

Award
NASD Regulation, Inc.

In the Matter of the Arbitration Between:

Estate of Dorothy Marangi, (Claimant) vs. Royal Alliance Associates, Inc. and First Montauk Securities Corp., (Respondents) vs. Henry Wasik (Third Party Respondent)

Case Number: 97-05904

Hearing Site: New York, NY

REPRESENTATION OF PARTIES

Claimant Estate of Dorothy Marangi, hereinafter referred to as "Claimant": Mitchell H. Cobert, Esq., Morristown, NJ.

Respondent Royal Alliance Associates, Inc. ("Royal Alliance"): Jonathan C. Thau, Esq., Luboja & Thau, LLP, New York, NY.

Respondent First Montauk Securities Corp. ("First Montauk"): Luigi Spadafora, Esq., Winget & Spadafora, New York, NY.

Third Party Respondent Henry Wasik ("Wasik") did not make an appearance in the hearings in this matter.

CASE INFORMATION

Statement of Claim filed on or about: December 11, 1997.

Claimant signed the Uniform Submission Agreement: December 11, 1997.

Statement of Answer and Third-Party Claim filed by Royal Alliance on or about: May 4, 1998.

Royal Alliance signed the Uniform Submission Agreement: May 18, 1998.

Statement of Answer filed by First Montauk on or about: May 4, 1998.

First Montauk did not sign the Uniform Agreement.

CASE SUMMARY

Claimant asserted the following causes of action: conversion; excessive and unauthorized trading; breach of contract; breach of fiduciary responsibility; negligence; and fraudulent activities.

Unless specifically admitted in its Answer, Royal Alliance denied the allegations made in the Statement of Claim and asserted the following defenses: Claimant failed to state a claim upon which relief may be granted; Royal Alliance properly supervised its employee; Royal Alliance was not the proximate or contributing cause of the losses suffered by Claimant; Royal Alliance owed no fiduciary duty to Claimant; the acts allegedly committed by Wasik do not give rise to Royal Alliance being liable under the doctrine of respondeat superior; and, Royal Alliance is not liable for acts committed by Wasik that were performed outside of the scope of his authority.

In its Third-Party Claim, Royal Alliance asserted the following causes of action: Wasik acted outside the scope of his authority; and, Claimant's losses were solely and proximately caused by Wasik.

Unless specifically admitted in its Answer, First Montauk denied the allegations made in the Statement of Claim and asserted the following defenses: failure to state a cause of action; claims are barred by the doctrines of estoppel, waiver, ratification, and laches; failure to mitigate damages; claims are barred by statutes of limitation; Claimant's losses were caused by parties other than First Montauk; Claimant's decedent authorized all transactions in her account; Claimant caused the losses incurred; Claimant cannot bring this action under NASD rules because more than six years have passed since the securities at issue were purchased; and, Claimant lacks standing to sue.

RELIEF REQUESTED

Claimant requested:

Compensatory Damages	\$3,458,110.60
Punitive Damages	unspecified
Interest	unspecified
Attorneys' Fees	unspecified
Other Costs	unspecified

Royal Alliance requested an award dismissing the Statement of Claim in its entirety or, alternatively, indemnification and/or contribution by Wasik.

First Montauk requested an award dismissing the Statement of Claim in its entirety plus attorneys' fees and costs.

OTHER ISSUES CONSIDERED AND DECIDED

During the hearings in this matter, First Montauk made a Motion to Dismiss. Initially the Panel reserved any decision until the close of Claimant's case. At the close of Claimant's case, the Panel granted this Motion.

During the hearings in this matter, Respondents made a Motion to Sever Non-Securities claim. After due deliberation, the Panel reserved decision on this Motion.

During the hearings in this matter, Respondents made a Motion to Preclude Deposition. After due deliberation, the Panel granted this Motion until Respondents had opportunity to cross examine.

During the hearings in this matter, Respondents made a Motion to Compel which was granted by the Panel.

During the hearings in this matter, Claimant made a Motion to Sanction Royal Alliance. After due deliberation, the Panel denied this Motion.

During the hearings in this matter, Claimant made a Motion to Seek Dismissal of the Answer. After due deliberation, the Panel denied this Motion.

Upon review of the file and the representations made on behalf of the Respondent Royal Alliance, the undersigned arbitrators (the "Panel") determined that Third-Party Respondent Henry Wasik has been properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without said Third-Party Respondent Henry Wasik present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

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.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Royal Alliance be and hereby is liable and shall pay to Claimant the sum of \$946,715.95 as compensatory damages.

2. Wasik be and hereby is liable and shall pay to Royal Alliance the sum of \$946,715.95 as compensatory damages.
3. All other requests for relief are hereby denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Regulation, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee = \$ 250.00

Third Party Claim filing fee = \$ 500.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated person at the time of the events giving rise to the dispute. In this matter, Royal Alliance Associates, Inc. and First Montauk Securities Corp. are parties.

Royal Alliance Associates, Inc.

Member surcharge = \$ 2,500.00

First Montauk Securities Corp.

Member surcharge = \$ 2,500.00

Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

Three (3) Pre-hearing sessions with a single arbitrator x \$900.00 = \$ 900.00

Pre-hearing conferences:	February 18, 1999	1 session
	March 12, 1999	1 session
	September 13, 1999	1 session

Two (2) Pre-hearing sessions with Panel x \$1,000.00		= \$ 2,000.00
Pre-hearing conferences:	December 14, 1998	1 session
	December 20, 1999	1 session

Thirty-Four (34) Hearing sessions x \$1,000.00		= \$34,000.00
Hearing Dates:	July 6, 1999	2 sessions
	July 7, 1999	2 sessions
	July 12, 1999	2 sessions
	July 13, 1999	2 sessions
	July 19, 1999	2 sessions
	September 22, 1999	2 sessions
	September 28, 1999	2 sessions
	October 14, 1999	2 sessions
	October 18, 1999	2 sessions
	November 2, 1999	2 sessions
	November 22, 1999	2 sessions
	November 23, 1999	2 sessions
	November 30, 1999	2 sessions
	December 21, 1999	2 sessions
	December 23, 1999	2 sessions
	February 9, 2000	2 sessions
	February 24, 2000	2 sessions

Total Forum Fees		= \$36,900.00
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1. The Panel has assessed \$18,450.00 of the forum fees against Claimant.
2. The Panel has assessed \$18,450.00 of the forum fees against Royal Alliance.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services including, but not limited to, additional copies of arbitrator awards beyond those provided without charge, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

1. Royal Alliance, requested service, \$120.00.
2. Royal Alliance, requested tapes, \$60.00.
3. Royal Alliance, requested tapes, \$60.00.
4. Royal Alliance, requested tapes, \$105.00.
5. Royal Alliance, requested tapes, \$60.00.
6. Royal Alliance, requested tapes, \$45.00.
7. Royal Alliance, requested tapes, \$45.00.
8. Claimant, requested tapes, \$45.00.

Fee Summary

1. Claimant be and hereby is solely liable for:

Initial Filing Fee	= \$ 250.00
Forum Fees	= \$18,450.00
<u>Administrative Costs</u>	= \$ 45.00
Total Fees	= \$18,745.00
<u>Less payments</u>	= \$ 1,295.00
Balance Due NASD Regulation, Inc.	= \$17,450.00

2. Royal Alliance be and hereby is solely liable for:

Third Party Filing Fee	= \$ 500.00
Member Fees	= \$ 2,500.00
Forum Fees	= \$18,450.00
<u>Administrative Costs</u>	= \$ 495.00
Total Fees	= \$21,945.00
<u>Less payments</u>	= \$ 5,450.00
Balance Due NASD Regulation, Inc.	= \$16,495.00


3. First Montauk be and hereby is solely liable for:

<u>Member Fees</u>	= \$ 2,500.00
Total Fees	= \$ 2,500.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Regulation, Inc.	= \$ 2,500.00

All balances are due and payable to NASD Regulation, Inc.

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, 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.


Fred S. Pieroni,
Public Arbitrator, Presiding Chair

3/22/00
Signature Date

Robert E. Tohin
Public Arbitrator

Signature Date

Elizabeth Snow Strong, Esq.
Industry Arbitrator

Signature Date

March 29, 2000
Date of Service (For NASD office use only)

Concurring Arbitrators' Signatures

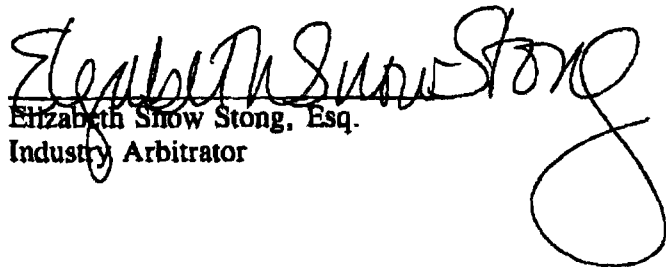
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Fred S. Pieroni,
Public Arbitrator, Presiding Chair

Signature Date

Robert E. Tobin
Public Arbitrator

Signature Date



Elizabeth Snow Stong, Esq.
Industry Arbitrator

Signature Date

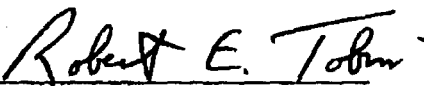
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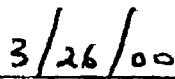
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Signature Date



Robert E. Tobin
Public Arbitrator



Signature Date

Elizabeth Snow Strong, Esq.
Industry Arbitrator

Signature Date

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