

NASDR AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS REGULATION, INC.

In the Matter of the Arbitration Between

Fred L. and Michelle A. Ceroli

Claimants

NASDR Arbitration
No. 95-04596

v.

La Jolla Securities Corporation
Tom Moore

Respondents

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Securities Dealers Inc.

1996**REPRESENTATION OF PARTIES**

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Fred L. and Michelle A. Ceroli ("**Claimant**") represented themselves pro se.La Jolla Securities Corporation ("**Respondent**") was represented by Patrick M. Passenheim, Esq.,
San Diego, California.Tom Moore ("**Respondent**") was represented by Richard Leuthold, Esq., San Diego.**CASE INFORMATION**

Claimants Statement of Claim was filed on or about September 27, 1995. Claimants Submission Agreement was signed on September 21, 1995.

La Jolla Securities Corporation's Statement of Answer was filed on or about November 2, 1995. The Submission Agreement for La Jolla Securities Corporation was signed on October 30, 1995.

Tom Moore's Statement of Answer was filed on or about October 30, 1995. The Submission Agreement for Tom Moore was signed on November 1, 1995.

HEARING INFORMATION

The hearing was held on July 22 and 23 in San Diego for a total of 4 sessions.

CASE SUMMARY

Claimants alleged that the stocks that they purchased at the recommendation of the Respondents were riskier than they had originally been led to believe. Claimants further alleged that Respondents

made misrepresentations regarding performance that they could expect from their account and misrepresented the amount of commissions they would be charged.

Respondents denied the allegations set forth in the Statement of Claim. Respondents specifically stated that Claimants initially opened one account with La Jolla. Approximately one year later the Claimants opened a margin account with La Jolla. Respondents argued that the losses were due to the trading Claimants initiated and the resulting margin calls. Respondents further argued that had the Claimants held their positions the accounts would have benefitted dramatically.

RELIEF REQUESTED

Claimants requested an award in the amount of \$55,000.

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded its costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed that a handwritten, signed Award may be entered. The parties have agreed to receive conformed copies of the award while the original remains on file with the NASDR.

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 are awarded and Respondents, jointly and severally, shall pay to Claimants the sum of \$15,000.
2. If the award amount cited above in (1.) is not paid within 30 days from the service of this award, Claimants are awarded and Respondents, jointly and severally, shall pay to Claimants interest accruing at 9% per annum from the date of such service.
3. Parties to bear their own attorneys' fees and costs.

FORUM FEES

Forum fees are calculated at the rate of \$500 per hearing session and \$300 for each pre-hearing conference, if any. There were 4 sessions x \$500 = \$2,000 in forum fees. Pursuant to §43(b) of the NASDR Code of Arbitration Procedure (the "Code"), a hearing session is any meeting between the

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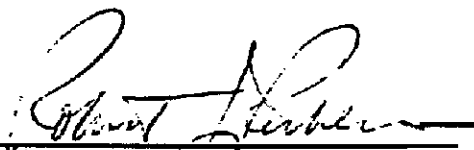
parties and the arbitrator(s), including a pre-hearing conference with an arbitrator, which lasts **four (4)** hours or less. Pursuant to § 43(c) of the Code of Arbitration Procedure, the Respondents shall bear the entire forum fees, jointly and severally.

Total Fees	
4 Hearing Sessions @ \$500.00 -	\$2,000.00
Total	<u>\$2,000.00</u>
Claimant's share	\$ -0.00
Claimant's credit for deposit	<u>\$ 500.00</u>
Claimant's balance < refund >	\$ < 500.00 >
Respondent's joint and several share	<u>\$2,000.00</u>
Respondent's Balance	<u>\$2,000.00</u>

Pursuant to §43(c) of the Code, the NASDR shall retain the non-refundable filing fee in the amount of \$ 150 and shall refund as forum fees the hearing session deposit in the amount of \$500 previously deposited with the NASDR by the Claimant Fred L. and Michelle A. Ceroli.

Pursuant to §45 of the Code, the NASDR shall retain the member surcharge fee in the amount of \$300 previously paid by La Jolla Securities Corporation.

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


Robert J. Ruben, Esq.
Public Arbitrator, Presiding Chair

Dated: _____

Gerald J. Lonergan
Public Arbitrator

James R. Collins
Industry Arbitrator

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parties and the arbitrator(s), including a pre-hearing conference with an arbitrator, which lasts four (4) hours or less. Pursuant to § 43(c) of the Code of Arbitration Procedure, the Respondents shall bear the entire forum fees, jointly and severally.

Total Fees	
4 Hearing Sessions @ \$500.00 =	\$2,000.00
Total	<u>\$2,000.00</u>
Claimant's share	\$ -0.00
Claimant's credit for deposit	<u>\$ 500.00</u>
Claimant's balance < refund >	\$ <500.00>
Respondent's joint and several share	
	<u>\$2,000.00</u>
Respondent's Balance	\$2,000.00

Pursuant to §43(c) of the Code, the NASDR shall retain the non-refundable filing fee in the amount of \$150 and shall refund as forum fees the hearing session deposit in the amount of \$500 previously deposited with the NASDR by the Claimant Fred L. and Michelle A. Ceroli.

Pursuant to §45 of the Code, the NASDR shall retain the member surcharge fee in the amount of \$300 previously paid by La Jolla Securities Corporation.

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

Dated:

Robert J. Ruben, Esq.
Public Arbitrator, Presiding Chair


Gerald J. Lonergan
Public Arbitrator

James R. Collins
Industry Arbitrator

Sept 6, 1996

Date Served: 09-12-1996

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parties and the arbitrator(s), including a pre-hearing conference with an arbitrator, which lasts four (4) hours or less. Pursuant to §43(c) of the Code of Arbitration Procedure, the Respondents shall bear the entire forum fees, jointly and severally.

Total Fees	
4 Hearing Sessions @ \$500.00 =	\$2,000.00
Total	<u>\$2,000.00</u>
Claimant's share	\$ -0.00
Claimant's credit for deposit	<u>\$ 500.00</u>
Claimant's balance < refund >	\$ < 500.00 >
Respondent's joint and several share	<u>\$2,000.00</u>
Respondent's Balance	<u>\$2,000.00</u>

Pursuant to §43(c) of the Code, the NASDR shall retain the non-refundable filing fee in the amount of \$150 and shall refund as forum fees the hearing session deposit in the amount of \$500 previously deposited with the NASDR by the Claimant Fred L. and Michelle A. Ceroli.


Pursuant to §45 of the Code, the NASDR shall retain the member surcharge fee in the amount of \$5 of the \$300 previously paid by La Jolla Securities Corporation.

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

Dated:

Robert J. Ruben, Esq.
Public Arbitrator, Presiding Chair

Gerald J. Lonergan
Public Arbitrator


James R. Collins
Industry Arbitrator

Sept. 10 1996

Date Served: 09-12-1996