

NASD Regulation, Inc. Office of Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Lawrence S. Albarino

95-04623

Name of Respondents

Scott M. Goodman

Mark A. Corso

REPRESENTATION

Claimant Lawrence S. Albarino ("Claimant") represented himself.

Respondent Scott M. Goodman ("Goodman") represented himself.

Respondent Mark A. Corso ("Corso") was not represented at the hearing.

CASE INFORMATION

Statement of Claim filed: September 28, 1995

Claimant's Submission Agreement signed on: September 22, 1995

Goodman neither filed an answer nor a uniform submission agreement.

Corso neither filed an answer nor a uniform submission agreement.

HEARING INFORMATION

Hearing Date/Sessions: April 14, 1998 - two sessions

Hearing Location: NASD Regulation, Office of Dispute Resolution, New York, NY

CASE SUMMARY

Claimant alleged, among other things, that Goodman, a stockbroker who worked for Robert Todd Financial at the time, first contacted him in the autumn of 1993, via cold calls and mailings. Claimant alleged that this was his first contact with a stockbroker and that he had no previous involvement with the stock market. Claimant alleged that he informed Goodman during at least two of these early telephone conversations that he could absolutely not afford any losses. Claimant alleged that Goodman recognized the necessity of safety and reassured him not to be concerned. Claimant alleged that Goodman promised to rapidly double Claimant's investment and made other similar statements. Claimant alleged that, in September 1993, Goodman solicited a purchase of shares in Spectrum Information Technologies ("Spectrum") and spoke of a chance to quickly double his investment. Claimant alleged that when he mentioned being liquid to around \$40,000, Goodman immediately responded that he would have Federal

Express pick up Claimant's check and would send confirmation slips right away. Claimant alleged that he was made to believe that he had to accept the above solicitation as a legally binding verbal commitment. Claimant alleged that this was a form of harassment and an abuse of office. Claimant alleged that Goodman purchased shares in Spectrum for Claimant for an initial investment of \$39,270. Claimant alleged that after Goodman had sold the Spectrum shares without first consulting with Claimant, albeit for a substantial profit, Claimant intended to withdraw his funds in order to fulfill his own investment plan. Claimant alleged that before he could voice his intentions, Goodman was promising to turn his investment into \$100,000 in a matter of weeks. Claimant alleged that after gaining his trust, Goodman perpetrated more than forty trades without any authorization from Claimant, thereby churning his account. Claimant alleged that by October 1994, Claimant's account had fallen in value to \$11,620. Claimant alleged that Goodman continued to reassure Claimant not to worry about short term drops in value. Claimant alleged that, soon after, his account was transferred to Corso, a broker with the Wellington Group. Claimant alleged that as a result of Corso's negligence, the value of his account dropped from \$11,620 to -\$816. Claimant alleged that Corso transferred all of Claimant's remaining funds into the stock of Consolidated Holding Corporation, which Claimant alleged is now virtually worthless. Claimant alleged that he was informed that Wellington had gone out of business and that Corso had quit two days before it went under. Claimant alleged that Corso did not communicate with Claimant throughout this period and, as a result, he did not have a chance to withdraw his remaining funds before the account crashed to less than zero value.

At the hearing, Goodman denied all material allegations of wrongdoing on his part asserted in Claimant's claim. Goodman maintained, among other things, that Claimant was aware of everything that was going on. Goodman maintained that at the time the account was transferred from him to Corso, the account was basically worth Claimant's original investment, give or take a couple of dollars. Goodman denied churning Claimant's account, and maintained that he executed significantly less than the forty or more trades Claimant asserted. Goodman maintained that Claimant initially presented himself as an experienced investor with some liquidity to play around with in the market. Goodman maintained that he informed Claimant that he worked on a lot of small-capitalization companies and that Claimant understood the risks involved. Goodman maintained that Claimant was actively involved in investment decisions pertaining to his account. Goodman maintained that he consulted with Claimant before every transaction in Claimant's account.

RELIEF REQUESTED

Claimant requested compensatory damages of \$56,681, based solely upon the loss in value of the account as created by Goodman and Corso. The Claimant attributed \$44,245 of this loss to Goodman's actions and \$12,436 of this loss to Corso's actions. Alternatively, Claimant requested compensatory damages of \$54,568, calculating loss based on the original capital investment, which was entirely lost, and 4 1/2 years of real interest of 8 1/2% in original account. In addition to compensatory damages, Claimant requested punitive damages against Goodman due to his surreptitious intent towards Claimant and his disregard for Claimant's financial security. Claimant also requested punitive damages against Corso due to his utter disregard for Claimant's financial security.

Goodman requested that Claimant's claim against him be dismissed in its entirety.

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 NASD Regulation, Inc.

The Panel determined that notwithstanding Goodman's failure to execute a submission agreement or submit an answer that, pursuant to Rule 10301 of the Code of Arbitration Procedure, Goodman was required to submit to the Panel's jurisdiction and that Goodman participated at the hearing. Therefore, the Panel exercised its jurisdiction over Goodman and he is bound by the Panel's rulings and determinations herein.

NASD Regulation made efforts to serve Corso with notice of this case at several addresses including : 1) c/o Centex Securities Corporation, Suite 200, 1020 Prospect Street, La Jolla, CA 92037; and 2) c/o Global Strategies Group, Inc., 465 California Street, Suite 475, San Francisco, CA 94104. Pursuant to Rule 10301 of the NASD Code of Arbitration Procedure, the Panel exercised its jurisdiction over Corso. Notwithstanding Corso's failure to file a uniform submission agreement or an answer, Corso is bound by the Panel's rulings and determinations herein.

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. That Respondent Goodman shall pay Claimant Albarino the sum of \$4000.00; no pre-judgment interest is awarded on this amount.
2. That Respondent Corso shall pay Claimant Albarino the sum of \$21,000.00; no pre-judgment interest is awarded on this amount.
3. That Claimant Albarino's claim for punitive damages against both Respondents Goodman and Corso is denied in its entirety.
4. That the parties shall bear their own costs and attorneys' fees, except as Forum Fees are addressed herein.
5. That any and all relief not specifically addressed above is denied in its entirety.

FORUM FEES

Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, Forum Fees shall be split between Claimant and Respondents equally, one-third each.

(2 hearing sessions x \$500) = \$1000 minus Claimant's hearing session deposit of \$500 = \$500 balance due to NASD Regulation, Inc.

Claimant Albarino and Respondents Goodman and Corso are each assessed Forum Fees of \$333.33. Respondents Goodman and Corso shall pay to NASD Regulation, Inc., \$250.00 each. Respondents Goodman and Corso are directed to reimburse Claimant \$83.33 each for his hearing session deposit of \$500. The remainder of Claimant's hearing session deposit shall be used to satisfy his share of the Forum Fees.

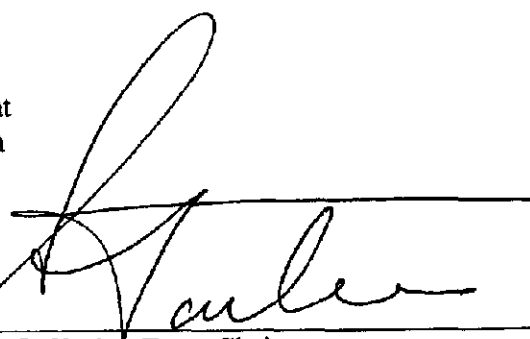
Fees are payable to the NASD Regulation, Inc. Office of Dispute Resolution

DATE SIGNED

Concurring Arbitrators' Signatures

I, Seth T. Taube, Esq., do hereby
affirm, pursuant to article 7507 of
the Civil Practice Law & Rules, that
I am the individual described herein
and who executed this instrument
which is my Award.

6/2/98



Seth T. Taube, Esq., Chairperson
Public Arbitrator

I, Earl S. Roberts, do hereby
affirm, pursuant to article 7507 of
the Civil Practice Law & Rules, that
I am the individual described herein
and who executed this instrument
which is my Award.

Earl S. Roberts, Panelist
Public Arbitrator

I, Harry Aronsohn, do hereby
affirm, pursuant to article 7507 of
the Civil Practice Law & Rules, that
I am the individual described herein
and who executed this instrument
which is my Award.

Harry Aronsohn, Panelist
Industry Arbitrator

Date Award Served by NASD Regulation:

June 19, 1998

DATE SIGNED

Concurring Arbitrators' Signatures

Seth T. Taube, Esq., Chairperson
Public Arbitrator

6/2/98

Earl S. Roberts
Earl S. Roberts, Panelist
Public Arbitrator

Harry Aronsohn, Panelist
Industry Arbitrator

Date Award Served by NASD Regulation:

June 19, 1998

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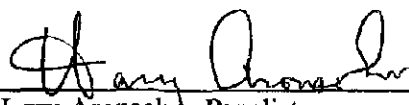
Seth T. Taube, Esq., Chairperson
Public Arbitrator

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