

AWARD
NASD Regulation, Inc.

In the Matter of the Arbitration Between

Name of Claimants

John Metz and Sandra Metz

and

97-06043
Cincinnati, Ohio

Name of Respondents

Barron Chase Securities
Christopher Esposito

REPRESENTATION OF PARTIES

John Metz and Sandra Metz ("Claimants") were represented by Thomas A. Hargett, Esq., Maddox Koeller Hargett & Caruso, Indianapolis, Indiana.

Barron Chase Securities ("Respondent Barron Chase") was represented by Eugene Michael Kennedy, Esq., Law Office of Eugene Michael Kennedy, P.A., Fort Lauderdale, Florida.

Christopher Esposito ("Respondent Esposito") was represented by Grover S. Pamell, Jr., Esq., Boston, Massachusetts.

CASE INFORMATION

The Statement of Claim was filed on or about December 30, 1997. Submission Agreement of Claimant John Metz was signed on December 24, 1997. Submission Agreement of Sandra Metz was signed on December 27, 1997.

Respondent Barron Chase Securities, Inc.'s Statement of Answer and Affirmative Defenses was filed on or about July 13, 1998. Submission Agreement of Respondent Barron Chase Securities was signed on July 29, 1998 by Robert T. Kirk.

Statement of Answer of Respondent Christopher Esposito was filed on or about March 23, 1998. Submission Agreement of Respondent Christopher Esposito was signed on March 17, 1998.

CASE SUMMARY

Claimants alleged that Respondent Esposito engaged in excessive trading in their accounts. It was also alleged that the investments made in the account between March 1995 and August 1996 were not suitable for Claimants. Claimants also alleged that Respondents committed fraud and misrepresentation by making material misstatements and omissions regarding: (1) the securities activities in the account; (2) the level of safety of the investment in the account; (3) the level of trading activity in the account and the real purpose therefor; (4) the ability of the portfolio to generate income in light of the commissions; (5) the nature of the investments selected; and (6) the way the high commissions reduced the chances for profitability. Claimants further alleged that Respondent Barron Chase failed to properly supervise Respondent Esposito, was negligent in not supervising Respondent Esposito, breached its contract either express or implied by failing to follow the rules of the NASD with regard to suitability and excessive trading.

Respondent Esposito denied the allegations set forth in the Statement of Claim. It was specifically stated that Claimant Metz informed Respondent Esposito that the funds involved were risk funds, and that his investment objectives were to achieve significantly higher returns than were his investment objectives at other brokerage accounts.

RELIEF REQUESTED

Claimants requested reimbursement of the out-of-pocket losses of approximately \$225,000. In addition, Claimants requested an award of punitive damages in the amount of \$100,000, attorneys' fees, costs, and pre-award interest.

Respondent Esposito requested that the Statement of Claim be dismissed and that all costs of defending this action, including attorneys' fees, and all other forum fees and costs be assessed against Claimants.

OTHER ISSUES CONSIDERED & DECIDED

Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned arbitrators have determined that Respondent Christopher Esposito had 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.

By letter dated March 8, 2000, Claimant advised the NASD that the dispute between Respondent Barron Chase and Claimant was resolved and that Respondent Barron Chase should be dismissed with prejudice.

By letter dated April 3, 2000, Grover S. Pamell, Jr. advised the NASD that Christopher Esposito had instructed him to withdraw as counsel and that neither Mr. Esposito nor any successor legal counsel would appear at the hearing.

The party present 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 party present agreed to receive conformed copies of the award while the original(s) remain on file with the NASD Regulation, Inc. Office of Dispute Resolution (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 Christopher Esposito shall be and hereby is liable for and shall pay to Claimants John and Sandra Metz the sum of **\$143,000 (One Hundred Forty Three Thousand Dollars)** as compensatory damages.
2. Respondent Christopher Esposito shall be and hereby is liable for and shall pay to Claimants John and Sandra Metz the sum of **\$50,000 (Fifty Thousand Dollars)** as punitive damages.
3. That to the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto are denied with prejudice.
4. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys fees.

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 = \$200.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firm is Barron Chase Securities.

Member surcharge = \$1,500.00

Forum Fees and Assessments

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

One (1) Pre-hearing session with Arbitration Panel x \$750.00 = \$750.00
Pre-hearing conference(s): October 12, 1999 1 session

One (1) Hearing sessions x \$750.00 = \$750.00
Hearing Date(s): April 5, 2000 1 session

Total Forum Fees = \$1,500.00

The Arbitration Panel has assessed \$1,500.00 of the forum fees to Christopher Esposito.

Claimants, John Metz and Sandra Metz, shall be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$200.00
<u>Forum Fees</u>	<u>= \$ 0.00</u>
Total Fees	= \$200.00
<u>Less payments</u>	<u>= \$950.00</u>
Balance to be refunded by NASD Regulation, Inc.	= \$750.00

Respondent, Barron Chase Securities, shall be and hereby is liable for:

Member Fees	= \$1,500.00
<u>Forum Fees</u>	<u>= \$ 0.00</u>
Total Fees	= \$1,500.00
<u>Less payments</u>	<u>= \$1,500.00</u>
Balance Due NASD Regulation, Inc.	= \$ 0.00

Respondent, Christopher Esposito, shall be and hereby is liable for:

Forum Fees

\$1,500.00
= 0.00
= \$1,500.00

Balance Due NASD Regulation, Inc.

All balances are due to NASD Regulation, Inc.

Dated:

/s/ Earle R. Frost, Jr.
Earle R. Frost, Jr., Esq.
Public Arbitrator, Presiding Chair

May 11, 2000

/s/ Elmer G. Cowan
Elmer G. Cowan, Esq.
Public Arbitrator

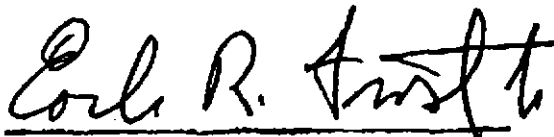
May 1, 2000

/s/ Robert P. Fogarty
Robert P. Fogarty
Industry Arbitrator

May 3, 2000

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All balances are due to NASD Regulation, Inc.



Earle R. Frost, Jr., Esq.
Public Arbitrator, Presiding Chair

Dated:

5/11/00

Elmer G Cowan, Esq.
Public Arbitrator

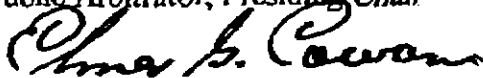
Robert P. Fogarty
Industry Arbitrator

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Arbitration No. 97-06043
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All balances are due to NASD Regulation, Inc.

Dated:

Earle R. Frost, Jr., Esq.
Public Arbitrator, Presiding Chair



Elmer G. Cowan, Esq.
Public Arbitrator

Robert P. Fogarty
Industry Arbitrator

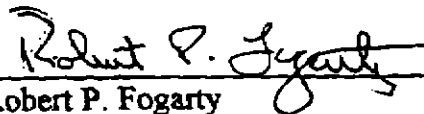
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All balances are due to NASD Regulation, Inc.

Dated:

Earle R. Frost, Jr., Esq.
Public Arbitrator, Presiding Chair

Elmer G. Cowan, Esq.
Public Arbitrator


Robert P. Fogarty
Industry Arbitrator

5-3-00
