

NASD REGULATION, INC. STIPULATED AWARD

In the Matter of the Arbitration Between

Name of Claimants

David Velinsky

96-03009

Name of Respondents

NatWest Investor Services Corp.

REPRESENTATION

For claimant David Velinsky ("claimant") appeared Morgan W. Bentley, Esq. with law offices in Newark, New Jersey.

For respondent NatWest Investor Services Corp. ("respondent") appeared Mark S. Mancher of the law offices Jackson, Lewis, Schnitzler & Krupman located in Woodbury, New York.

CASE INFORMATION

Statement of Claim was filed on: July 12, 1996.

Claimant's Submission Agreement was signed on: June 10, 1996.

Statement of Answer was filed by respondent on: August 7, 1997.

Respondent did not file a properly executed Submission Agreement.

HEARING INFORMATION

Pre-Hearing Conference:	August 6, 1997	-	1 session
	November 14, 1997	-	1 session

CASE SUMMARY

Claimant alleged that, while he was employed with respondent, Kenneth Bruno ("Bruno") was one of his customers. Claimant alleged that, in or about June 1993, in response to Bruno's request for a relatively secure tax free investment, he recommended a Franklin Tax Free Fund (the "Fund"). Claimant contended that, on or about July 15, 1994, Bruno sent a letter to respondent in which he questioned and discussed his purchase of the Fund. Claimant maintained that because: 1) the letter was not a complaint; 2) he was not the subject of the letter nor the subject of any alleged complaint; and 3) the letter did not contain any specific allegations against him involving damages of \$10,000.00 or more, fraud or wrongful taking of property, respondent should not have reported it on his Form U-5. Moreover, claimant contended that he was not afforded an opportunity nor due process to object to the Form U-5 filing or the content of Bruno's letter.

Respondent contended that the U-5 Form which it filed was accurate in all respects and that it was legally

obligated to file the U-5. Moreover, respondent maintained that even if the U-5 was not accurate, such disclosure was absolutely privileged and not subject to a claim for defamation.

RELIEF REQUESTED

Claimant requested actual damages in the amount of \$100,000.00 plus punitive damages and attorneys' fees. In addition, claimant requested a disciplinary referral of respondent and expungement of the Bruno Form U-5 from his CRD record.

Respondent requested that the claimant's claim be denied in its entirety.

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 originals remain on file with NASD Regulation, Inc.

The panel made the following determinations concerning respondent who did not file a Submission Agreement:

1. Pursuant to Rule 10101 of the Code of Arbitration Procedure (the "Code"), the panel found subject matter jurisdiction over this entire controversy.
2. The panel found that respondent was a member of the NASD at the time this controversy arose. Accordingly, the panel found personal jurisdiction over respondent pursuant to Rule 10201 of the Code.
3. The panel found that respondent was required to file a Submission Agreement with NASD Regulation, Inc. pursuant to Rule 10314(b) of the Code. In this regard, the panel found that the Statement of Claim was properly served upon respondent pursuant to Rule 10314(a) of the Code.

During the telephonic pre-hearing conference conducted in this matter on November 14, 1997, the parties advised the arbitrators that they had resolved this matter. In addition, the parties jointly requested that the panel expunge any and all references to the customer complaint made by Kenneth Bruno on the Form U-5 and permanent CRD record of David Velinsky.

AWARD

After considering the pleadings and the parties Joint Request for Expungement of Forum U-5, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Based upon the merits of this case, the panel hereby orders that all references to the customer complaint made by Kenneth Bruno be expunged from the Form U-5 and permanent CRD record of David Velinsky by NASD Regulation, Inc.

FORUM FEES

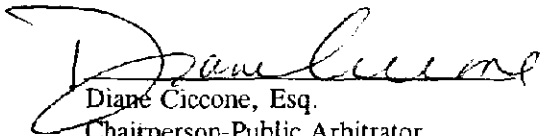
Pursuant to Rule 10205(c) of the Code, the arbitrators have determined that NASD Regulation, Inc. will retain the \$500.00 non-refundable filing fee previously paid by claimant and have assessed the following forum fees:

1 pre-hearing conference (with full panel)	=	\$750.00
1 pre-hearing conference	=	\$300.00
Hearing Session Deposit	=	\$750.00
Outstanding Forum Fees	=	\$300.00

1. Claimant be and hereby is liable for and shall pay the sum of \$150.00, representing one-half of the total amount of outstanding forum fees assessed
2. Respondent be and hereby is liable for and shall pay the sum of \$150.00, representing one-half of the total amount of outstanding forum fees assessed.
3. Respondent be and hereby is liable for and shall pay the sum of \$350.00 for the member surcharge.

Fees are payable to the NASD Regulation, Inc.

ARBITRATORS' SIGNATURES

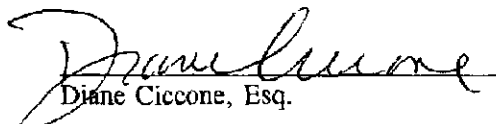

Diane Ciccone, Esq.
Chairperson-Public Arbitrator

Victor K. Tyras
Public Arbitrator

Daniel E. Miller, Esq.
Industry Arbitrator

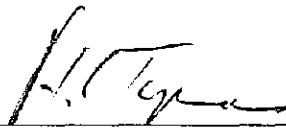
Date of Decision: February 17, 1998

I, **Diane Ciccone, 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.


Diane Ciccone, Esq.

ARBITRATORS' SIGNATURES

Diane Ciccone, Esq.
Chairperson-Public Arbitrator

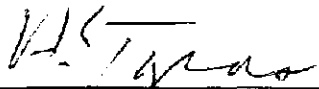


Victor K. Tyras
Public Arbitrator

Daniel E. Miller, Esq.
Industry Arbitrator

Date of Decision: February 17, 1998

I, **Victor K. Tyras**, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein who executed this instrument which is my Award.

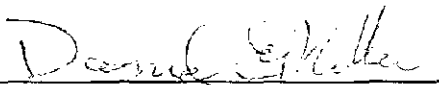


Victor K. Tyras

ARBITRATORS' SIGNATURES

Diane Ciccone, Esq.
Chairperson-Public Arbitrator

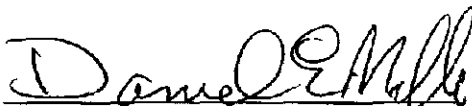
Victor K. Tyras
Public Arbitrator



Daniel E. Miller, Esq.
Industry Arbitrator

Date of Decision: February 17, 1998

I, **Daniel E. Miller, Esq.**, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the person described herein who executed this instrument which is my Award.



Daniel E. Miller, Esq.