, 1994, they faxed a memo to Respondent Deperino demanding that their account with Respondent Barron Chase be closed. Claimants also alleged that they refused to speak with Respondent Deperino after that point.

Respondent Barron Chase maintained that the office at which Claimants account was housed was independently operated by Respondent Giarmoleo, d/b/a First Montauk Securities and Ty Rodriguez. Respondent Barron Chase further maintained that Claimants were informed of and authorized all transactions, which were then executed by the Third Party Respondents. Respondent Barron Chase also maintained that at no time did Claimants ever demand cancellation or rescission of any executed trade. Respondent Barron Chase stated that to their knowledge Third Party Respondents did not act negligently in connection with the transactions through Barron Chase. Respondent Barron Chase further stated that they maintained adequate internal control over Third Party Respondents. Respondent Barron Chase also stated that if Third Party Respondents acted outside of the scope of their affiliation with Barron Chase, Respondent Barron Chase cannot be held liable.

Page Three
Award 95-04282

Respondent Barron Chase alleged that its Independent Contractor Agreement with Third Party Respondents provides that responsibility and obligation for damages incurred by Barron Chase arising from the independent contractor operation would fall to Third Party Respondents.

Third Party Respondents maintained that no representatives of Respondent Barron Chase visited the office run by them. Third Party Respondents further maintained that Respondent Barron Chase never undertook due diligent efforts to seek compliance by conducting inspections or written reports. Third Party Respondents denied all further allegations contained in Respondent Barron Chase's Statement of Claim.

Third Party Respondents alleged in their Cross-Claim that Respondent Kirk, president of Barron Chase Securities, supervised the activities in their office, and therefore, is liable under the principle of respondeat superior. Third Party Respondents further alleged in their Statement of Claim that Respondent Deperino was the account manager and that Claimants were informed and consented to all purchases and sales. Third Party Respondents also maintained that Respondent Deperino is liable as the account manager.

Respondent Barron Chase denied all allegations in the Cross-Claim.

Respondent Kirk maintained that he was an officer of Barron Chase. Respondent Kirk further maintained that as an officer he bears no personal liability for claims against Barron Chase.

Respondent Deperino maintained that all purchases and sales were discussed with Claimants, and that no transactions were effected without Claimants' approval. Respondent Deperino further maintained that upon receipt of trade confirmations and monthly statements, Claimants never questioned or complained about the transaction activity. Respondent Deperino also maintained that at all times he handled Claimants' account in an ethical manner and in accordance with NASD and SEC rules.

RELIEF REQUESTED

Claimants requested attorney fees, arbitration costs, transportation costs, and compensatory damages with interest as follows:

Mercer Co. Loss	\$ 200.00
Unipex Ent. Co. Loss	\$ 1,097.31
Arial Assault Loss	\$ 1,638.00
TVG Corp. Loss	\$ 1,570.00
MGIK Loss	\$ 4,525.00
Norris Communication Loss	\$ 3,370.00
Total Damages	\$12,400.31

Respondent Barron Chase requested that the Statement of Claim be dismissed with prejudice along with attorneys' fees and costs.

Respondent Barron Chase requested in its Third Party Statement of Claim that in the event they are liable to Claimants, this liability be carried over to Third Party Respondents jointly and severally, as well as attorneys' fees and costs.

Respondent Barron Chase requested that the Third Party Cross-Claim be dismissed in its entirety and they

be awarded attorneys' fees and costs.

Third Party Respondents requested that the Cross-Claim be dismissed in its entirety with prejudice.

Third Party Respondents in their Cross-Claim against Respondent Barron Chase requested damages in the amount of \$10,000.00 representing commissions earned, as well as attorneys' fees, costs, and disbursements and any other such relief that the panel deems just and fair.

Third Party Respondents requested in their Cross-Claim against Fourth Party Respondent Kirk, in the event damages are awarded that Respondent Kirk also be held liable, jointly and severally.

Third Party Respondents requested in their Statement of Claim against Fifth Party Respondent Deperino that if they are found liable in this action, that Respondent Deperino also be held jointly and severally liable.

Fourth Party Respondent Kirk requested that the Third Party Cross-Claim against him be dismissed and that Third Party Respondents be held jointly and severally liable for attorneys' fees and costs.

Fifth Party Respondent Deperino requested that the Third Party Statement of Claim against him be dismissed.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed that the Award in this matter may be executed in counterpart copies on that have agreed that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the Award while the original remains on file with the NASD.

Respondent Barron Chase withdrew all cross and counter claims prior to the closing of the case.

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. Claimants Elias and Anna Karaffa's claims be and hereby are dismissed in their entirety.
2. All further requests for relief are hereby denied.

FORUM FEES

Pursuant to Rule 10332 of the Code, the arbitrators have determined that the NASD will retain the \$100.00 non-refundable filing fee deposited by Claimant, the \$500.00 non-refundable filing fee owed by Respondent Barron Chase and the \$500.00 non-refundable filing fee owed by Third Party Respondents and have assessed the following forum fees:

9/11/2021

Page Five
Award 95-04282

1 Pre-hearing conference x \$300.00	=	\$ 300.00
2 Hearing sessions x \$600.00	=	\$1,200.00
Total Forum Fees	=	\$1,500.00

1. Claimants Elias and Anna Karaffa be and hereby are liable and shall pay to NASD Regulation, Inc. the sum of \$500.00 representing one-third of the total forum fees assessed. Claimants previously deposited \$400.00 with the NASD, and therefore, Claimants are hereby liable and shall pay \$100.00 to NASD Regulation, Inc..
2. Respondent Barron Chase be and hereby is liable and shall pay to NASD Regulation, Inc. the sum of \$500.00 representing one-third of the total forum fees assessed.
3. Fifth Party Respondent Deperino be and hereby is liable and shall pay to NASD Regulation, Inc. the sum of \$500.00 representing one-third of the total forum fees assessed.
4. Respondent Barron Chase be and hereby is liable and shall pay to NASD Regulation, Inc. the sum of \$500.00 representing the filing fee owed.
5. Third Party Respondents be and hereby are jointly and severally liable and shall pay to NASD Regulation, Inc. the sum of \$500.00 representing the filing fee owed.
6. Respondent Barron Chase be and hereby is liable and shall pay to NASD Regulation, Inc. the sum of \$200.00 representing the Member Surcharge assessed.
7. Third Party Respondent First Montauk Securities be and hereby is liable and shall pay to NASD Regulation, Inc. the sum of \$200.00 representing the Member Surcharge assessed.

Fees are payable to NASD Regulation, Inc..

Page Six
Award 95-04282

ARBITRATORS' SIGNATURES

I, Andrew N. Carnell, Esq., do hereby affirm pursuant to Article 7505 of the Civil Practice Laws and Rules, that I am the individual described herein and who executed this instrument which is my award.



Andrew N. Carnell, Esq.
Public Chairperson

I, Stephen T. Rodriguez, Esq., do hereby affirm pursuant to Article 7505 of the Civil Practice Laws and Rules, that I am the individual described herein and who executed this instrument which is my award.

Stephen T. Rodriguez, Esq.
Public Panelist

I, James J. Carroll, do hereby affirm pursuant to Article 7505 of the Civil Practice Laws and Rules, that I am the individual described herein and who executed this instrument which is my award.

James J. Carroll
Industry Panelist

Date of Decision: December 12, 1997

ARBITRATORS' SIGNATURES

I, Andrew N. Carnell, Esq., do hereby affirm pursuant to Article 7505 of the Civil Practice Laws and Rules, that I am the individual described herein and who executed this instrument which is my award.

Andrew N. Carnell, Esq.
Public Chairperson

I, Stephen T. Rodriguez, Esq., do hereby affirm pursuant to Article 7505 of the Civil Practice Laws and Rules, that I am the individual described herein and who executed this instrument which is my award.



Stephen T. Rodriguez, Esq.
Public Panelist

I, James J. Carroll, do hereby affirm pursuant to Article 7505 of the Civil Practice Laws and Rules, that I am the individual described herein and who executed this instrument which is my award.

James J. Carroll
Industry Panelist

Date of Decision: December 12, 1997

Page Six
Award 95-04282

ARBITRATORS' SIGNATURES

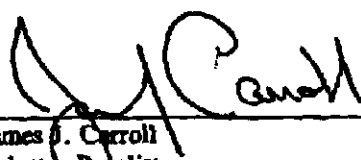
I, Andrew N. Carnell, Esq., do hereby affirm pursuant to Article 7505 of the Civil Practice Laws and Rules, that I am the individual described herein and who executed this instrument which is my award.

Andrew N. Carnell, Esq.
Public Chairperson

I, Stephen T. Rodriguez, Esq., do hereby affirm pursuant to Article 7505 of the Civil Practice Laws and Rules, that I am the individual described herein and who executed this instrument which is my award.

Stephen T. Rodriguez, Esq.
Public Panelist

I, James J. Carroll, do hereby affirm pursuant to Article 7505 of the Civil Practice Laws and Rules, that I am the individual described herein and who executed this instrument which is my award.



James J. Carroll
Industry Panelist

Date of Decision: December 12, 1997