

NASD REGULATION, INC. AWARD

In the Matter of the Arbitration Between

Names of Claimants

Clifford C. Marrs, Sr.,
Clifford C. Marrs, Jr., and
Pattie O. Tollefson

and

Case Number 98-00399

Names of Respondents

Euro-Atlantic Securities, Inc.,
L.T. Lawrence & Co., Inc.,
James Toto,
Meyers Pollock Robbins, Inc.,
Alexander Ricci,
David Melillo,
Lawrence Russell,
Pasquale Guadagno,
Fred Tuzzolino, Jr.,
Peter Delsini,
John Frerico,
Michael Corulla,
Paul Caruso,
James Turchiarelli, and
Jerome Daniels

REPRESENTATION OF PARTIES

Clifford C. Marrs, Sr., Clifford C. Marrs, Jr. and Pattie O. Tollefson (hereafter referred to as "Claimants") were represented by Phillip R. Pratt, located in Pauls Valley, Oklahoma.

L.T. Lawrence & Co., Inc. (hereafter referred to as "Respondent") was represented by M. David Sayid, Esq. of Sayid and Associates, located in New York, New York in the pleadings. Thereafter, this Respondent was represented by Robert Drake of L.T. Lawrence & Co., Inc., located in New York, New York.

James Toto (hereafter referred to as "Respondent") was represented by Mark J. Astarita, Esq. of Gusrae, Kaplan & Bruno, located in New York, New York.

Meyers Pollock Robbins (hereafter referred to as "Respondent") did not file an Answer or Submission Agreement and did not appear at the hearing.

Alexander Ricci (hereafter referred to as "Respondent") did not file an Answer or Submission Agreement and did not appear at the hearing.

David Melillo (hereafter referred to as "Respondent") did not file an Answer or Submission Agreement and did not appear at the hearing.

Pasquale Guadagno (hereafter referred to as "Respondent") did not file an Answer or Submission Agreement and did not appear at the hearing.

Fred Tuzzolino, Jr. (hereafter referred to as "Respondent") did not file an Answer or Submission Agreement and did not appear at the hearing.

Peter Tuzzolino, Jr. (hereafter referred to as "Respondent") did not file an Answer or Submission Agreement and did not appear at the hearing.

Peter Delsini (hereafter referred to as "Respondent") did not file an Answer or Submission Agreement and did not appear at the hearing.

John Frerico (hereafter referred to as "Respondent") did not file an Answer or Submission Agreement and did not appear at the hearing.

Michael Corulla (hereafter referred to as "Respondent") did not file an Answer or Submission Agreement and did not appear at the hearing.

Paul Caruso (hereafter referred to as "Respondent") did not file an Answer or Submission Agreement and did not appear at the hearing.

James Turchiarelli (hereafter referred to as "Respondent") did not file an Answer or Submission Agreement and did not appear at the hearing.

CASE INFORMATION

The Statement of Claim of Claimant was filed on or about February 2, 1998.

The Submission Agreement of Claimant Clifford C. Marrs, Sr. was signed on January 22, 1998.

The Submission Agreement of Claimant Clifford C. Marrs, Jr. was signed on May 4, 1998.

The Submission Agreement of Claimant Pattie O. Tollefson was signed on January 12, 1998.

The Statement of Answer of Respondent L.T. Lawrence & Co., Inc. was filed on or about July 27, 1998.

The NASD Regulation, Inc. has no record of receipt of a Submission Agreement from Respondent L.T. Lawrence & Co., Inc.

The Statement of Answer of Respondent James Toto was filed on or about on June 8, 1998.

The NASD Regulation, Inc. has no record of receipt of a Submission Agreement from Respondent James Toto.

HEARING INFORMATION

A pre-hearing conference was held before two arbitrators on September 30, 1998 for one (1) hearing session.

The hearing was held before three arbitrators in Oklahoma City, Oklahoma on January 11, 1999 for two (2) hearing sessions.

CASE SUMMARY

In their Statement of Claim, Claimants alleged that beginning in May of 1995, Respondents placed the Claimant's funds in highly speculative and unsuitable stocks thereby committing a breach of their fiduciary duty to Claimants and causing them monetary losses. Claimant Clifford C. Marrs, Sr. ("Marrs") had maintained an account at Prudential Securities for over twenty years which consisted of approximately \$100,000.00 invested in conservative mutual funds and bond funds. In May of 1995, Marrs invested approximately \$10,000.00 in UTS Multimedia Tutorial Services Inc. stock and Multimedia Tutorial Services Inc. warrants based on a telephone solicitation from Alexander Ricci with Meyers Pollock Robbins ("MPR"). Also in May of 1995, Claimant Clifford C. Marrs, Sr. began receiving telephone calls from James Toto with L.T. Lawrence, Inc. ("LTL"). According to the Claimants, Marrs eventually transferred the Prudential account and the MPR account to Toto and opened an individual account and a joint account with his children, Claimants Clifford C. Marrs, Jr. and Pattie O. Tollefson at LTL. Claimants contended that although Toto was aware Claimant was dependent on the income from the investment account, Toto purchased, without the Claimants' knowledge or consent, speculative stocks and warrants such as Sparta Pharmaceuticals Inc. stock, Sparta Pharmaceuticals Inc. A Warrants, Sparta Pharmaceuticals Inc. B Warrants, Aegis Consumer

Funding Group, Long Island Lighting Company and Ferrara Food Inc. Toto allegedly never disclosed the risks associated with the investments he solicited nor did he disclose the amount of commissions he earned. While Marrs had accounts at LTL, he received a telephone solicitation from Michael Corulla ("Corulla") at Vision. Based on the representations made by Mr. Corulla, Claimants' accounts were transferred to Vision where Corulla allegedly purchased highly speculative investments such as Auxer Industries, Inc. and Antares Resources Corp. In February of 1996, Marrs transferred the accounts from Vision, which was then in bankruptcy, to Euro-Atlantic Securities ("EAS") based upon numerous telephone solicitations. Respondents Pat Guadagno, Fred Tuzzolino, Peter Delsini and John Frerico, all employed by EAS, allegedly placed the Claimants' funds in highly speculative investments including Multimedia Concepts International, Inc. stock and Multimedia Concepts International, Inc. Warrants. Claimants made other specific allegations against the Respondents including, but not limited to, fraud, breach of contract, negligence, conversion, sales by unregistered representatives and transactions by means of untrue statements.

Respondent L.T. Lawrence & Co., Inc. denied the allegations set forth in the Statement of Claim. Respondent L.T. Lawrence & Co., Inc. asserted many affirmative defenses including, but not limited to, Claimant was a knowledgeable investor and assumed the risk of his transactions; the Statement of Claim failed to state a claim upon which relief could be granted; the Claimant ratified each and every transaction; Respondents properly executed orders placed by the Claimants and Respondent L.T. Lawrence & Co., Inc. acted in good faith and in full accordance with the laws, rules and regulations governing the securities industry in connection with the Claimants' accounts.

RELIEF REQUESTED

Claimant requested an award in the following amounts:

1. A sum of not less than \$1,643.75 in actual damages be awarded against MPR and Ricci, jointly and severally;
2. A sum of not less than \$41,291.10 in actual damages be awarded against LTL and Toto, jointly and severally;
3. A sum of not less than \$63,262.50 in actual damages be awarded against Corulla, Caruso, Turchiarelli, and Daniels, jointly and severally;
4. A sum of not less than \$37,980.00 in actual damages be awarded against EAS, Guadagno, Tuzzolino, Delsini, Frerico, Melillo, and Russell, jointly and severally;
5. For violations of Section 408(a)(1) of the Oklahoma Securities Act, a sum of not less than \$4,230 in actual damages with interest from February 16, 1996 at 10% per annum be awarded against EAS, Guadagno, Melillo, and Russell, jointly and severally;

6. For violations of Section 408(a)(1) of the Oklahoma Securities Act, a sum of not less than \$22,500.00 in actual damages with interest from March 14, 1996 at 10% per annum be awarded against EAS, Delsini, Frerico, Melillo and Russell;
7. For violations of Section 408(a)(1) of the Oklahoma Securities Act, a sum of not less than \$11,250.00 in actual damages with interest from March 22, 1996 at 10% per annum be awarded against EAS, Frerico, Melillo and Russell;
8. Interest and income which suitable investments would have yielded;
9. Punitive damages totaling no more than \$355,822.65;
10. The return of commissions;
11. Attorneys' fees; and
12. Costs.

Respondent L.T. Lawrence & Co., Inc. requested that the claims asserted against it be denied in its entirety and that it be awarded its' costs and attorneys' fees in an amount not less than \$5,000.00.

OTHER ISSUES CONSIDERED & DECIDED

On or about January 21, 1998, Claimants withdrew their claims against Respondent Lawrence Russell with prejudice.

On or about December 21, 1998, the undersigned Arbitrators granted Respondent Jerome Daniel's Motion to Sever following their review of all relevant submissions.

At the hearing on January 11, 1999, Claimants withdrew their claims against Respondent Alexander Ricci.

On or about January 21, 1999, Claimants withdrew their claims against Respondent James Toto with prejudice.

Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned arbitrators have determined that Respondents Euro-Atlantic Securities, Inc., L.T. Lawrence & Co., Inc., David Melillo, Pasquale Guadagno, Fred Tuzzolino, Jr., Peter Delsini, Paul Caruso and James Turchiarelli had been properly served with the Statement of Claim pursuant to Rule 10302 and Rule 10314 of the NASD Code of Arbitration Procedure ("the Code"). The undersigned arbitrators have also determined that Respondent Euro-Atlantic Securities, Inc., L.T. Lawrence & Co., Inc., David Melillo, Pasquale Guadagno, Fred Tuzzolino, Jr., Peter Delsini, Paul Caruso and James Turchiaarelli 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.

Respondents Euro-Atlantic Securities, Inc., L.T. Lawrence & Co., Inc., David Melillo, Pasquale Guadagno, Fred Tuzzolino, Jr., Peter Delsini, Paul Caruso and James Turchiarelli did not file with the NASD Regulation, Inc. Office of Dispute Resolution properly executed submissions to arbitration but are required to submit to arbitration pursuant to Rule 10301 of the NASD Code of Arbitration Procedure (the "Code") and having answered the claim, are bound by the determination of the arbitration panel on all issues submitted.

The undersigned Arbitrators determined that Respondents John Frerico and Michael Corulla had not been properly served with the Statement of Claim and notice of the hearing pursuant to Rule 10302, Rule 10314 and Rule 10315 of the Code.

The parties present at the hearing agreed to receive conformed copies of the award while the original remains on file with the NASD Regulation, Inc. Office of Dispute Resolution..

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing and the post-hearing submissions, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents Euro-Atlantic Securities Inc., David Paul Melillo, Peter Michael Delsini, Pasquale Guadagno and Fred Joseph Tuzzolino, Jr. are, jointly and severally, liable for and shall pay to Claimants Clifford C. Marrs, Sr., Clifford C. Marrs, Jr. and Patties O. Tollefson the sum of \$76,535.12 in actual damages;
2. Respondents Euro-Atlantic Securities Inc., David Paul Melillo, Peter Michael Delsini, Pasquale Guadagno and Fred Joseph Tuzzolino, Jr. are, jointly and severally, liable for and shall pay to Claimants Clifford C. Marrs, Sr., Clifford C. Marrs, Jr. and Patties O. Tollefson the sum of \$76,535.12 in punitive damages;
3. Respondents James Charles Turchiarelli and Paul Louis Caruso are, jointly and severally, liable for and shall pay to Claimants Clifford C. Marrs, Sr., Clifford C. Marrs, Jr. and Patties O. Tollefson the sum of \$77,852.50 in actual damages;
4. Respondents James Charles Turchiarelli and Paul Louis Caruso are, jointly and severally, liable for and shall pay to Claimants Clifford C. Marrs, Sr., Clifford C. Marrs, Jr. and Patties O. Tollefson the sum of \$77,852.50 in punitive damages;
5. Respondent L.T. Lawrence & Co., Inc. is liable for and shall pay to Claimants Clifford C. Marrs, Sr., Clifford C. Marrs, Jr. and Patties O. Tollefson the sum of \$44,264.92 in actual damages;
6. Respondent L.T. Lawrence & Co., Inc. is liable for and shall pay to Claimants Clifford C. Marrs, Sr., Clifford C. Marrs, Jr. and Patties O. Tollefson the sum of \$44,264.92 in punitive damages;

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7. In deciding to award punitive damages, the undersigned Arbitrators considered the pleadings, the evidence and the testimony of the parties;
8. Other than forum fees addressed below, all claims and relief requests not specifically awarded are denied in their entirety and dismissed with prejudice.

FORUM FEES

Forum fees are calculated at the rate of \$750.00 per hearing session and \$300.00 for each pre-hearing conference with a single arbitrator, if any. There were three (3) hearing sessions x \$750.00 = \$2,250.00 in forum fees. Pursuant to Rule 10332(b) of the Code of Arbitration Procedure (the "Code"), a hearing session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with an arbitrator, which lasts four (4) hours or less.

Pursuant to Rule 10332(c) of the Code, the NASD Regulation, Inc. Office of Dispute Resolution shall retain the non-refundable filing fee in the amount of \$200.00. Respondents Euro-Atlantic Securities, Inc., L.T. Lawrence & Co., Inc., David Melillo, Pasquale Guadagno, Fred Tuzzolino, Jr., Peter Delsini, Paul Caruso, and James Turchiarelli are, jointly and severally, liable for and shall pay to the NASD Regulation, Inc. the sum of \$2,250.00 in forum fees.

Fees are payable to the NASD Regulation, Inc. Office of Dispute Resolution.

Arbitrators' Signatures:

Dated:

Dennis S. Boxeur
Dennis S. Boxeur, Esq.
Public Arbitrator, Presiding Chair

April 12, 1999

Cleve W. Powell, Esq.
Public Arbitrator, Panelist

Theron L. Vanlandingham, CFP
Industry Arbitrator, Panelist

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7. In deciding to award punitive damages, the undersigned Arbitrators considered the pleadings, the evidence and the testimony of the parties;
8. Other than forum fees addressed below, all claims and relief requests not specifically awarded are denied in their entirety and dismissed with prejudice.

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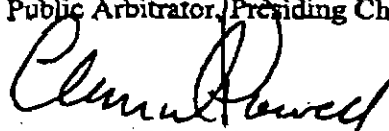
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Dennis S. Boxeur, Esq.
Public Arbitrator, Presiding Chair

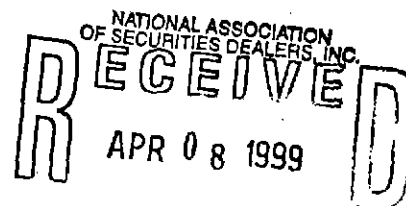


Cleve W. Powell, Esq.
Public Arbitrator, Panelist

Theron L. Vanlandingham, CFP
Industry Arbitrator, Panelist

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7. In deciding to award punitive damages, the undersigned Arbitrators considered the pleadings, the evidence and the testimony of the parties;
8. Other than forum fees addressed below, all claims and relief requests not specifically awarded are denied in their entirety and dismissed with prejudice.

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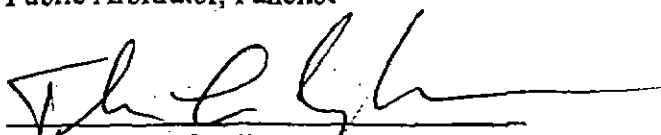
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Arbitrators' Signatures:

Dated:

 Dennis S. Boxeur, Esq.
 Public Arbitrator, Presiding Chair

 Cleve W. Powell, Esq.
 Public Arbitrator, Panelist


 Theron L. Vanlandingham, CFP
 Industry Arbitrator, Panelist

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