
In the Matter of the Arbitration Between

Name of Claimants

Joseph and Margaret "Peggy" Zarrelli

96-02019

Name of Respondents

Maidstone Financial Inc.
Robert J. Desiano
Marshall A. Bernstein

REPRESENTATION

For claimants, Joseph and Margaret "Peggy" Zarrelli ("claimants"), appeared George V. Cornell, III, Esq. of the law firm George V. Cornell, III and Associates located in Staten Island, New York.

For respondents, Maidstone Financial Inc. ("Maidstone"), Robert J. Desiano ("Desiano") and Marshall A. Bernstein ("Bernstein"), collectively ("respondents"), appeared Bruce J. Kahne, Esq. of the law firm Gersten, Savage, Kaplowitz & Curtin located in New York, New York.

CASE INFORMATION

Statement of Claim filed: May 10, 1996.

Claimants' Submission Agreement signed on: May 8, 1996.

Respondents' Joint Statement of Answer filed on: July 8, 1996.

Respondent Maidstone's Submission Agreement signed on: July 23, 1996.

Respondent Desiano's Submission Agreement signed on: August 1, 1996.

Respondent Bernstein's Submission Agreement signed on: July 23, 1996.

HEARING INFORMATION

Hearing Dates/Sessions:	February 5, 1997	-	Two Sessions
	February 6, 1997	-	Two Sessions

The hearings were conducted at the offices of NASD Regulation, Inc. located at New York, New York.

CASE SUMMARY

Claimants alleged that on February 10, 1995, they purchased 2,000 Units of SIMS at \$3.50 per unit, and 8,000 shares of SIMS common stock at \$8.50 per share from respondent Desiano, a representative of respondent Maidstone. Claimants further alleged that on February 27, 1995 they requested that Desiano sell 2,000 units of SIMS and 8,000 shares of SIMS Common stock. Claimants asserted that Desiano refused to sell the stock because it would amount to "selling short". Claimants further asserted that, on February 28, 1995, claimants again requested that Desiano sell the stock and again he said it was not possible. Claimants contended that, on March 1, 1995, SIMS took a drastic drop in price and on March 2, 1995 Desiano called them and admitted he had made a mistake in not following their orders to sell. Claimants further contended that Desiano then advised them to purchase more SIMS at the lower price in order to help cushion their earlier loss when they later would sell at a higher price. Claimants contended that they followed Desiano's advice and purchased 4,000 shares of SIMS on March 3, 1995 at \$5.50 a share.

Claimants further contended that claimant Joseph Zarrelli spoke to Desiano on April 19, 1995, and Desiano stated that he did not sell the SIMS holdings because the stock dropped too quickly. The claimants also contended that, on May 2, 1995, Joseph Zarrelli met with Bernstein, the Chairman and CEO of Maidstone, who agreed to personally oversee claimants' account and to sell all of Claimants' SIMS holdings when the stock split and hit \$3.00 a share. Claimants alleged that, on June 22, 1995, SIMS split and reached \$3.00 a share yet respondents sold only 10,000 shares. Claimants further alleged that respondents charged a commission of 15 cents per share in contravention of what was discussed at the May 2, 1995 meeting. Claimants also alleged that on June 28, 1995 they sold an additional 8,000 shares at \$2.50 per share and on July 24, 1995 they sold the remaining 10,000 shares for \$1.18 per share resulting in even further losses.

Respondents maintained that Desiano is the registered representative who handled claimants' account at Maidstone. Respondents further maintained that Claimants initially instructed Desiano to sell their holdings in SIMS if the share value went below \$7.00. Respondents also maintained that, on or about March 1, 1995, after the value of SIMS shares went from \$8.00 a share to \$5.00, claimants directed Desiano to purchase additional shares of SIMS and thereby revoked their initial instructions to Desiano to sell. Respondents asserted that Desiano never told Claimants that he could not sell SIMS or that he made a "mistake in not following their orders". Respondents further asserted that all trades in claimants' account were authorized by the claimants.

RELIEF REQUESTED

Claimants requested: \$50,177.00 in actual damages and \$150,531.00 in punitive damages plus interest.

Respondents requested: The claimants' Statement of Claim be denied in its entirety and that they be awarded the costs of defending the arbitration.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents Maidstone Financial Inc. and Marshall A. Bernstein be and hereby are jointly and severally liable and shall pay to the Claimants \$18,427.00.
2. All claims against Robert J. Desiano be and hereby are dismissed.
3. Claimants' claim for punitive damages be and hereby is denied.
4. All other requests for relief be and hereby are denied.
5. The parties shall bear their respective costs, including attorney's fees.

FORUM FEES

Pursuant to Rule 10332 of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation, Inc. shall retain the \$200.00 non-refundable filing fee previously deposited by the Claimants and have assessed the following Forum Fees.

4 hearing sessions x 750.00 = \$3,000.00

Claimants, Joseph and Margaret "Peggy" Zarrelli, are liable for \$1,500 representing one-half of the forum fees assessed. Claimants previously deposited \$750.00 to NASD Regulation Inc. Therefore, Claimants shall pay to NASD Regulation, Inc. the sum of \$750.00.

Respondents Maidstone Financial Inc. and Marshall A. Bernstein are jointly and severally liable for \$1,500 representing one-half of the forum fees assessed. Therefore, Respondents, Maidstone Financial Inc. and Marshall A. Bernstein shall pay to NASD Regulation, Inc. the sum of \$1,500.00.

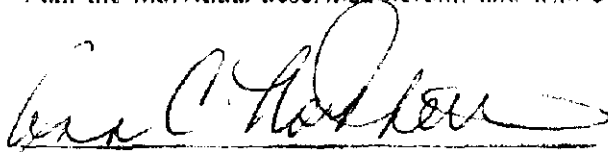
Fees are payable to the NASD Regulation, Inc.

ARBITRATORS' SIGNATURES



Ann C. Northern, Esq.

I, Ann C. Northern, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument, which is my award.



Ann C. Northern, Esq.

DATE OF DECISION: APRIL 16, 1997

Madelon M. Rosenfeld, Esq.
Madelon M. Rosenfeld, Esq.

I, Madelon M. Rosenfeld, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

Madelon M. Rosenfeld, Esq.
Madelon M. Rosenfeld

DATE OF DECISION: APRIL 16, 1997


Mary A. Dubas

I, Mary A. Dubas, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.


Mary A. Dubas

DATE OF DECISION: APRIL 16, 1997