

NASD REGULATION, INC. AWARD

OFFICE OF DISPUTE RESOLUTION

In the Matter of the Arbitration Between

Name of Claimant

Arnold Taft

96-02028

Name of Respondents

Cantella & Co., Inc.

Curt Stetson

Harold Gong

*A.J. Michaels & Co., LTD.

Titan/Value Equities Group, Inc.

Jonathan Alan & Co., Inc.

Mitchel Feinglas

REPRESENTATION

Claimant Arnold Taft ("Claimant") appeared pro se.

For Respondent Cantella & Co., Inc. ("Cantella") appeared Michael N. Sheetz, Esq., Peter M. Coppinger, Esq. and David M. Watson, Esq. of the firm Gadsby & Hannah LLP, located in Boston, Massachusetts.

For Respondents Curt Stetson ("Stetson"), Harold Gong ("Gong") and Titan/Value Equities Group, Inc. ("Titan") appeared John E. Lawlor, Esq., a private practitioner located in Mineola, New York.

For Respondent A.J. Michaels & Co., LTD. ("A.J. Michaels") appeared W. Hubert Plummer, Esq. of the firm Plummer & Plummer, LLP. located in Hauppauge, New York.

For Respondent Jonathan Alan & Co., Inc. ("Jonathan Alan") appeared Mitchel Feinglas located in Bedford, New York.

Respondent Mitchel Feinglas ("Feinglas") appeared pro se.

CASE INFORMATION

Claimant's Statement of Claim was filed on May 10, 1996. Claimant's Submission Agreement was signed on November 2, 1996.

A Statement of Answer was filed by Respondent Cantella on July 2, 1996. Respondent Cantella's Submission Agreement was signed by Gerald H. Powers on June 14, 1996.

A Statement of Answer was filed by Respondent Stetson on July 10, 1996. Respondent Stetson's Submission Agreement was signed on July 23, 1996.

A Statement of Answer and a Request for Summary Dismissal was filed by Respondent Gong on July 10, 1996. Respondent Gong's Submission Agreement was signed on July 31, 1996.

A Statement of Answer was filed by Respondent A.J. Michaels on December 30, 1996. Respondent A.J. Michaels' Submission Agreement was signed by Arthur W. Goldsmith on December 30, 1996.

A Statement of Answer was filed by Respondent Titan on February 25, 1997. Respondent Titan's Submission Agreement was signed by Steven K. McGinnis on January 21, 1997.

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

Respondent Feinglas 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

Pre-Hearing Conference:

March 26, 1997

One Session

Hearing Dates/Sessions:

September 16, 1997

Two Sessions

September 17, 1997

Two Sessions

The pre-hearing conference was held telephonically. The hearing was conducted at the offices of NASD Regulation, Inc., located in New York, New York.

CASE SUMMARY

Claimant alleged that Respondent Stetson omitted material facts regarding his investment accounts. Claimant also alleged that Respondent Stetson unsuitably recommended and purchased highly speculative and illiquid limited partnerships for his investment account. Claimant further alleged that Respondent Stetson misrepresented to Claimant the status of his account.

Respondent Cantella maintained that the Statement of Claim fails to state a claim against Cantella for which relief can be granted. Respondent Cantella also maintained that the investments at issue pre-dated Respondent Stetson's involvement with Cantella and were never made through Cantella. Respondent Cantella further maintained claims are barred by the statute of limitations, Claimant cannot recover due to the doctrines of waiver and/or estoppel, and Claimant cannot recover due to the doctrine of laches.

Respondent Stetson generally denied each of the allegations of the Statement of Claim. Respondent Stetson maintained that the recommendations were suitable given the information provided by the Claimant, the due diligence he believed to have been conducted, and his employer's express endorsement of the investments. Respondent Stetson also maintained that Claimant was fully apprised of all material facts relative to the securities and was afforded, and took advantage of, the opportunity to ask questions and receive answers. Respondent Stetson further maintained that he made no misrepresentation of material fact, or that he omitted to state any other fact necessary under the circumstances.

Respondent Gong maintained that he cannot be responsible where he has not given any advice, not made any recommendation to the Claimant, nor responsible for oversight of the account or account executive.

Respondent A.J. Michaels maintained that the Statement of Claim failed to state a claim against A.J. Michaels upon which relief can be granted. Claimant A.J. Michaels also maintained that none of the investments of which Claimant is complaining were bought through A.J. Michaels, thus Respondent A.J. Michaels cannot be held responsible for investments over which it had no control.

Respondent Titan denied generally and specifically each of the allegations of the Statement of Claim and denied that the Claimant is entitled to the damages sought. Respondent Titan denied any liability for any investments made prior to Respondent Stetson's registration with Titan or any made after Respondent Stetson terminated his registration. Respondent Titan maintained the Statement of Claim failed to state a claim against Titan upon which relief can be granted.

RELIEF REQUESTED

Claimant requested actual damages in the amount of \$69,706.00, treble damages in the amount of \$139,412.00, interest, costs, possible attorneys' fees to be determined, and any other damages that the panel would deem appropriate.

Respondent Cantella requested that the Claimant's Claims against Cantella be dismissed with prejudice, and fees and costs incurred in defending this action.

Respondent Stetson requested dismissal of the Statement of Claim, and for such other, further and different relief as to the arbitrators seems appropriate.

Respondent Gong requested a summary dismissal from the case.

Respondent A.J. Michaels requested a summary dismissal from the case.

Respondent Titan requested dismissal of the Statement of Claim, and for such other, further and different relief as to the arbitrators seems appropriate.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed that one original award signed by all three arbitrators will be entered. The parties have agreed to receive conformed copies of the Award while the originals remain on file with the NASD.

Claims against Harold Gong are dismissed with prejudice on motion at session one on September 16, 1997. All references on CRD to this claim are to be expunged.

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. Arbitrators have decided in favor of Claimant in the amount of \$25,000.00

inclusive of interest.

2. Respondents Stetson and Titan are hereby jointly and severally liable and shall pay to Claimant the sum of \$5,250.00 inclusive of interest.
3. Respondents Stetson and A.J. Michaels are hereby jointly and severally liable and shall pay to Claimant the sum of \$2,250.00 inclusive of interest.
4. Respondent Stetson is hereby liable and shall pay to Claimant the sum of \$17,500.00 inclusive of interest.
5. Award is to be paid to Arnold Taft's IRA Rollover Account.
6. All other claims for relief are hereby denied.

FORUM FEES

Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation, Inc. shall retain the \$200.00 non-refundable filing fee submitted by the Claimant and the \$375.00 non-refundable postponement fee submitted by Respondent A.J. Michaels, and have assessed the following forum fees:

1 Pre-Hearing Conference x \$300.00	=	\$ 300.00
4 Hearing Sessions x \$750.00	=	\$3,000.00
Total Forum Fees		\$3,300.00

The arbitrators have determined that Respondents Stetson, Titan and A.J. Michaels shall pay the total forum fees as follows:

1. Respondents Stetson, Titan and A.J. Michaels be and they hereby are jointly and severally liable and shall pay the sum of \$3,300.00, representing total forum fees assessed, provided: (a) the limit of Respondent A. J. Michaels' liability for forum fees to Claimant and the other Respondents is \$300.00; and (b) The limit of Respondent Titan's liability for forum fees to Claimant and the other Respondents is \$660.00.
2. Claimant previously deposited \$750.00 with NASD Regulation, Inc., and, therefore, Respondents Stetson, Titan and A.J. Michaels shall pay the sum of \$2,550.00 to NASD Regulation, Inc., and \$750.00 to Claimant as repayment for the hearing session deposit.
3. Respondent Stetson is hereby liable and shall pay the sum of \$375.00 in postponement fee. Respondent Stetson previously paid \$325.00 and owes a balance of \$50.00.
4. Claimant be and hereby is liable and shall pay the sum of \$375.00 for the postponement fee. Claimant has not submitted the sum of \$375.00, and, therefore, owes the postponement fee.

5. Respondent Cantella be and hereby is liable and shall pay the sum of \$350.00 for the Member Surcharge. Respondent Cantella has submitted the sum of \$350.00, and, therefore, does not owe the Member Surcharge.
6. Respondent A.J. Michaels be and hereby is liable and shall pay the sum of \$350.00 for the Member Surcharge. Respondent A.J. Michaels has submitted the sum of \$300.00, and, therefore, owes the balance of \$50.00.
7. Respondent Titan be and hereby is liable and shall pay the sum of \$350.00 for the Member Surcharge. Respondent Titan has submitted the sum of \$350.00, and, therefore, does not owe the Member Surcharge.


Fees are payable to the National Association of Securities Dealers, Inc.

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ARBITRATORS' SIGNATURES

I, James Dolan, Esq., 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.



James Dolan, Esq.
Public Chairman

I, Richard L. Herzfeld, Esq., 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.

Richard L. Herzfeld, Esq.
Public Panelist

I, Frank G. Piazza, 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.

Frank G. Piazza
Industry Panelist

Date of Decision: December 17 1997

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James Dolan, Esq.
Public Chairman

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Richard L. Herzfeld, Esq.
Public Panelist

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Industry Panelist

Date of Decision:

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James Dolan, Esq.
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Richard L. Herzfeld, Esq.
Public Panelist

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Frank G. Piazza
Industry Panelist

Date of Decision:

December 17, 1997