

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Anna Pinto

96-00790

Name of Respondents

Redstone Securities, Inc.
Camelot Investment Corp.
Patrick Ogadi
Robert Prisco

REPRESENTATION

For claimant Anna Pinto ("claimant") appeared Gregory S. Goodman, Esq., of the law firm Goodman & Goodman located in Mount Sinai, New York.

All claims against respondents Redstone Securities, Inc. ("Redstone") and Patrick Ogadi ("Ogadi") were withdrawn with prejudice prior to the hearing in this matter and, therefore, Redstone and Ogadi did not appear at the hearing.

Respondent Robert Prisco ("Prisco") appeared pro se.

Respondent Camelot Investment Corp. ("Camelot") did not enter an appearance in this matter.

CASE INFORMATION

Statement of Claim was filed on February 18, 1996. Claimant's Submission Agreement was signed on February 15, 1996.

Respondents Redstone's and Ogadi's Joint Statement of Answer was filed on May 16, 1996. Respondent Redstone's Submission Agreement was signed on May 9, 1996. Respondent Ogadi's Submission Agreement was signed on May 9, 1996.

Respondent Prisco's Statement of Answer was filed on June 12, 1996. Respondent Prisco's Submission Agreement was signed on June 12, 1996.

Respondent Camelot did not file a Statement of Answer or a Submission Agreement.

HEARING INFORMATION

Hearing Date/Sessions:

October 10, 1996

- 2 Sessions

The hearing was held at the Club Quarters Hotel located at 52 William Street, New York, New York.

CASE SUMMARY

Claimant alleged that, in 1993, in response to an advertisement she contacted Camelot and she was directed to Prisco. Claimant also alleged that she told Prisco that she lacked investment experience, that she was very conservative, that she had no funds of her own to invest and that a bank loan was the source of her investment funds. Claimant further asserted that she informed Prisco that she was not seeking quick gains, but steady income with modest, long term growth. Claimant also asserted that Prisco guaranteed her that she would not lose any money. Claimant contended that on this advice opened an account at Camelot in December 1993.

Claimant alleged that Prisco misrepresented the speculative nature of the investments he purchased for her. Claimant also alleged that Prisco told her the investments he selected, were in safe, well established and financially strong companies. Claimant asserted that Prisco bought only low quality, highly speculative securities.

Claimant alleged that, in or about May 1994, Camelot ceased doing business and Redstone took over for Camelot. Claimant also alleged that Ogadi contacted her and informed her that he would now be handling her account. Claimant asserted that Ogadi sold all her investments, stating that they were not good investments. Claimant further asserted Ogadi told her she could trust him and that she should invest in what he told her to do. Claimant also asserted that Ogadi had her send an additional \$9,426.00, which she borrowed. Claimant contended that Ogadi bought more of the same highly speculative and risky investments purchased by Prisco.

Claimant contended that Prisco and Ogadi churned her account. Claimant also contended that every transaction made by Prisco and Ogadi in her account was unsuitable for an investor with her investment objectives, risk tolerance and experience. Claimant alleged that respondents misrepresented the safety and profit expectations of all the investments bought in her account. Claimant further alleged that when she tried to question Prisco and Ogadi about the investments being bought for her, they told her to leave the account in their hands and that they would reverse the losses and restore her retirement capital.

Redstone and Ogadi maintained that, on May 15, 1994, claimant opened her account at Redstone and signed a new account form, which stated her investment objectives a capital appreciation and speculation. Redstone and Ogadi also maintained that at no time did claimant complain or voice dissatisfaction with the manner in which her account was being handled. Redstone and Ogadi contended that each transaction was in accordance with claimant's expressly stated investment objectives and was consistent with her prior investment history. Redstone and Ogadi further

contended that claimant was in clear control of her account, including the timing of purchases and sales and received all customer confirmations and monthly statements.

Prisco maintained that claimant invested \$6,200.00 while at Camelot. Prisco further maintained that the purchase was for about 1000 shares of Telephonica Argentina at \$6.00 a share. Prisco also maintained that claimant sold her stock and made a profit. Prisco contended that, after the sale, he spoke with claimant and that she informed him that the market was not for her and that she wanted to close her account and receive a check for the balance. Prisco further contended that he followed her orders and informed the back office of the situation. Prisco also contended that he never worked for Redstone.

RELIEF REQUESTED

Claimant requested: (1) \$16,500.00 in actual damages; (2) costs, expenses, disbursements, including attorneys' fees; (3) punitive damage to be determined by the arbitration panel; and (4) other relief the arbitration panel deems just and proper.

Redstone and Ogadi requested that the claims of the claimant be dismissed in their entirety, with costs and expenses associated with this action including attorneys' fees being assessed against the claimant.

Prisco requested that he be removed from the proceedings.

OTHER ISSUES CONSIDERED & DECIDED

Prior to the hearing in this matter, the NASD was advised that all claims against respondents Redstone and Ogadi were withdrawn with prejudice.

The arbitration panel found that the Statement of Claim was not served upon respondent Camelot and that Camelot was not provided with "due notice" of the hearing in this matter. The arbitration panel, therefore, determined to dismiss the claims against respondent Camelot without prejudice.

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. All claims against respondent Prisco are dismissed in their entirety.
2. Claimant's request for punitive damages is hereby denied.

3. Each party shall bear their own costs, including attorney's fees.
4. All other claims are denied.

FORUM FEES

Pursuant to Section 43(c) of the NASD Code of Arbitration Procedure, the arbitrators have determined that the NASD shall retain the \$100.00 filing fees previously deposited by the claimant and have assessed the following forum fees.

2 hearing sessions x \$400.00 = \$800.00

1. Claimant be and hereby is liable for the sum the \$400.00, representing one-half of the forum fees assessed. Claimant previously deposited \$400.00 with the NASD. Therefore, nothing is owed to the NASD by the claimant.
2. Respondent Prisco be and hereby is liable for and shall pay to the NASD the sum of \$400.00, representing one-half of the forum assessed.

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

Arbitrators' Signatures



Robert Pincus, Esq.
Chairperson-Public Arbitrator

Arthur C. Ramirez
Public Arbitrator

John. J. Witkowski, Jr., Esq.
Industry Arbitrator

Date of decision: December 9, 1996


I, **Robert Pincus, Esq.**, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.



Robert Pincus, Esq.

Arbitrators' Signatures

Robert Pincus, Esq.
Chairperson-Public Arbitrator

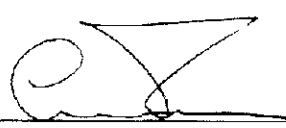


Arthur C. Ramirez
Public Arbitrator

John. J. Witkowski, Jr., Esq.
Industry Arbitrator

Date of decision: December 9, 1996

I, **Arthur C. Ramirez**, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

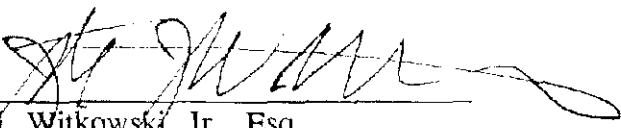


Arthur C. Ramirez

Arbitrators' Signatures

Robert Pincus, Esq.
Chairperson-Public Arbitrator

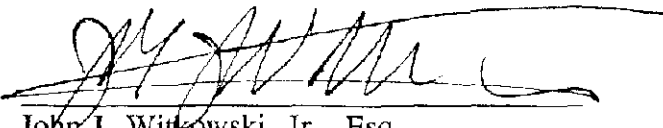
Arthur C. Ramirez
Public Arbitrator



John J. Witkowski, Jr., Esq.
Industry Arbitrator

Date of decision: December 9, 1996

I, **John J. Witkowski, Jr., Esq.**, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.



John J. Witkowski, Jr., Esq.