

AWARD

NASD Regulation, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Irving & Jacqueline Schlusberg

and

96-03916

Name of Respondent

J.S. Securities, Inc.

Wellington Oswald Rios

a/k/a Oswald Wellington

a/k/a Oscar Wellington

REPRESENTATION OF PARTIES

For Irving & Jacqueline Schlusberg ("**Claimant**") appeared Eric Ross, Esq. of Fishbein, Badillo, Wagner & Harding located in New York, New York.

For J.S. Securities, Inc. ("**Respondent**") appeared Jeff Szur

For Wellington Oswald Rios ("**Respondent Rios**") appeared Walter D'Ull, Esq. located in New York, New York.

CASE INFORMATION

Claimant filed the Statement of Claim on or about September 23, 1996.

Claimant signed the Uniform Submission Agreement on or about August 29, 1996.

Respondent J.S. Securities filed the Statement of Answer on or about May 21, 1997.

Respondent did not execute a Uniform Submission Agreement.

Respondent Rios filed the Statement of Answer on or about April 14, 1997.

Respondent did not execute a Uniform Submission Agreement.

HEARING INFORMATION

Pre-Hearing Conference	September 18, 1997	One Session
	December 5, 1997	One Session
Hearing Dates	May 14, 1998	Two Sessions

The hearings were held at the NASD office in New York, New York.

CASE SUMMARY

According to the Statement of Claim, Claimants opened an account at J.S. Securities, in January 1996, in which Respondent Rios served as their account executive. Claimants alleged that they advised Respondent Rios that they were conservative investors, however, if they did enter into speculative investments, such investments should be less than \$5,000. With these factors established, Claimant alleged that Respondent Rios executed an unauthorized purchase of AimRite Securities, at a cost of \$26,903. Claimant further alleged that the stock was a "speculative", high risk security and that if Respondent has done a due diligence review he would have come to the same conclusion. Furthermore, Claimants maintained that Respondent J.S. Securities failed to properly supervise Respondent Rios, as required by the securities rules and regulations.

Respondents J.S. Securities admits that it maintained an account for the Claimants', however, it denies all other allegations set forth in the Statement of Claim.

Respondent Rios also denies the allegations set forth in the Statement of Claim. Respondents specifically stated his nature of investing is speculative and as such all of his clients have "investment objectives." Respondent determined that Claimants net worth, net income and stated investment objectives qualified them for speculative investments. As to the security at issue, AimRite Systems International, Respondent Rios stated that his supervisor, Fred Fisher, a friend of AimRite's President and Chief Executive Officer, advised him to recommend the stock to Claimants. Respondent maintains that he discussed the security with Claimants before making the purchase.

RELIEF REQUESTED

Claimant requested:

1. Compensatory damages in the amount \$26,903.00;
2. Punitive Damages in the amount of \$10,000.00; and
3. Reimbursement of cost associated with this arbitration totaling \$525.00.

Respondents denied the claims asserted against them and asked the Statement of Claim be dismissed in its entirety.

OTHER ISSUES CONSIDERED & DECIDED

Upon review of the file and the representations made on behalf of the Claimant, the undersigned arbitrators have determined that Respondent J.S. Securities, Inc., has been properly served with the Statement of Claim pursuant to Rules 10302 and 10314 of the

NASD Code of Arbitration Procedure (the "Code"). The undersigned arbitrators have also determined that Respondent J.S. Securities received due notice of the hearing as required under Rule 10315 of the Code and that arbitration of the matter would proceed pursuant to Rule 10318 of the Code.

Respondents did not file with NASD Regulation, Inc., Office of Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule 10301 of the NASD Code of Arbitration Procedure (the "Code") and having answered the claim, appeared and testified at the hearing is bound by the determination of the arbitration panel on all issues submitted.

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 remain on file with NASD Regulation, Inc. Office of Dispute Resolution.

AWARD

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

1. Respondents J.S. Securities and Oscar Wellington are joint and severally liable for and shall pay to Claimant the sum of \$14,000, in compensatory damages.
2. Each party shall bear its own costs and expenses.
3. Any and all relief not specifically addressed herein shall be denied.

FORUM FEES

Pursuant to §10332[®] of the NASD Code of Arbitration Procedure, the arbitrators have determined that the NASD will retain the \$120.00 filing fee deposited by Claimant.

The arbitrators have assessed the following forum fees:

1 Pre-Hearing Conference	x	\$300.00	=	\$ 300.00
1 Pre-Hearing Conference	x	\$400.00	=	\$ 400.00
(Full Panel)				
2 Hearing Sessions	x	\$400.00	=	\$ 800.00
Total Forum Fees				\$1500.00

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Claimant be and hereby is liable and shall pay to NASD Regulation, Inc., \$1,500.00 representing the forum fees assessed. Claimant previously deposited \$400.00 with NASD Regulation, Inc., therefore, Claimant shall pay to NASD Regulation, Inc., \$1,100.00 in satisfaction of forum fees.

Fees are payable to NASD Regulation, Inc.

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ARBITRATION PANEL

Karimu F. Hill-Harvey, Esq. -Public Chairperson
Marc T. Danon, Esq. -Public Panelist
Harry Aronsohn -Industry Panelist

ARBITRATOR'S SIGNATURE

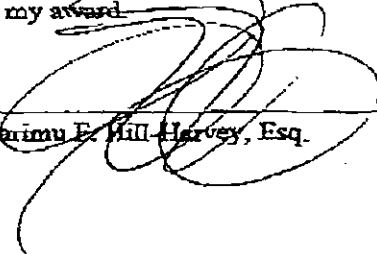


Karimu F. Hill-Harvey, Esq.
Public Arbitrator, Presiding Chair

August 7, 1998

Date Decision Served by NASD Regulation, Inc.: _____

I, Karimu F. Hill-Harvey, 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.



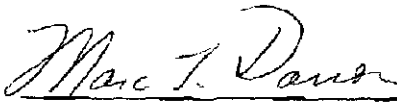
Karimu F. Hill-Harvey, Esq.

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ARBITRATION PANEL

Karimu F. Hill-Harvey, Esq. -Public Chairperson
Marc T. Danon, Esq. -Public Panelist
Harry Aronsohn -Industry Panelist

ARBITRATOR'S SIGNATURE



Marc T. Danon, Esq
Public Panelist

August 7, 1998

Date Decision Served by NASD Regulation, Inc.: _____

I, Marc T. Danon, 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.

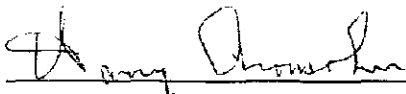


Marc T. Danon, Esq

ARBITRATION PANEL

Karimu F. Hill-Harvey, Esq. -Public Chairperson
Marc T. Danon, Esq. -Public Panelist
Harry Aronsohn -Industry Panelist

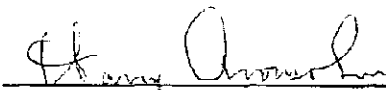
ARBITRATOR'S SIGNATURE



Harry Aronsohn
Industry Panelist

Date Decision Served by NASD Regulation, Inc.: _____

I, Harry Aronsohn, 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.



Harry Aronsohn