

**A W A R D**

**NATIONAL ASSOCIATION OF SECURITIES DEALERS REGULATION, INC.**

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In the Matter of the Arbitration Between

Name of Claimant

Ronald K. Rappold

NASD Case Number 96-1720

Names of Respondents

Nationwide Securities, Corp.  
Howard Zelin and Marco Fiore

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**REPRESENTATION**

Claimant Ronald K. Rappold ("Rappold") appeared pro se.

For Respondent Nationwide Securities, Corp. ("Nationwide")  
Jonathan A. Pace, Esq. of Pace & Rickey, L.L.P., Dallas, Texas  
(see "Other Issues").

Respondents Howard Zelin ("Zelin") and Marco Fiore ("Fiore")  
appeared pro se (see "Other Issues").

**CASE INFORMATION**

Statement of Claim filed: April 22, 1996.

Claimant's Submission Agreement signed: April 18, 1996.

Respondent Nationwide's Statement of Answer filed: August 22,  
1996.

Respondent Nationwide's Submission Agreement/Corporate  
Acknowledgment signed: August 20, 1996, by Kevin Williams on  
behalf of Nationwide.

Respondent Zelin's Statement of Answer filed: September 3, 1996.

Respondent Zelin's Submission Agreement Signed: September 3,  
1996.

Respondent Fiore did not file a Statement of Answer nor did he  
file an executed Submission Agreement as required by Rules 10301  
and 10314 of the Code of Arbitration Procedure ("Code") (see  
"Other Issues").

HEARING INFORMATION

On December 12, 1996 a telephonic pre hearing conference lasting one (1) session was conducted with the sole arbitrator.

On April 30, 1997 a hearing lasting one (1) session was conducted in Fort Lauderdale, Florida.

CASE SUMMARY

Claimant alleged that on March 9, 1996 he received a notice in the mail of a purchase of 1345 warrants of Thermo Mizer EXP 2/26/01 that was purchased for his account on March 6, 1996. Claimant further alleged that he did not authorize the purchase and that the next business day he called Fiore, the broker at Nationwide, and advised him of the unauthorized purchase and Fiore stated that it was a mistake and promised to cancel the trade immediately. Claimant maintained that the mistake was never corrected despite several conversations on March 20 and March 25, 1996 with both Fiore and Zelin, the Compliance Officer. Claimant next alleged that on April 5, 1996 he called the Nationwide main office and was told that the office where Claimant's account was held was being closed because of a number of unauthorized trades that had taken place in that office. Claimant further maintained that no action was taken to return the funds that were taken from his account in connection with the unauthorized trade.

In its Statement of Answer Respondent Nationwide denied the allegations of wrongdoing against it contained in the Statement of Claim and alleged that Respondent Fiore left the employ of Nationwide and that Nationwide was unable to verify the allegation that the trade was unauthorized. Respondent Nationwide next maintained that Nationwide had no documents which indicated that the trade was unauthorized and that when Claimant could not reach Fiore to cancel the alleged trade, Claimant was required by law to mitigate his damages by selling the securities.

Respondent Zelin denied each and every allegation of wrongdoing contained in the Statement of Claim and asserted the following affirmative defenses: the claim fails to state a cause of action or claim for which relief may be granted against him; that he was not the compliance officer at Nationwide; that he was not Claimant's broker nor was he a registered compliance officer or registered in any supervisory capacity with Nationwide; that Claimant's claim is in essence a claim for damages against Nationwide, a corporate entity and its agent/broker Fiore; that he has no personal liability to Claimant for any alleged liability on the part of Nationwide or Fiore.

**RELIEF REQUESTED**

Claimant requested an award of \$6,300.00.

Respondent Nationwide requested that the arbitrator deny the claim.

Respondent Zelin requested that the claim against him be dismissed in its entirety and that he be awarded costs and attorneys' fees.

**OTHER ISSUES CONSIDERED & DECIDED**

At the commencement of the hearing Claimant advised NASD Regulation Inc. and the arbitrator that he had entered into settlement agreements with Respondents Fiore and Zelin and that he wished to proceed with the hearing against Respondent Nationwide only.

Respondent Nationwide did not attend the hearing. Pursuant to Rule 10101 of the Code the arbitrator found subject matter jurisdiction over this entire controversy. The arbitrator further found that Respondent Nationwide was a member of NASD Regulation, Inc. at the time the controversy arose. Consequently, the arbitrator found personal jurisdiction over Respondent Nationwide pursuant to Rule 10301 of the Code.

In addition, in accordance with Rules 10310, 10315 and 10318 of the Code, the arbitrator found that NASD Regulation, Inc. provided Respondent Nationwide with "due notice" of the hearing conducted in this matter by regular and certified mail. The arbitrator, therefore, determined to proceed with the hearing without Respondent Nationwide present.

**AWARD**

After considering the pleadings, the testimony and the evidence presented at the hearing and post hearing submissions (if any), the undersigned arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Nationwide is found liable and shall pay to the Claimant the sum of \$2,225.00.
2. Respondent Nationwide shall reimburse Claimant the sum of \$275.00 representing the claim filing fee and hearing session deposit previously paid by the Claimant to NASD Regulation, Inc.

**FORUM FEES**

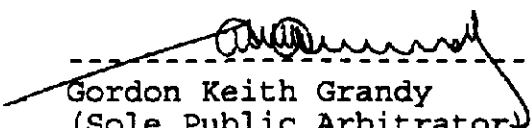
Pursuant to Rule 10332 of the Code of Arbitration Procedure, the panel has assessed forum fees in the amount of \$400.00 (one (1) hearing session x \$200.00 + one pre-hearing conference x \$200.00.

1. Respondent Nationwide is assessed forum fees in the amount of \$400.00 for which NASD Regulation, Inc. shall retain the \$200.00 previously paid by the Claimant in partial satisfaction thereof leaving a balance due to NASD Regulation, Inc. by Respondent Nationwide of \$200.00.
2. NASD Regulation Inc. shall retain the \$75.00 Claim filing fee paid by the Claimant.
3. Pursuant to Rule 10333 of the Code, Respondent Nationwide shall pay to NASD Regulation, Inc. the \$100.00 past due member surcharge, which was previously invoiced.

Fees are payable to NASD Regulation, Inc.

**ARBITRATOR**

**Concurring Arbitrator's Signature**

  
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Gordon Keith Grandy  
(Sole Public Arbitrator)

Date of Decision: June 4, 1997