

NASD Regulation, Inc.

Arbitrator Award

In the matter of the Arbitration Between

Name of Claimants

National Restaurant Coordinators Inc. and
Duane Johnson

v.

98-00285

Name of Respondents

Foster Jeffries Securities, LLC,
Robert Steven Thomas,
George M. Greco, Jr., and
Steven L. Karno

REPRESENTATION OF PARTIES

For Claimants, National Restaurant Coordinators Inc. and Duane Johnson: Randall R. Heiner, Esq., Salt Lake City, Utah.

For Respondent Foster Jeffries Securities LLC: J. Steven Lewis, Esq., Los Angeles, California.

For Respondents Robert Steven Thomas and George M. Greco, Jr.: Dan Druz, Esq., New Jersey.

For Steven L. Karno: Mr. Karno represented himself, pro se.

CASE INFORMATION

Claimants filed the Statement of Claim on or about: January 22, 1998.

Claimants signed the Uniform Submission Agreement: January 22, 1998.

Respondents Foster Jeffries Securities LLC, Robert Steven Thomas, and George Michael Greco, Jr., filed their Statement of Answer on or about: March 27, 1998.

Respondent, Foster Jeffries Securities LLC, signed the Uniform Submission Agreement: March 25, 1998.

Respondent, Robert Steven Thomas, signed the Uniform Submission Agreement: March 25, 1998.

Respondent, George Michael Greco, Jr., signed the Uniform Submission Agreement: March 25, 1998.

Respondent, Steven L. Karno, filed his Answer and Motion to Dismiss on or about March 16,

1999.

CASE SUMMARY

Claimants asserted the following causes of action against Respondents: Violation of Section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C. §78(j) and Violation of Rule 10b-5; liability under § 20 of the Securities Exchange Act of 1934 15 U.S.C. §78(t); Violation of the Utah Uniform Securities Act, §61-1-1(2-3); Violation of the Utah Uniform Securities Act §61-1-22(4); breach of contract; common law fraud; negligence; common law rescission; liability against Foster Jeffries under respondent superior; negligent supervision; breach of fiduciary duty; and punitive damages pursuant to Utah Code Ann. §78-18-1. These causes of action relate to the sale of stocks and securities including Jenna Lane Inc., Multimedia Games Inc., RT Industries Inc., and Electronics Communication.

Respondents Foster Jeffries Securities LLC, Robert Steven Thomas, and George Michael Greco, Jr. deny all material allegations in the Statement of Claim which purport to establish any liability by the Respondents to the Claimants. Further the respondents argue that they acted at all times in accordance with applicable law, governing regulations, and custom in the industry in connection with the opening and maintenance of Claimants' accounts. Additionally, the respondents argue that the Claimants' allegations amount to nothing more than an effort to hold others accountable for their investment decisions and that all transactions identified in the Statement of Claim were carried out in accordance with the Claimants' instructions and in conformity with all applicable rules and regulations.

Respondent Steven L. Karno denies any and all allegation made against him and requests that the matter be dismissed as to him in its entirety.

RELIEF REQUESTED

| Claimants stated relief requests in the Statement of Claim: | (Amount) |
|---|------------------------|
| Out of Pocket losses (from 9/97 to present) | \$ 90,748.70 |
| Treble damages for violations of the Utah Uniform Security Act | \$ 272,246.10 |
| Market adjusted damages (to be determined at the hearing) | not specified in claim |
| Rescission of certain trades | not specified in claim |
| Punitive damages on all counts | not specified in claim |
| Attorneys' fees as provided under the Utah Uniform Security Act | not specified in claim |
| Prejudgement interest @ 12% | not specified in claim |
| Post judgement interest, costs, filing and hearing fees | |
| and other disbursements | not specified in claim |
| Other Relief deemed just and equitable by the panel | not specified in claim |

OTHER ISSUES CONSIDERED & DECIDED

Respondent Steven L. Karno did not file with the NASD Régulation, Inc. Office of Dispute Resolution to 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(s) remain on file with the NASD.

FINDINGS

It was the unanimous position of the arbitration panel that the Respondent Foster Jeffries Securities, LLC, through its designated broker/dealer, Mr. Robert Stephen Thomas, and subject to supervision and control of Mr. George Michael Greco, Jr. and Mr. Stephen Lee Karno, had engaged in fraudulent, deceptive and manipulative activities with regards to the securities account of the claimant National Restaurant Coordinators, Inc. and Duane Johnson, its principal officer and president. The panel felt that such activities violated federal securities law, the securities laws of the state of Utah, and unethical business practices.

Respondents were engaged in a willful and intentional pattern of deceptive and manipulative activities resulting in a monetary loss to Respondents through unauthorized trading, misrepresentations concerning securities, suitability, and failure to comply with clients directs to his account representative. All damages awarded are against all respondents, jointly and severally.

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. The Claimants are awarded and Foster Jeffries Securities LLC, Robert Steven Thomas, George Michael Greco, Jr. and Steven L. Karno shall pay to the Claimants, jointly and severally, actual losses in the sum of \$90,748.70;
2. The Claimants are awarded and Foster Jeffries Securities LLC, Robert Steven Thomas, George Michael Greco, Jr. and Steven L. Karno shall pay to the Claimants, jointly and severally, punitive damages for fraudulent, deceptive, and manipulative activities relating to the account of the claimant in the sum of \$50,000.00.

3. Claimants' requests for treble damages, market adjusted damages, rescission, punitive damages, attorneys' fees, interest and costs is denied;
4. The Claimants are awarded and Foster Jeffries Securities LLC, Robert Steven Thomas, George Michael Greco, Jr. and Steven L. Karno shall pay to the Claimants, jointly and severally, the sum of \$200 representing the non-refundable filing fees paid by the Claimants to the NASD.

FEES

Filing Fees

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

Claimants initial claim filing fee = \$200

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated person at the time of the event giving rise to the dispute. In this case, the firm is a party.

| | |
|-------------------------------|------------------|
| Member surcharge | = \$1,500 |
| Pre-hearing processing fee | = \$ 600 |
| <u>Hearing processing fee</u> | <u>= \$2,500</u> |
| Total Member Fees | = \$4,600 |

Forum Fees

A forum fee is assessed 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:

| | |
|--|-----------|
| (1) Pre-hearing session with single arbitrator x \$300 | = \$300 |
| Pre-hearing conference: March 16, 1999 1 session | |
| (3) Pre-hearing session with panel x \$750 | = \$2,250 |
| Pre-hearing conference: December 14, 1998 1 session; | |
| February 22, 1999 1 session; | |
| March 17, 1999 1 session. | |
| (2) Hearing sessions x \$750 | = \$1,500 |
| Hearing Dates: March 24, 1999 2 sessions | |
| Total Forum Fees | = \$4,050 |

The arbitrators have assessed all forum fees in the amount of \$4,050 to Respondents Foster Jeffries Securities, Robert Steven Thomas, George M. Greco, Jr., and Steven L. Karno, jointly and severally.

Fee Assessment

1. Claimants, National Restaurant Coordinators Inc. and Duane Johnson, be and hereby are solely liable for:

| | |
|---------------------------|------------|
| <u>Initial filing fee</u> | = \$ 200 |
| <u>Total Fees</u> | = \$ 200 |
| <u>Less payments</u> | = \$ 950 |
| <u>Balance (Refund)</u> | =(\$ 750) |

2. Respondent, Foster Jeffries Securities LLC, be and hereby is solely liable for:

| | |
|--|------------|
| <u>Member Fees</u> | = \$ 4,600 |
| <u>Total Fees</u> | = \$ 4,600 |
| <u>Less payments</u> | = \$ 1,500 |
| <u>Balance Due NASD Regulation, Inc.</u> | = \$ 3,100 |

3. Respondents Foster Jeffries Securities, Robert Steven Thomas, George M. Greco, Jr., and Steven L. Karno be and hereby are jointly and severally liable for:

| | |
|--|-----------|
| <u>Forum Fees</u> | = \$4,050 |
| <u>Balance Due NASD Regulation, Inc.</u> | = \$4,050 |

All balances are due to NASD Regulation, Inc. and are payable within 30 days of the date of this award.

Concurring arbitrator's signatures.

Julian D. Jensen
Julian D. Jensen, Esq.
Public Arbitrator, Presiding Chair

4/16/99
Signature Date

Joel T. Marker, Esq.
Public Arbitrator

Signature Date

George John Potter
Industry Arbitrator

Signature Date

Date of Service

Date Served:
APR 19 1999

Concurring arbitrator's signatures.

Julian D. Jensen, Esq.
Public Arbitrator, Presiding Chair

Signature Date



Joel T. Marker, Esq.
Public Arbitrator



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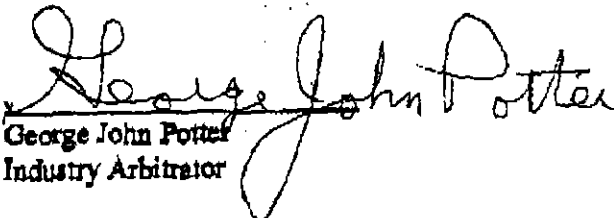
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Signature Date


George John Potter
Industry Arbitrator

4/19/99
Signature Date

Date of Service

Date Served:

APR 19 1999