

Award
NASD Regulation, Inc.

In the Matter of the Arbitration Between:

John O'Malley, (Claimant) vs. Monroe Parker Securities, Inc., JB Oxford & Company, Clinton R. Keegan, Alan Lipsky, Bryan J. Herman, Ralph J. Angeline, (Respondents).

Case Number: 97-06064

Hearing Site: Dallas, TX

REPRESENTATION OF PARTIES

Claimant, John O'Malley ("O'Malley"): Mike O'Neil, Esq., Law Offices of Mike O'Neil, Dallas, Texas.

Respondent, J.B. Oxford & Company, ("J.B. Oxford"): Cynthia M. Schleindl, Esq., and Jeffrey Kob, Esq. Miller, Milove & Kob, A.P.C., Beverly Hills, CA.

Respondent, Clinton R. Keegan, ("Keegan"): Dolores G. Mongelli, Esq., Dallas, TX.

Respondent, Bryan Herman, ("Herman"): was initially represented by counsel but at the time of hearing was not represented and did not appear.

Respondent, Alan S. Lipsky, ("Lipsky"): was initially represented by counsel but at the time of hearing was not represented and did not appear.

Respondent, Ralph J. Angeline, ("Angeline"): was initially represented by counsel but at the time of hearing was not represented and did not appear.

Respondent, Monroe Parker Securities, ("Monroe"): were initially represented by counsel but at the time of hearing were not represented and did not appear.

CASE INFORMATION

Statement of Claim filed by Claimant John O'Malley, on or about: December 29, 1997. First Supplemental Statement of Claim filed by Claimant John O'Malley on or about August 1, 1998. Claimant, John O'Malley, signed the Uniform Submission Agreement: December 17, 1997.

Statement of Joint Answer filed by Respondents, Alan Lipsky, Bryan Herman, and Ralph Angeline on or about: October 19, 1998

Respondent, Ralph Angeline, signed the Uniform Submission Agreement on August 29, 1998.

Respondent, Bryan Herman, signed the Uniform Submission Agreement on September 23, 1998.

Respondent, Alan Lipsky, signed the Uniform Submission Agreement September 10, 1998.

Statement of Answer filed by Monroe Parker Securities, Inc. and Clinton Keegan on or about April 7, 1998.

Respondent Clinton Keegan signed the Uniform Submission Agreement on April 1, 1998.

Respondent Monroe Parker signed the Uniform Submission Agreement on March 27, 1998 through its President Alan Lipsky.

Statement of Answer filed by Respondent J.B. Oxford & Company on or about March 12, 1998.

Respondent J.B. Oxford & Company signed the Uniform Submission Agreement on March 10, 1998 through its Executive Vice President Scott Monson.

CASE SUMMARY

Claimant asserted the following causes of action: Breach of fiduciary duty, unsuitability, detrimental reliance, manipulation, common law and securities fraud, fraudulent misrepresentation, violation of the Deceptive Trade Practices Act, and failure to supervise.

The causes of action relate to the purchase and sale of Quaker State, Sonics & Materials, Inc., Chem International Inc., and J.B. Oxford & Company.

Unless specifically admitted in its Answer, Respondent J.B. Oxford denied the allegations made in the Statement of Claim, requested dismissal from the case, and asserted the following defenses: Failure to State a Claim upon which relief can be granted, that Claimant failed to satisfy his burden of proof, and that J.B. Oxford is not liable for any conduct of Oxford Holding shareholders.

Unless Specifically admitted in their Answer, Respondents, Alan Lipsky, Ralph Angeline, and Bryan Herman denied the allegations made in the Statement of Claim and asserted the following defenses: Claimant's allegations are barred by his assumption of risk and the doctrine of contributory negligence, Claimant's

damages, if any, are the result of the conduct of third parties, parties over which Respondents had no control, Claimants' allegations are barred by the doctrine of waiver, estoppel and ratification.

Unless specifically admitted in their Answer, Respondents, Monroe Parker Securites, Inc. and Clinton Keegan denied the allegations in the Statement of Claim and asserted the following affirmative defenses: Claimant's allegations are barred by his assumption of risk and the doctrine of contributory negligence, Claimant's damages, if any, are the result of the conduct of third parties, conditions or events over which Monroe had no control, Claimant's allegations are barred by the doctrine of waiver, estoppel and ratification.

RELIEF REQUESTED

Claimant requested:

Compensatory Damages	\$355,000.00
Punitive Damages	unspecified
Interest	unspecified
Attorneys' Fees	unspecified
Other Costs	unspecified
Other Monetary/Non-Monetary Relief:	unspecified

Respondent J.B. Oxford & Company requested:

Attorneys' Fees:	unspecified
costs	unspecified
Other Monetary/Non-Monetary Relief:	unspecified

**Respondents Alan Lipsky, Bryan Herman
and Ralph Angeline requested:**

Attorneys' Fees:	unspecified
costs:	unspecified
Other Monetary/Non-Monetary Relief:	unspecified

**Respondents Monroe Parker Securities, Inc.
and Clinton Keegan requested:**

Attorneys' Fees:	unspecified
costs;	unspecified
Other Monetary/Non-Monetary Relief:	unspecified

OTHER ISSUES CONSIDERED AND DECIDED

Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned Panel determined that Respondents, Bryan J. Herman, Alan S. Lipsky, Ralph J. Angeline and Monroe Parker Securities, Inc. have 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 Respondents present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

The parties present at the hearing 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, and the post-hearing submissions, the Arbitration Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. That the Respondents Monroe Parker Securities, Inc., Alan Lipsky, and Bryan Herman conspired to commit and did commit both common law fraud and securities fraud in their manipulation of the market and prices of all units, common stock, and warrants that were sold by Monroe Parker Securities, Inc. to John T. O'Malley in the securities of the following five issuers: All Communications Corp., Chem International, Inc., Netsmart Technologies, Sonics & Materials, Inc. and JB Oxford Holding;
2. We further find that in addition to the market manipulations found above, Claimant has proved Respondents Monroe Parker Securities, Inc., Alan Lipsky, and Bryan Herman also committed common law fraud and fraud in violation of the Texas Securities Act upon John T. O'Malley by making to him through their employee and agent Clinton Keegan, false representations of fact regarding each of the securities purchased in his account, that Mr. O'Malley relied upon those representations, that his reliance was reasonably founded, and that he sustained losses set forth below as a result of the misrepresentations. Further we find the acts of those three Respondents to constitute willful and malicious injury to the property of Mr. O'Malley, causing the damages set forth below;
3. We find that the acts of Monroe Parker Securities, Inc., Alan Lipsky, and Bryan Herman described in the prior two paragraphs were Committed knowingly and willfully with actual intent to defraud. Further we find that such actions were taken with actual malice.
4. As a result of the actions of these three Respondents as described in the prior three paragraphs, we find that John T. O'Malley was damages in the sum of \$327,489.00 (three hundred twenty seven four hundred eighty nine

dollars) actual damages. We award John T. O'Malley, jointly and severally against each of Monroe Parker Securities, Inc., Alan Lipsky, and Bryan Herman, compensatory damages of \$327,489.00 (three hundred twenty seven thousand four hundred eighty nine dollars) together with a reasonable attorney's fee of \$77,340.00 (seventy seven thousand three hundred forty dollars) and interest of \$52,593.00 (fifty two thousand five hundred ninety three dollars). In making this award of attorneys fees, the arbitration panel heard and considered all pleadings, briefs and documents, case law and statutory law, and oral arguments of the parties and found that authority for this award exists;

5. That we further find that Clinton Keegan knew or should have known about the wrongs committed and is liable for and shall pay damages of \$6,000.00 (six thousand dollars) to Claimant John T. O'Malley;
6. That all claims and requests for relief against J. B. Oxford & Company are hereby dismissed and denied in their entirety;
7. That any and all other requests for relief, not specifically awarded, including punitive damages, are 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 = \$200.00

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 persons at the time of the events giving rise to the dispute. In this matter, the member firms are a party and Respondent's former firms.

Member surcharge = \$1,500.00

Adjournment Fees

Adjournments requested during these proceedings:

Hearing Dates, adjournment by Monroe Parker Securities, Inc. = \$750.00

Forum Fees and Assessments

The Arbitrator 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:

Four Number (4) Pre-hearing sessions with a single arbitrator x \$300.00 = \$1,200.00

Pre-hearing conferences: August 18, 1998	1 session
January 28, 1999	1 session
July 7, 1999	1 session
July 12, 1999	1 session

Two Number (2) Pre-hearing sessions with Panel x \$750.00 = \$1,500.00

Pre-hearing conferences: July 27, 1998	1 session
September 24, 1998	1 session

Eight (8) Hearing sessions x \$750.00 = \$6,000.00

Hearing Dates: August 3, 1999	2 sessions
August 4, 1999	2 sessions
August 5, 1999	2 sessions
August 6, 1999	2 sessions

Total Forum Fees = \$8,700.00

1. The Arbitration Panel has assessed \$2,250.00 of the forum fees to John T. O'Malley.
2. The Arbitration Panel has assessed \$4,200.00 of the forum fees to Monroe Parker Securities, Inc.
3. The Arbitration Panel has assessed \$2,250.00 of the forum fees to J.B. Oxford & Company.

Fee Summary

1. Claimant, John T. O'Malley, be and hereby is solely liable for:

Initial Filing Fee	= \$ 200.00
Forum Fees	= \$2,250.00
Administrative Costs	= 0
Total Fees	= \$2,450.00
Less Payments	= \$2,750.00
Refund due to John T. O'Malley	= (\$ 300.00)

2. Respondent, Monroe Parker Securities, Inc., be and hereby is solely liable for:

Member Fees	= \$1,500.00
Adjournment Fee	= \$ 750.00
Forum Fees	= \$4,200.00
Administrative Costs	= 0
Total Fees	= \$6,450.00

<u>Less payments</u>	= \$4,750.00
Balance Due NASD Regulation, Inc.	= \$1,700.00

3. Respondent, J.B. Oxford & Company, be and hereby is solely liable for:

Member Fee	= \$1,500.00
Forum Fees	= \$2,250.00
<u>Administrative Costs</u>	= 0
Total Fees	= \$3,750.00
<u>Less Payments</u>	= \$1,500.00
Balance Due NASD Regulation, Inc.	= \$2,250.00

All balances are due to NASD Regulation, Inc.

Concurring Arbitrators' Signatures

/s/ Arthur H. Geffen

January 28, 2000

 Arthur H. Geffen
 Public Arbitrator, Presiding Chair

Signature Date

/s/ W. D. Parr

January 27, 2000

 W. Donald Parr
 Public Arbitrator

Signature Date

/s/ James R. Ruffing

January 28, 2000

 James R. Ruffing
 Industry Arbitrator

Signature Date

 Date of Service (For NASD office use only)

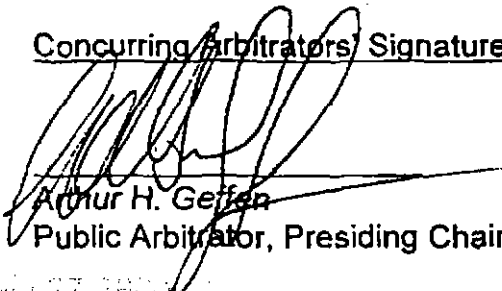
<u>Less payments</u>	<u>= \$4,750.00</u>
Balance Due NASD Regulation, Inc.	= \$1,700.00

3. Respondent, J.B. Oxford & Company, be and hereby is solely liable for:

Member Fee	= \$1,500.00
Forum Fees	= \$2,250.00
<u>Administrative Costs</u>	<u>= \$ 0</u>
Total Fees	= \$3,750.00
<u>Less payments</u>	<u>= \$1,500.00</u>
Balance Due NASD Regulation, Inc.	= \$2,250.00

All balances are due to NASD Regulation, Inc.

Concurring Arbitrators' Signatures


Arthur H. Geffen

Public Arbitrator, Presiding Chair

Signature Date

W. Donald Parr
Public Arbitrator

Signature Date

James R. Ruffing
Industry Arbitrator

Signature Date

Date of Service (For NASD office use only)

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<u>Less payments</u>	= \$4,750.00
Balance Due NASD Regulation, Inc.	= \$1,700.00
3. Respondent, J.B. Oxford & Company, be and hereby is solely liable for:	
Member Fee	= \$1,500.00
Forum Fees	= \$2,250.00
Administrative Costs	= 0
Total Fees	= \$3,750.00
Less Payments	= \$1,500.00
Balance Due NASD Regulation, Inc.	= \$2,250.00

All balances are due to NASD Regulation, Inc.

Concurring Arbitrators' Signatures

Arthur ti. Geffen
Public Arbitrator, Presiding Chair



W. Donald Parr
Public Arbitrator

Signature Date

1/27/00

Signature Date

James R. Ruffing
Industry Arbitrator

Signature Date

Date of Service (For NASD office use only)

<u>Less Payments</u>	= \$4,750.00
Balance Due NASD Regulation, Inc.	= \$1,700.00

3. Respondent, J.B. Oxford & Company, be and hereby is solely liable for:

Member Fee	= \$1,500.00
Forum Fees	= \$2,250.00
<u>Administrative Costs</u>	= 0
Total Fees	= \$3,750.00
<u>Less Payments</u>	= \$1,500.00
Balance Due NASD Regulation, Inc.	= \$2,250.00

All balances are due to NASD Regulation, Inc.


Concurring Arbitrators' Signatures

Arthur H. Geffen
Public Arbitrator, Presiding Chair

Signature Date

W. Donald Parr
Public Arbitrator

Signature Date


James R. Ruffing
Industry Arbitrator


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