

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Daniel and Adele Karlin

96-01841

Name of Respondents

J.W. Charles Securities Inc
Corporate Securities Group, Inc.
David Stern
Jay Black

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on April 29, 1996, claimants Daniel and Adele Karlin ("claimant") through their representative, Chandra L. Parker, Esq., of Investors' Law Center, P.A., located in Boca Raton, Florida, alleged that respondents J.W. Charles Securities Inc. ("JWCS"), Corporate Securities Group, Inc. ("CSG"), David Stern ("Stern") and Jay Black ("Black") mishandled their account. Claimants further alleged that on or about February 15, 1994, Stern cold called them and set up a meeting in their home whereupon they agreed to purchase 1000 shares of Morgan Stanley India Investment Fund ("Morgan"). Claimants also alleged that they were not provided with a prospectus nor were market risks discussed. Claimants contended that about two weeks later, Stern convinced them to purchase 1000 shares of Formento Economic Mexicano ("Formento") and that market risks were not discussed nor was a prospectus provided. Claimants further contended that they went on two vacations and upon their return discovered that the securities they had purchased had been sold and replaced by other securities without their authorization including the purchase of 5500 shares of Medical Innovations and 700 units of Oryx Technology Corp. Claimants also contended that Black contacted them around May 9, 1994, who indicated that he was the Branch Manager and would be taking over the account. Claimants asserted that they were unable to resolve their complaints with the respondents and that as a result of the above, they have suffered losses for which the respondents should be held liable.

Respondents JW Charles Securities, Corporate Securities Group and Jay Black through their representative and in-house counsel, Charles E. Scarlett, Esq., maintained that the claimants

opened an account at CSG at which time their financial status and investment objectives were discussed. Respondents further maintained that the New Account Card was filled out and that claimants did not object to the content of the information. Respondents also maintained that they have no reason to believe that claimants did not receive initial prospectuses for the Morgan and Formento investments. Respondents contended that no misrepresentations or omissions concerning Morgan are even mentioned. Respondents further contended that claimants would have received confirmations for the alleged unauthorized sales prior to leaving on their vacation. Respondents also contended that claimants did not immediately object to the transactions as they should have and that as a result of the above, they should not be held liable.

Respondent David Stern did not file a Statement of Answer to the Statement of Claim.

RELIEF REQUESTED

Claimants Daniel and Adele Karlin requested \$7,502.62 in actual damages plus interest at 12 %, costs, fees, attorney's fees and other relief the arbitrator finds appropriate.

Respondents JW Charles Securities, Corporate Securities Group and Jay Black requested that the claims be dismissed in their entirety.

Respondent David Stern did not file a Statement of Answer to the Statement of Claim.

OTHER ISSUES CONSIDERED AND DECIDED

Prior to the decision on the merits, claimants Daniel and Adele Karlin withdrew, with prejudice, their claims against respondent Jay Black.

The arbitrator considered and reviewed all documentation submitted by the parties concerning respondent W. Charles Securities, Inc. Motion to Dismiss as it is not a party in interest. The arbitrator granted the motion.

Pursuant to Section 10302 of the NASD Code of Arbitration Procedure, respondent David Stern was sent the Statement of Claim via regular mail and was given an opportunity to respond which he failed to do.

Pursuant to the by-laws of the NASD, the arbitrator determined that respondent David Stern had notice of the claim, and was required to submit to this arbitration proceeding; and is, therefore, bound by the arbitrator's ruling and determination.

AWARD

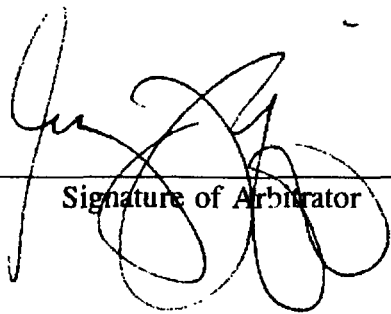
Pursuant to Section 10302 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Nancy J. Cliff, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the claimants on March 4, 1996, by respondents Corporate Securities Group, Inc. and JW Charles Securities, Inc. on June 20, 1996, Jay Black on July 23, 1996, and not by David Stern as is required by Sections 10301 and 10302 of the NASD Code of Arbitration Procedure.

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 the claimants Daniel and Adele Karlin against respondent JW Charles Securities, Inc. are denied in their entirety.
2. Respondents Corporate Securities Group, Inc. and David Stern are jointly and severally liable and shall pay to the claimants Daniel and Adele Karlin \$2,423.58 in actual damages.
3. Respondents Corporate Securities Group, Inc. and David Stern are jointly and severally liable and shall pay to the claimants Daniel and Adele Karlin simple interest at the rate of 8% per annum from July 30, 1994, to the date of payment of the award.
4. The parties shall bear their respective costs.
5. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the claimants shall be retained by the NASD, Inc. Respondents Corporate Securities Group, Inc. and David Stern are jointly and severally liable and shall pay to the claimants Daniel and Adele Karlin \$150.00 as reimbursement of the filing fee.
6. All other relief requests are denied.

AFFIRMATION

I, Nancy J. Cliff, Esq., 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.



Signature of Arbitrator

DATE OF DECISION: December 6, 1996