

NASD REGULATION, INC. AWARD

OFFICE OF DISPUTE RESOLUTION

In the Matter of the Arbitration Between

Name of Claimant(s)

Ronald Stephen Carvalho

96-03140

Name of Respondent(s)

Sterling Foster & Co., Inc.
Don Turney

REPRESENTATION

For Claimant Ronald Stephen Carvalho ("Claimant") appeared Terrence P. Tormey, Esq., a sole practitioner, located in Hazlet, New Jersey.

For Respondents Sterling Foster & Co., Inc. ("Sterling") and Don Turney ("Turney")(Collectively "Respondents") appeared Joseph D'Elia, Esq., a sole practitioner, located in Huntington, New York.

CASE INFORMATION

Statement of Claim filed on: July 26, 1996.

Claimant's Submission Agreement signed on: June 27, 1996.

A Joint Statement of Answer filed by Respondents on: September 30, 1996.

Respondent Sterling's Submission Agreement signed on: August 21, 1996.

Respondent Turney's Submission Agreement signed on: August 21, 1996.

HEARING INFORMATION

Hearing Date(s)/Sessions:	July 22, 1997	-	Two Sessions
	September 04, 1997	-	Two Sessions
	September 09, 1997	-	Two Sessions

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

CASE SUMMARY

Claimant alleged that he was solicited by Turney to open an account at Sterling and that numerous shares of the common stock of various securities were purchased for his account. Claimant also alleged that due

to Respondents' negligence, misrepresentations, omissions, and failure to execute sell orders when so instructed, Claimant suffered loss of investment.

Respondents maintained that Claimant did not make specific allegations against them in his statement of claim. Respondents maintained that Claimant ratified and approved all trades in his account and never registered a formal complaint with them. Respondents offered the following affirmative defenses: 1) Claimant failed to state a claim upon which relief can be granted; 2) Sterling Foster at all times maintained adequate supervision and control over the management and handling of Claimant's account; 3) Claimant fails to allege fraud with particularity; and 4) Claimant directed, authorized, and ratified all transactions in his account and is barred by applicable principles of waiver and ratification.

RELIEF REQUESTED

Claimant requested that relief be granted, including compensatory damages, in the approximate amount of \$69,953.00 along with interest on that amount to date of the award, costs, filing fees, attorneys' fees and all other relief that the panel deems appropriate.

Respondents requested that the Statement of Claim be dismissed 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 original(s) remain on file with NASD Regulation, Inc.

The panel unanimously dismissed all claims against Respondent Turney.

AWARD

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

- (1) Respondent Sterling Foster & Co., Inc. be and is hereby liable and shall pay to Claimant the sum of \$39,922.00 in compensatory damages without interest. Arbitrator Fornaro dissented with this portion of the Award.
- (2) Claimant's request for attorneys' fees is hereby denied.
- (3) Claimant's claims against Respondent Turney are hereby dismissed.
- (4) Forum Fees are to be assessed equally between Claimant and Respondent Sterling Foster & Co., Inc..

FORUM FEES

Pursuant to Rule 10322 of the NASD Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation, Inc. shall retain the \$150.00 non-refundable filing fee previously paid by Claimant and have assessed the following Forum Fees:

6 Hearing Sessions x \$500.00	=	\$3,000.00
Total Forum Fees	=	\$3,000.00

(1) Claimant be and is hereby liable for the sum of \$1500.00 representing one half of the total forum fees assessed. Claimant previously deposited \$500.00 with NASD Regulation, Inc., therefore, Claimant owes NASD Regulation, Inc. the sum of \$1,000.00.

(2) Respondent Sterling Foster & Co., Inc. be and is hereby liable and shall pay to NASD Regulation, Inc. the sum of \$1,500.00 representing one half of the forum fees assessed. Respondent Sterling Foster & Co. shall pay to NASD Regulation, Inc. the sum of \$1500.00.

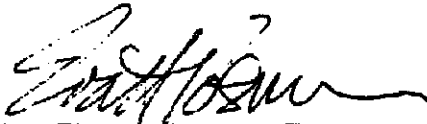
Fees are payable to NASD Regulation, Inc..

ARBITRATORS' SIGNATURES

A handwritten signature in dark ink, appearing to read 'Eva H. Posman', written over a horizontal line.

Eva H. Posman, Esq.
Industry Panelist

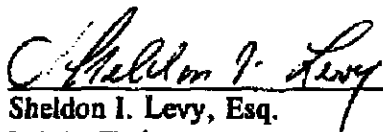
I, Eva H. Posman, Esq., do hereby affirm pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

A handwritten signature in dark ink, appearing to read 'Eva H. Posman', written over a horizontal line.

Eva H. Posman, Esq.

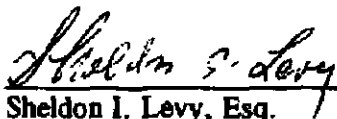
Date of Decision: October 17, 1997

ARBITRATORS' SIGNATURES

A handwritten signature in cursive script, reading "Sheldon I. Levy", written over a horizontal line.

Sheldon I. Levy, Esq.
Public Chairperson


I, Sheldon I. Levy, 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.

A handwritten signature in cursive script, reading "Sheldon I. Levy", written over a horizontal line.

Sheldon I. Levy, Esq.


Date of Decision: October 17, 1997

ARBITRATORS' SIGNATURES



Maria P. Fornaro, Esq.
Public Pacifist

I, Maria P. Fornaro, 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.



Maria P. Fornaro, Esq.

Date of Decision: October 17, 1997