

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Joseph M. Marinelli

96-01842

Name of Respondent

Pentad Securities, Inc.

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on May 7, 1996, claimant Joseph M. Marinelli ("claimant"), who appeared Pro Se, alleged the respondent Pentad Securities, Inc. ("respondent") failed to repay a loan he made to it. Claimant further alleged that on December 16, 1993, he, a principal of respondent, loaned respondent \$5,000.00 non-interest bearing loan to make the balance sheet look better. Claimant further alleged that in July of 1995, he resigned as a principal, sold his shares and demanded repayment of the loan. Claimant contended that William Hoskyns, respondent's president, did not deny owing the money but has not paid it. In an additional documentary submission, claimant further contended that the date of disbursement was not in December 1993, but was December 1994. Claimant also contended that as a result of the above, he has suffered a loss for which the respondent should be held liable.

Respondent Pentad Securities, Inc. through its representative and President, William Hoskyns, maintained that the December 1993, \$5,000.00 payment to it by claimant was repayment for an advancement. Following claimant's amendment, respondent contended that the 1994 \$5,000.00 loan made to it by claimant was to be repaid as soon as prudently possible.

In its counterclaim, respondent maintained that while claimant was employed by it, a problem with Quotron, its quotation service, developed which was later tied to the loan repayment. Respondent contended that claimant was responsible for negotiating a contract with Quotron and that the contract resulted in unnecessary expenses being assessed against it due to the contract claimant signed on behalf of respondent. Respondent further contended that claimant assured it that the problem would be corrected before he left his employment but that this was never done. Respondent also contended that it appears that claimant did not take any steps to correct the problem. Respondent asserted that claimant resigned in October of 1995, and took some of its files without authorization.

In response to the counterclaim, claimant maintained that "Quotron had nothing to do with my loan to Pentad." Claimant further maintained that he had ongoing discussions with Quotron concerning the high rates, up to the time that he left and that Mr. Hoskyns took over. Claimant also maintained that he has no files in his possession which belong to Pentad and that when he left, he took his own records.

RELIEF REQUESTED

Claimant Joseph M. Marinelli requested \$5,000.00 in actual damages plus interest and filing fees.

Respondent Pentad Securities, Inc. requested that the claims be dismissed.

In a counterclaim respondent Pentad Securities, Inc. that claimant be required to return any and all of its files that he may have in his possession. Respondent further requested that if the Quotron bill is not resolved in their favor, claimant be assessed damages of \$6,272.65 less the \$5,000.00 loan principal. Respondent also requested reimbursement of the arbitration fees.

OTHER ISSUES CONSIDERED AND DECIDED

Prior to the decision on the merits, respondent notified the arbitrator that Quotron had forgiven its debt and that it was sending a \$5,000.00 check to claimant. Following respondent's withdrawal, claimant notified the arbitrator that respondent paid him the \$5,000.00 and withdrew that claim. However, claimant requested that the arbitrator consider his claim for interest and filing fees.

AWARD

Pursuant to Section 10203 of the NASD, Inc. Code of Arbitration Procedure, a single Industry Arbitrator, Harold M. Golz, Esq., was selected to review the matter in controversy between the parties set forth in submissions to arbitration signed by the claimant on April 26, 1996, and by respondent on May 29, 1996.

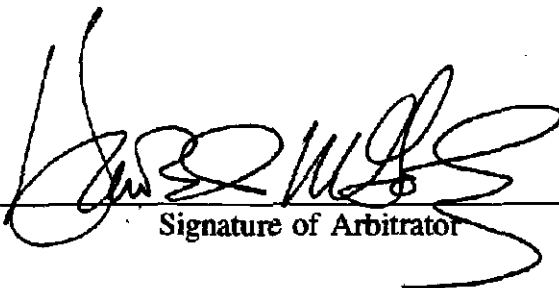
And, the Arbitrator, having considered the proof of the parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. Respondent Pentad Securities, Inc. is liable and shall pay to the claimant Joseph M. Marinelli simple interest at the rate of 8% per annum from August 1, 1995 to September 9, 1996, on the amount of \$5,000.00.
2. Respondent Pentad Securities, Inc. counterclaim against claimant Joseph M. Marinelli requesting that he return files is denied.
3. The parties shall bear their respective costs and attorney fees.

4. The \$575.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant shall be retained by the NASD, Inc. Respondent Pentad Securities is liable and shall pay to the claimant Joseph M. Marinelli \$575.00 as reimbursement of the filing fee.
5. Respondent Pentad Securities, Inc. shall pay to the NASD Regulation, Inc., \$575.00 as payment for the counterclaim filing fees. Payment shall be made to the National Association of Securities Dealers Regulation, Inc.
6. All other relief requests are denied.

AFFIRMATION

I, Harold M. Golz, 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 23, 1996