

NASD REGULATION, INC. AWARD

In the Matter of the Arbitration Between

Name of Claimants

Anthony Colao
Louis Langer

96-03087

Name of Respondent(s)

Josephthal Lyon & Ross Inc.

REPRESENTATION

For Claimants Anthony Colao and Louis Langer ("Claimants") appeared Roy A. Klein, located in Melville, New York.

For Respondent Josephthal Lyon & Ross, Inc. ("Respondent") appeared Evan D. Jay, Esq., in-house counsel for Josephthal Lyon & Ross, located in New York City, New York.

CASE INFORMATION

The Statement of Claim was filed on July 10, 1996. Claimants' Submission Agreement was signed on July 10, 1996.

The Statement of Answer was filed by the Respondent on September 10, 1996. Respondent's Submission Agreement was signed on September 10, 1997.

HEARING INFORMATION

Pre-Hearing Conference:	April 16, 1997	One Session
Hearing Date/Sessions:	July 1, 1997	Two Sessions

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

CASE SUMMARY

Claimants alleged that Respondent failed to obtain Claimant Colao's and Claimant Langer's authorizations and consents prior to the sale of 50,000 shares of Comparator Systems Corp. ("IDID") stock. Unbeknownst to the Claimants, on May 3, 1996 Respondent sold the IDID shares for .244 per share. On May 6, 1996, IDID shares peaked at approximately 1 7/8 per share. Claimants alleged that had Respondent not sold Claimants' shares on May 3, Claimants could have sold them on May 6 and each realized an additional profit of \$81,000.00. Claimants alleged that this sale constituted negligence on Respondent's part, breach of contract, breach of fiduciary duty and breach of Respondent's duty of good faith and fair dealing toward its customers.

Respondents maintained that on May 3, 1996, Claimant Langer informed Joe Desthers ("Desthers"), Claimants' contact at Respondent Josephthal, that he would be unreachable for the rest of the day and with regard to Claimant Langer's shares of IDID, Desthers should mimic what Claimant Colao instructs Desthers to do with his shares. Respondents maintain that on May 3, 1996, Colao instructed Desthers to sell his shares of IDID at .22 or better. Respondent maintained that upon learning of the conversation between Claimant Langer and Desthers earlier that day, Claimant Colao approved Claimant Langer's instructions to sell in a like fashion. Respondent maintains that the sale was ultimately executed at .244 per share.

Respondent denied all further allegations stated by Claimants in the Statement of Claim.

Respondent stated the following affirmative defenses: Claimants failed to state a cause of action upon which relief may be granted; the damages claimed in the Statement of Claim were not the result of any act or omission on the part of Respondent; and Claimants are barred from recovering against Respondent in that they initiated and authorized the transactions in question.

RELIEF REQUESTED

Claimants each requested an award of at least \$81,000.00, interest, cost of the arbitration proceedings, reasonable attorneys' fees, and such other and further relief as the Panel may deem just and proper. Respondents requested that the Claimants' Statement of Claim be dismissed in its entirety with Respondent's costs reimbursed by Claimants.

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 the NASD.

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. Respondent be and hereby is liable and shall pay to Claimant Anthony Colao the sum of \$10,000.00 in actual damages.
2. Respondent be and hereby is liable and shall pay to Claimant Louis Langer the sum of \$10,000.00 in actual damages.
3. Claimants' request for interest is hereby denied.
4. All other claims are hereby denied.
5. Each party shall bear their respective costs, including attorneys' fees.

FORUM FEES

Pursuant to Rule 10332c of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation, Inc. will retain the \$200.00 non-refundable filing fee submitted by Claimant and have assessed the following forum fees:

1 Pre-hearing Session x \$300.00	=	\$ 300.00
2 Hearing Sessions x \$750.00	=	\$1,500.00
Total Forum Fees	=	\$1,800.00

Respondent is hereby liable and shall pay the sum of \$1,800.00, representing the total forum fees assessed. Claimant previously deposited \$750.00 with NASD Regulation, Inc., and, therefore, Respondent shall pay the balance of \$1,050.00 to NASD Regulation, Inc., and shall reimburse Claimant \$750.00 as repayment for the hearing session deposit.

Fees are payable to the NASD Regulation, Inc.

ARBITRATORS' SIGNATURES

I, Ann C. Northern, 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



Ann C. Northern, Esq.
Public Chairperson

I, Joseph S. Mascia, 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.

Joseph S. Mascia
Public Panelist

I, Robina Fedora Asti, 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.

Robina Fedora Asti
Industry Panelist

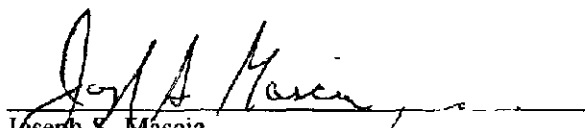
Date of Decision: July 30, 1997

ARBITRATORS' SIGNATURES

I, **Ann C. Northern, 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.

Ann C. Northern, Esq.
Public Chairperson

I, **Joseph S. Mascia**, 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.



Joseph S. Mascia
Public Panelist

I, **Robina Fedora Asti**, 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.

Robina Fedora Asti
Industry Panelist

Date of Decision: July 30, 1997

ARBITRATORS' SIGNATURES

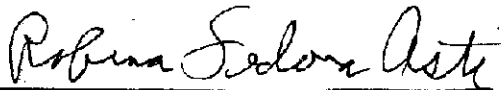
I, **Ann C. Northern, Esq.**, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

Ann C. Northern, Esq.
Public Chairperson

I, **Joseph S. Mascia**, 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.

Joseph S. Mascia
Public Panelist

I, **Robina Fedora Asti**, 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.



Robina Fedora Asti
Industry Panelist

Date of Decision: July 30, 1997