

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

W. Gary Crider, Claimant v. Keith Grossman, Robert Nock, Herman Epstein, Lawrence J. Penna,
Robert Conforte, Vincent Grieco, Douglas Mangan, Todd Peterson, Investors Associates, Inc.,
and Prudential Securities, Inc., Respondents.

Case Number: 98-00301

Hearing Site: Los Angeles, California

REPRESENTATION OF PARTIES

For Claimant W. Gary Crider:

James A. Sigler, Esq.
Attorney at Law
Granada Hills, California

For Respondent Keith Grossman:

Keith Grossman
In Pro Per
Washington Station, New York

For Respondent Robert Nock:

Robert Nock
In Pro Per
East Northport, New York

For Respondent Herman Epstein:

Herman Epstein
In Pro Per
Franklin Lakes, New Jersey

For Respondent Lawrence J. Penna:

Lawrence J. Penna
In Pro Per
Franklin Lakes, New Jersey

For Respondent Robert Conforte:

Vincent Grieco
Representative
West Islip, New York

For Respondent Vincent Grieco:

Vincent Grieco
In Pro Per
West Islip, New York

For Respondent Douglas Mangan:

Douglas Mangan
In Pro Per
Massapequa, New York

For Respondent Todd Peterson:

Todd Peterson
In Pro Per
Smithtown, New York

For Respondent Investors Associates, Inc.:

Paul E. Forsythe, III
Investors Associates, Inc.
Hackensack, New Jersey

For Respondent Prudential Securities, Inc.:

William H. Freilich, Esq.
Prudential Securities, Inc.
New York, New York

CASE INFORMATION

Claimant's Uniform Submission Agreement signed: January 20, 1998

Statement of Claim filed: January 26, 1998

Joint Statement of Answer to Statement of Claim filed by Respondents Herman Epstein and L. Penna: March 31, 1998

Joint Statement of Answer to Statement of Claim filed by Respondents Keith Grossman, Robert Conforte, Vincent Grieco, and Douglas Mangan: April 23, 1998

First Amended Statement of Claim filed: September 29, 1998

Statement of Answer to the First Amended Statement of Claim filed by Respondent Keith Grossman: October 16, 1998

Statement of Answer to the First Amended Statement of Claim filed by Respondent Vincent Grieco: October 16, 1998

Second Amended Statement of Claim filed: January 21, 2000

CASE SUMMARY

Claimant alleged misrepresentation, omission, suitability, fraud, negligence, breach of contract, breach of fiduciary duty, violation of California securities laws, violation of federal securities laws, and negligent supervision. The dispute involved the purchase and/or sale of COGE stock.

Respondents Keith Grossman, Herman Epstein, Lawrence J. Penna, Robert Conforte, Vincent Grieco, Douglas Mangan, and Prudential Securities, Inc. denied the allegations of wrongdoing set forth in the Claimant's Statement of Claim.

Respondents Robert Nock, Todd Peterson, and Investors Associates, Inc. did not file a Statement of Answer.

RELIEF REQUESTED

Claimant sought \$50,000.00 in compensatory damages, and also sought unspecified punitive damages, interest, attorney's fees, and costs of arbitration.

Respondents Herman Epstein and Lawrence J. Penna requested dismissal of the Claimant's Statement of Claim in its entirety, and sought reimbursement for costs of arbitration in the sum of \$12,500.00.

Respondents Keith Grossman, Robert Conforte, Vincent Grieco, and Douglas Mangan requested dismissal of the Claimant's Statement of Claim in its entirety, and sought reimbursement for costs of arbitration.

Respondent Prudential Securities, Inc. requested dismissal of the Claimant's Statement of Claim in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

On July 21, 1998, NASD Dispute Resolution, Inc. received notice from Claimant that all claims against Keith Grossman, Robert Nock, Herman Epstein, Lawrence J. Penna, Robert Conforte, and Vincent Grieco were dismissed without prejudice.

On July 21, 1998, the Panel granted Claimant's Motion to Amend. Claimant's First Amended Statement of Claim dated September 29, 1998 added Respondent Investors Associates, Inc. and renamed all previously dismissed Respondents, except Robert Nock and Robert Conforte. The First Amended Statement of Claim also reduced Claimant's claim to \$50,000.00.

On January 10, 2000, the Panel granted Claimant's Motion to Amend dated November 16, 1999. Claimant's Second Amended Statement of Claim dated January 21, 2000 added Respondent Prudential Securities, Inc.

Respondents did not file with NASD Dispute Resolution, Inc. properly executed submission agreements but are required to submit to arbitration pursuant to the Code, and Respondents are bound by the determination of the Panel on all issues submitted.

Upon review of the file and the representations made on behalf of the Claimant, the undersigned Panel determined that Respondents Todd Peterson, Keith Grossman, Herman Epstein, Lawrence J. Penna, Vincent Grieco, Douglas Mangan, and Investors Associates, Inc. were 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 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, testimony, and evidence presented at the hearing, the Panel decided in full and final resolution of the issues submitted for determination as follows:

- 1) Respondents Todd Peterson, Keith Grossman, Herman Epstein, Lawrence J. Penna, Vincent Grieco, Douglas Mangan, and Investors Associates, Inc. are jointly and severally liable to and shall pay Claimant \$48,000.00 in compensatory damages.
- 2) Respondents Todd Peterson, Keith Grossman, Herman Epstein, Lawrence J. Penna, Vincent Grieco, Douglas Mangan, and Investors Associates, Inc. are jointly and severally liable to and shall pay Claimant \$1,000,000.00 in punitive damages pursuant to California Civil Code Section 3294.
- 3) Respondents Todd Peterson, Keith Grossman, Herman Epstein, Lawrence J. Penna, Vincent Grieco, Douglas Mangan, and Investors Associates, Inc. are jointly and severally liable to and shall pay Claimant interest at the rate of 10% per annum simple interest on the sum of \$ 48,000.00 from January 26, 1998 until March 12, 2001.
- 4) Respondents Todd Peterson, Keith Grossman, Herman Epstein, Lawrence J. Penna, Vincent Grieco, Douglas Mangan, and Investors Associates, Inc. are jointly and severally liable to and shall pay Claimant interest at the rate of 10% per annum on the sum of \$ 48,000.00 from March 13, 2001 until the Award is paid in full.

- 5) Respondent Prudential Securities, Inc. is dismissed with prejudice.
- 6) Each party shall bear their respective costs, including attorney's fees.
- 7) All other relief requested and not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution, Inc. received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 200.00
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Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events which gave rise to the dispute, claim, or controversy. Accordingly, the member firm Prudential Securities, Inc. and the following fees are assessed:

Member Surcharge	= \$ 800.00
Pre-Hearing Processing Fee	= \$ 600.00
<u>Hearing Processing Fee</u>	<u>= \$ 1,000.00</u>
Total Member Fees	= \$ 2,400.00

Adjournment Fees

The following adjournment fees are assessed:

Hearing Dates August 24, 1999 - August 27, 1999, adjournment requested by Claimant	= \$ 400.00
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Forum Fees and Assessments

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Panel. The following fees are assessed:

1 Pre-hearing conference session with the Panel @ \$ 750.00/session	= \$ 750.00
July 21, 1998 1 session	
2 Pre-hearing conference sessions with the Panel @ \$ 400.00/session	= \$ 800.00
Pre-hearing conferences: March 12, 1999 1 session	
June 21, 1999 1 session	
4 Hearing sessions @ \$ 400.00/session	= \$ 1,600.00
Hearings: March 13, 2001 2 sessions	
March 14, 2001 2 sessions	
Total Forum Fees	= \$ 3,150.00

1. The Panel assessed \$ 1,150.00 of the forum fees to Claimant W. Gary Crider.
2. The Panel assessed \$ 400.00 of the forum fees jointly and severally to Respondents Herman Epstein and Lawrence J. Penna.
3. The Panel assessed \$ 1,600.00 of the forum fees to Respondent Prudential Securities, Inc.

Fee Summary

1. Claimant W. Gary Crider is charged with the following fees and costs:

Initial Filing Fee	= \$ 200.00
Adjournment Fee	= \$ 400.00
Forum Fees	= \$ 1,150.00
Total Fees	= \$ 1,750.00
Less Payments	= \$ (950.00)
Balance Due NASD Dispute Resolution, Inc.	= \$ 800.00
2. Respondent Prudential Securities, Inc. is charged with the following fees and costs:

Member Fees	= \$ 2,400.00
Forum Fees	= \$ 1,600.00
Total Fees	= \$ 4,000.00
Less Payments	= \$ (0.00)
Balance Due NASD Dispute Resolution, Inc.	= \$ 4,000.00

NASD Dispute Resolution, Inc.

Arbitration No. 98-00301

Award Page 7 of 8

3. Respondents Herman Epstein and Lawrence J. Penna are charged jointly and severally with the following fees and costs:

<u>Forum Fees</u>	<u>= \$ 400.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 400.00

All balances are payable to NASD Dispute Resolution, Inc. and are to be paid upon the receipt of the award pursuant to Rule 10330(g) of the Code.

NASD Dispute Resolution, Inc.
Arbitration No. 98-00301
Award Page 8 of 8

Concurring Arbitrators' Signatures



Robert L. Schouwailer, Esq.
Chair, Public Arbitrator

3/22/01

Signature Date

Daniel B. MacLeod, Esq.
Public Arbitrator

Signature Date

Basil Lewis
Industry Arbitrator

Signature Date

March 26, 2001
Date of Service

Concurring Arbitrators' Signatures

Robert L. Schourweller, Esq.
Chair, Public Arbitrator

Signature Date



Daniel B. MacLeod, Esq.
Public Arbitrator

3-23-01
Signature Date

Basil Lewis
Industry Arbitrator

Signature Date

Date of Service

NASD Dispute Resolution, Inc.
Arbitration No. 98-00301
Award Page 8 of 8

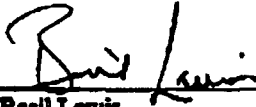
Concurring Arbitrators' Signatures

Robert L. Schonweiler, Esq.
Chair, Public Arbitrator

Signature Date

Daniel B. MacLeod, Esq.
Public Arbitrator

Signature Date



Basil Lewis
Industry Arbitrator

March 22, 2001

Signature Date

Date of Service