

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Zoltan and Magdalena Magyar

96-01402

Name of Respondents

Nori, Hennion, Walsh, Inc.
U.S. Clearing Corporation

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on March 29, 1996, Claimants Zoltan and Magdalena Magyar ("Claimants"), who appeared Pro Se, alleged that Respondent Nori, Hennion, Walsh, Inc. ("Nori") and Respondent U.S. Clearing Corporation ("USCC") made unauthorized trades in their account. Claimants further alleged that on November 17, 1995, Respondents switched a total of \$225,000.00 of Claimants' bonds without the Claimants' signature, consent, and legitimate investment purpose. Claimants contended that on November 20, 1995, William Walsh ("Walsh"), a representative at Nori, promised to reverse the sale of \$175,000.00 of the bonds but refused to reverse the sale of \$50,000.00 FNMA bonds. Claimants further contended that due to the wrongdoing of the Respondents, they have suffered damages for which the Respondents should be held liable.

Respondent Nori, Hennion, Walsh, Inc., which appeared through its representative Dominic Nori, maintained that Walsh did not execute any unauthorized trades in Claimants' account. Respondent further maintained that the \$1,458.75 which Claimants seek as reimbursement for the commission charged for the purchase of shares of Van Kampen Merritt Prime Rate Trust was never charged against the Claimants' account. Respondent alleged that it has done everything possible to comply with Mr. Magyar's requests and that Mr. Magyar has not incurred any charges for any of the disputed transactions. Respondent further alleged that it committed no wrongdoing and requested that the claims against it be dismissed.

Respondent U.S. Clearing Corporation, through its representative and in-house counsel, Mary Ellen Moschetta, Esq., maintained that Nori contracted for the clearing services of USCC for

its customers on a fully disclosed basis. Respondent further maintained that Gruntal & Co. was the "contra broker" to whom the FNMA bonds had been sold and that USCC did not participate in the commissions charged by its correspondent brokers. Respondent alleged that it has no direct contact with its introduced customers. Respondent denied any responsibility for the switching of Claimants' FNMA bonds for Van Kampen Merritt Prime Rate Income Trust Fund. Respondent maintained that it committed no wrongdoing, and requested that the Claims against it be dismissed.

In a Reply to Respondent Nori's Response, Claimants alleged that Exhibit #2 of their Statement of Claim demonstrated that Nori collected \$1458.75 in commissions. Claimants further alleged that they did not want to change any of their investments and that there was no legitimate investment purpose underlying the switch of FNMA bonds. In a Reply to Respondent USSC's Response, Claimants alleged that contrary to USCC's assertion, USSC had personal contact with the Claimants.

RELIEF REQUESTED

Claimants Zoltan and Magdalena Magyar requested relief in the amount of \$1,458.75 for commissions charged and \$4,376.25 as treble commission damages. Claimants also requested \$150.00 reimbursement of filing fees and treble reimbursement of the filing fee.

Respondent Nori, Hennion, Walsh, Inc. requested that the claims of the Claimants be dismissed.

Respondent U.S. Clearing Corporation requested that the claims of the Claimants be dismissed.

AWARD

Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Harry Weiss, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants Zoltan and Magdalena Magyar on March 26, 1996, and by the Respondent Nori, Hennion, Walsh, Inc. on May 20, 1996, and by the Respondent U.S. Clearing Corporation on June 24, 1996.

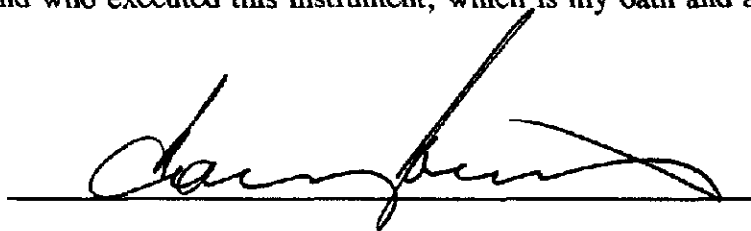
And, the Arbitrator, having considered the proof of the parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claims of Claimants Zoltan and Magdalena Magyar against Respondents Nori, Hennion, Walsh, Inc. and U.S. Clearing Corporation are dismissed in their entirety.
2. The parties shall bear their respective costs.

3. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimants Zoltan and Magdalena Magyar shall be retained by the NASD, Inc. Respondent Nori, Hennion, Walsh, Inc. shall pay to Claimants Zoltan and Magdalena Magyar \$150.00 as reimbursement of the fee.

AFFIRMATION

I, **HARRY WEISS**, do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.

A handwritten signature in dark ink, appearing to read 'Harry Weiss', is written over a horizontal line.

DATE OF DECISION: August 30, 1996