

OFFICE OF DISPUTE RESOLUTION

In the Matter of the Arbitration Between

Name of Claimants

Owen K. and Janet R. Crist

96-01738

Name of Respondents

Sovereign Equity Management Corp.
Vincent Albanese
Joseph Giordano
Jeffrey Supinsky

REPRESENTATION

Claimants Owen K. and Janet R. Crist ("Claimants"), appeared pro se.

For Respondent Sovereign Equity Management Corp. ("Sovereign") appeared Kevin P. Simmons, Esq., of the law firm, Simmons, Jannace & Stagg, L.L.P.

For Respondent Vincent Albanese appeared Charles M. O'Rourke, Esq., a solo practitioner located in Garden City, New York.

Respondent Joseph Giordano appeared pro se.

For Respondent Jeffrey Supinsky appeared Michael T. Rogers, Esq., of the law firm, Blodnick Abramowitz & Blodnick, located in Roslyn Heights, New York.

CASE INFORMATION

Statement of Claim filed: April 22, 1996.

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

Statement of Answer filed by Respondent, Sovereign, on: July 9, 1996.
Respondent, Sovereign's Submission Agreement signed on: July 9, 1996.

Statement of Answer filed by Respondent Albanese on July 17, 1996.
Respondent, Albanese's Submission Agreement signed on: July 18, 1997.

Statement of Answer filed by Respondent Giordano on July 9, 1996.
Respondent, Giordano's Submission Agreement signed on July 9, 1996.

Respondent Supinsky did not file a Statement of Answer or file a Submission Agreement as required by Rule 10314(b) of the Code of Arbitration Procedure.

HEARING INFORMATION

Hearing Date/Sessions: June 20, 1997 - One Sessions

The hearing was held via telephone.

CASE SUMMARY

Claimant alleged that, in November 1995, Albanese was an agent and broker for Sovereign, and was, at all pertinent times, claimant's broker. Claimant further alleged that Albanese recommended he sell all current stocks in favor of Diplomat, but claimant requested time to consider, and instructed him to wait. Claimant also alleged that within two days, he called the broker to instruct him to keep the securities as they were, but was told that the securities had been sold and the proceeds were used to purchase shares of Diplomat. Claimant asserted that he neither requested or approved the transaction, and that he repeatedly insisted that the broker reverse the transaction, but the broker refused, predicting that Diplomat would rise to \$9.00 per share in the coming months. Claimant further asserted that he spoke with Albanese' supervisor, Giordano, who assured him that he would look into the matter, but called back insisting that claimant had authorized the transaction. Claimant contended that soon afterwards, he closed his account with Sovereign, and received a check for the amount of \$1,122.51, representing the cash that was in his account, and certificates for four thousand shares of Diplomat, at a net cost of \$15,520.00. Claimant maintained that the unauthorized sale of his securities resulted in a loss of \$6,955.07. Claimant further maintained that, according to Sovereign's research department, Diplomat was not expected to go above \$2.00 per share in the foreseeable future, so claimant sold his shares of Diplomat for \$5,990.00, at a loss of \$9,530.00 bringing the total loss to \$16,485.07.

Respondents, Sovereign and Giordano denied the allegations made in the Statement of Claim, and maintained that Albanese informed Sovereign that claimant had authorized and ratified the trades.

By way of Cross Claim against Vincent Albanese, Respondents alleged that if it is found that the answering respondents are liable to claimants, then the answering respondents are entitled to indemnification from Albanese for all or any part of any verdict that claimants are awarded.

By way of a Second Cross Claim against Vincent Albanese, Respondents alleged that liability should be apportioned, making the co-respondent liable to the answering respondents, "... in the event judgment is recovered by the claimants in an amount equal to the excess over and above the answering respondent's equitable share of the judgment. The equitable share of the judgment of the answering respondents will be determined in accordance with the relative culpability of all the respondents herein."

Respondent Albanese maintained that claimant had expressed dissatisfaction with the performance of his four stocks, so Albanese suggested selling them, and recommended Diplomat, a stock for which Sovereign was a market maker. Albanese further maintained that claimant agreed to this, and authorized the trade on the condition of a reduced commission, but only two days later changed his mind, though the trade had already gone through. Albanese also maintained that claimant's four original stocks also declined, so claimant cannot fairly claim full damages of \$9,530.00; he would have suffered losses in any event, with no fault due to Albanese.

Third-party Respondent Supinsky generally denied the allegations set forth in the Third- Party Claim.

RELIEF REQUESTED

Claimants requested damages of \$16,485.07.

Respondents Sovereign and Giordano requested that claimant's claim be dismissed in its entirety; that Sovereign prevail on all its cross-claims; that Sovereign prevail on third-party action, and that it be awarded costs, disbursements, and attorney's fees.

Respondent Albanese requested that all claims, including all cross-claims, be dismissed in their entirety.

Respondent Supinsky requested that the Claim be dismissed in its entirety, and that he be granted all costs and disbursements of this action.

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 original(s) remain on file with the NASD.

AWARD

During the hearing in this matter the parties, with the consent and approval of the panel of arbitrators, stipulated to the following award:


1. Respondent Sovereign Equity Management Corp. be and hereby liable and shall pay Claimant the sum of \$10,000.00.
2. All references of this matter contained in the Central Registration Depository records of the Respondents, Sovereign, Albanese, Giordano and Supinsky are to be expunged.

FORUM FEES

Pursuant to Rule 10332 of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation, Inc. shall retain the \$100.00 non-refundable filing fee and the hearing session deposit previously deposited by the Claimant. Therefore, no fees are due.

ARBITRATORS' SIGNATURES

Dennis E. Minni, Esq.
Chairperson - Public Arbitrator



Elmer G. Cowan, Esq.
Public Arbitrator

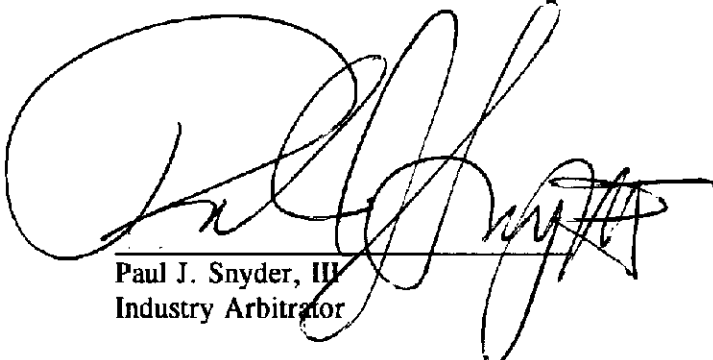
Paul J. Snyder, III
Industry Arbitrator

Date of Decision: December 31, 1997

ARBITRATORS' SIGNATURES

Dennis E. Minni, Esq.
Chairperson - Public Arbitrator

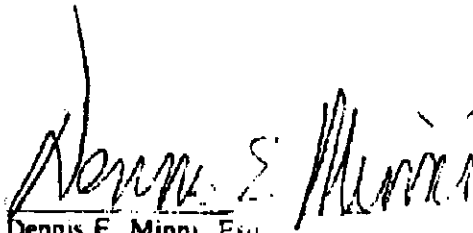
Elmer G. Cowan, Esq.
Public Arbitrator



Paul J. Snyder, III
Industry Arbitrator

Date of Decision: December 31, 1997

ARBITRATORS' SIGNATURES

A handwritten signature in dark ink, appearing to read "Dennis E. Minni". The signature is fluid and cursive, with the first name "Dennis" and last name "Minni" clearly distinguishable.

Dennis E. Minni Esq
Chairperson Public Arbitrator

Elmer G. Cowan, Esq
Public Arbitrator

Paul J. Snyder, III
Industry Arbitrator

Date of Decision : December 31, 1997