

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Michael J. Monaghan and Joan P. Monaghan, (Claimants) vs. Gilford Securities, Inc., David Abraham Schuster, Joseph Stevens & Co., Inc., and Robert Paul Petrozzo, (Respondents)

Case Number: 99-00283

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimants, Michael J. Monaghan ("M. Monaghan") and Joan P. Monaghan ("J. Monaghan"), hereinafter collectively referred to as "Claimants": George L. Mahr, Esq., George L. Mahr, P.C., Madison, NJ.

Respondents, Gilford Securities, Inc. ("Gilford") and David Abraham Schuster ("Schuster"): Michael Kalmus, Esq., Kalmus & Martuscello, Florham Park, NJ. Previously represented by Norman Lawi, Esq., General Counsel, Gilford Securities, Inc., New York, NY and Joel Levinson, Esq., General Counsel, Gilford Securities, Inc., New York, NY. (Schuster was previously represented by Yuval H. Marcus, Esq., Anderson & Rottenberg, P.C., New York, NY, for the period of time that he was employed by Joseph Stevens & Co., Inc.)

Respondents, Joseph Stevens & Co., Inc. ("Stevens") and Robert Paul Petrozzo ("Petrozzo"), did not appear at the hearings in this matter. Previously represented by: William M. Moran, Esq., McCarter & English, LLP, New York, NY (Mr. Moran was with the law firm of Bachner, Tally, Polevoy & Misher LLP when he first appeared in this matter).

CASE INFORMATION

Statement of Claim filed on or about: January 18, 1999.

M. Monaghan signed the Uniform Submission Agreement: December 19, 1998.

J. Monaghan signed the Uniform Submission Agreement: December 19, 1998.

Joint Statement of Answer filed by Gilford and Schuster (for the period of time he was employed by Gilford) on or about: May 5, 1999.

Gilford signed the Uniform Submission Agreement: May 5, 1999.

Statement of Answer filed by Schuster (for the period of time that he was employed by Stevens) on or about: May 15, 2000.

Schuster did not sign a Uniform Submission Agreement.

Joint Statement of Answer filed by Stevens and Petrozzo on or about: May 11, 1999.
Stevens did not sign a Uniform Submission Agreement.
Petrozzo did not sign a Uniform Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: unsuitability; intentional misrepresentations; failure to disclose material facts; failure to supervise; breach of fiduciary duty; negligence; and gross negligence. Claimants' claim involved a variety of stocks.

Unless specifically admitted in their Joint Answer, Gilford and Schuster denied the allegations made in the Statement of Claim and asserted the following defenses: Claimants have failed to state a claim upon which relief can be granted; Claimants' claims against Respondents are without merit in that they authorized all transactions in the account; Claimants' claims are barred by the applicable statutes of limitations; Claimants' claims of unauthorized trading are barred inasmuch as they ratified the transactions in the account; Claimants' claims are barred by the doctrines of equitable estoppel and waiver; Respondents acted reasonably and in good faith at all times and therefore they are not liable; Claimants have failed to mitigate and/or minimize their losses and are therefore barred from recovery; and any damages suffered by Claimants have been caused, in whole or in part, by the primary, active, and affirmative negligence, carelessness, assumption of risk, and/or other culpable conduct of Claimants.

RELIEF REQUESTED

Claimants requested:

- a. Compensatory damages in the amount of \$300,000.00;
- b. Punitive damages;
- c. Attorneys' fees, interest, and costs;
- d. Expert fees and costs; and
- e. Such further relief as the Panel may deem just and equitable.

Gilford and Schuster requested that the Statement of Claim be dismissed in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

By letter dated November 7, 2000, Claimants advised NASD Dispute Resolution, Inc. that they were withdrawing all claims against Respondent Petrozzo.

By letter dated November 7, 2000, Claimants also advised NASD Dispute Resolution, Inc. that they had entered into a settlement agreement with Respondent Stevens, and with Respondent Schuster solely for the period that he was employed by Stevens.

During the hearings in this matter, the Panel allowed Claimants to verbally amend their claim to include allegations relating to losses on the stocks Concurrent Computer Corp. and Innopet Brands Corp.

Claimant J. Monaghan did not appear at the hearings in this matter, although she was represented by her attorney. Upon review of the file, the undersigned arbitrators (the "Panel") determined that Claimant J. Monaghan received due notice of the hearings, and that arbitration of the matter would proceed without J. Monaghan present.

Schuster, Stevens, and Petrozzo did not file with NASD Dispute Resolution, Inc. properly executed submissions to arbitration but are required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure and, having answered the claim, are bound by the determination of the 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.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Gilford and Schuster be and hereby are jointly and severally liable for and shall pay to Claimants the sum of \$47,330.00 as compensatory damages, plus interest at the rate of 9% accruing from January 18, 1999 until paid.
2. Claimants' request for punitive damages is hereby denied.
3. All other requests for relief are hereby denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution, 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 that employed the associated person at the time of the events giving rise to the dispute. In this matter, Gilford Securities, Inc. and Joseph Stevens & Co., Inc. are parties.

Gilford Securities, Inc.

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$2,500.00

Joseph Stevens & Co., Inc.

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$2,500.00

Adjournment Fees

Adjournments requested during these proceedings:

May 31, 2000, adjournment by Claimant	= \$ 750.00
June 1 & 2, 2000, adjournment by Gilford & Schuster	= \$ 750.00
Nov. 17, 2000, adjournment by all parties	= WAIVED

Forum Fees and Assessments

The 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:

Three (3) Pre-hearing sessions with Panel x \$750.00	= \$2,250.00
Pre-hearing conferences:	
January 14, 2000	1 session
May 11, 2000	1 session
December 12, 2000	1 session

Six (6) Hearing sessions x \$750.00		= \$4,500.00
Hearing Dates:	June 5, 2002	2 sessions
	June 6, 2002	2 sessions
	June 7, 2002	2 sessions
<hr/> Total Forum Fees		= \$6,750.00

1. The Panel has assessed \$3,375.00 of the forum fees against Claimant.
2. The Panel has assessed \$3,375.00 of the forum fees jointly and severally against Gilford and Schuster.

Fee Summary

1. Claimants be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$ 200.00
Adjournment Fee	= \$ 750.00
<u>Forum Fees</u>	<u>= \$3,375.00</u>
Total Fees	= \$4,325.00
<u>Less payments</u>	<u>= \$ 950.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$3,375.00

2. Gilford be and hereby is solely liable for:

<u>Member Fees</u>	<u>= \$4,600.00</u>
Total Fees	= \$4,600.00
<u>Less payments</u>	<u>= \$4,600.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 0.00

3. Gilford and Schuster be and hereby are jointly and severally liable for:

Adjournment Fee	= \$ 750.00
<u>Forum Fees</u>	<u>= \$3,375.00</u>
Total Fees	= \$4,125.00
<u>Less payments</u>	<u>= \$2,750.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$1,375.00

4. Stevens be and hereby is solely liable for:

<u>Member Fees</u>	= \$4,600.00
<u>Total Fees</u>	= \$4,600.00
<u>Less payments</u>	= \$6,600.00
Refund Due Stevens	= \$2,000.00

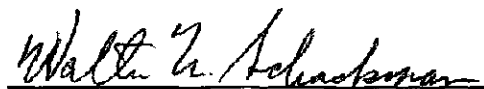
All balances are due and payable to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

Walter M. Schackman, Esq.	-	Public Arbitrator, Presiding Chair
Catherine Tinker, Esq.	-	Public Arbitrator
Alexandra J. Romero	-	Industry Arbitrator

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.



Walter M. Schackman, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Catherine Tinker, Esq.
Public Arbitrator

Signature Date

Alexandra J. Romero
Industry Arbitrator

Signature Date

July 12, 2002

Date of Service (For NASD office use only)

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Walter M. Schackman, Esq.	-	Public Arbitrator, Presiding Chair
Catherine Tinker, Esq.	-	Public Arbitrator
Alexandra J. Romero	-	Industry Arbitrator

Concurring Arbitrators' Signatures

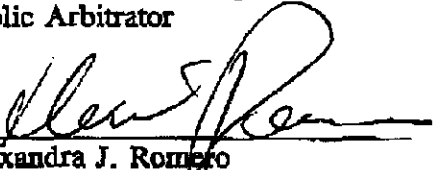
I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

 Walter M. Schackman, Esq.
 Public Arbitrator, Presiding Chair

 Signature Date

 Catherine Tinker, Esq.
 Public Arbitrator

 Signature Date



 Alexandra J. Romero
 Industry Arbitrator

 Signature Date

July 12, 2002

 Date of Service (For NASD office use only)