

NASD REGULATION AWARD

In the Matter of the Arbitration Between

Name of Claimant

William W. Stafford

96-03184

Name of Respondents

Gruntal & Co., Inc.
Arlene Bezem

REPRESENTATION

Claimant William W. Stafford ("claimant") appeared pro se.

For respondents Gruntal & Co., Inc. ("Gruntal") and Arlene Bezem ("Bezem") appeared Donald N. Cohen, Esq., Assistant General Counsel for Gruntal & Co., Inc.

CASE INFORMATION

Statement of Claim was filed on July 23, 1996. Claimant's Submission Agreement was signed on July 8, 1996.

Joint Statement of Answer filed by Gruntal and Bezem on October 3 1996. Gruntal's Submission Agreement was signed on September 11, 1996. Bezem's Submission Agreement was signed on September 24, 1996.

HEARING INFORMATION

Hearing Dates/Sessions:	April 17, 1997	-	One Session
	June 16, 1997	-	One Session

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

CASE SUMMARY

Claimant alleged that Bezem convinced him to invest over \$108,000.00 by telling him she would

double his money. Claimant further alleged that he borrowed \$49,391.00 from his corporation and gave it to Bezem to invest, but that the money had to be back by March 30, 1996 so it would not be listed as an officer's loan. Claimant contended that he gave Bezem a letter instructing her forward a check for \$49,391.00 to his office on or before March 30, 1996. Claimant further contended that he later learned that instead of selling stocks to return the money, Bezem borrowed on a margin account which he did not authorize.

Claimant also alleged that with the exception of one stock, Bezem invested in all other stocks without consulting with him first. Claimant further alleged that he was always conservative and his income potential is limited, but that Bezem invested in many "new venture" stocks which she said would take time for these companies to be lucrative.

Respondents maintained that claimant opened his account with Gruntal in October 1995. Respondents further maintained that the New Account Form for claimant's account stated that claimant had an annual income of approximately \$102,000.00 and a liquid net worth of approximately \$750,000.00 and that his investment objectives included growth, speculation and options trading. Respondents also maintained that the Client Agreement claimant signed specifically included a margin account.

Respondents maintained that all of the transactions in claimant's account were undertaken with his knowledge and authorization. Respondents also denied that claimant told Bezem that the money he borrowed from his company had to be returned in March, 1996 and, if she had known this in advance, she would either have made different recommendations or recommended that claimant not engage in any short term strategy with the funds.

RELIEF REQUESTED

Claimant requested \$33,800.00 in damages.

Respondents requested that the Statement of Claim be dismissed with prejudice.

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 has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Bezem be and hereby is liable and shall pay claimant the sum of \$1,000.00.

2. Respondent Gruntal be and hereby is liable and shall pay claimant the sum of \$9,000.00.
3. Each party shall bear their respective costs, except that respondents be and hereby are jointly and severally liable and shall pay claimant the sum of \$400.00 to reimburse claimant for a portion of the fees previously paid to NASD Regulation, Inc.
4. All other claims are denied.

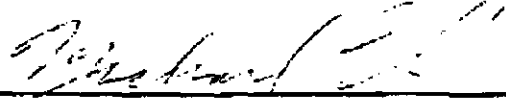
FORUM FEES

Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation, Inc. shall retain the \$120.00 filing fee previously paid by claimant and have assessed the following forum fees:

2 hearing sessions x \$ 400.00	= \$800.00
member surcharge	= \$200.00

1. Respondents Gruntal and Bezem be and hereby are jointly and severally liable for the sum of \$800.00, representing the total amount of forum fees assessed for the hearing conducted in this matter. Claimant previously deposited \$400.00 with NASD Regulation, Inc. and, therefore, respondents Gruntal and Bezem shall pay the balance of \$400.00 to NASD Regulation, Inc. and shall pay claimant \$400.00 as provided in the "Award" section above.
2. Respondent Gruntal be and hereby is liable for and shall pay to NASD Regulation, Inc. the sum of \$200.00, representing the member surcharge.

Arbitrators' Signatures



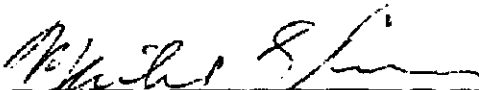
Michael E. Curan, Esq.
Chairperson-Public Arbitrator

Alan R. Skoate, Esq.
Public Arbitrator

Earl S. Schwarz
Industry Arbitrator

Date of Decision: August 11, 1997

I, Michael E. Curan, 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.



Michael E. Curan, Esq.

Robert J. Calabrese

Notary Public
J. J. LLAHAN
No. 02CA505533
Qualified in New York County
Commission Expires March 18, 1998

Arbitrators' Signatures

Michael E. Curan, Esq.
Chairperson-Public Arbitrator



Alan R. Sloate, Esq.
Public Arbitrator

Earl S. Schwarz
Industry Arbitrator

Date of Decision: August 11, 1997

I, Alan R. Sloate, 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.



Alan R. Sloate, Esq.

Arbitrators' Signatures

Michael E. Curan, Esq.
Chairperson-Public Arbitrator

Alan R. Sloate, Esq.
Public Arbitrator



Earl S. Schwarz
Industry Arbitrator

Date of Decision: August 11, 1997

I, Earl S. Schwarz, 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.



Earl S. Schwarz