

Award
NASD Regulation, Inc.

In the Matter of the Arbitration Between:

Rex A. Lewis and Julie A. Lewis, Claimants v. Joseph Roberts & Co., John Kim, Jr., Robert B. DiMarco, Joseph F. DeSanto, John Salerno, and Joseph Salerno, Respondents.

Case Number: 99-01083

Hearing Site: Los Angeles, California

REPRESENTATION OF PARTIES

For Claimants:	Jay R. Stein, Esq. Jay R. Stein, Attorney at Law Los Angeles, California
For Respondent Joseph Roberts & Co.:	Did Not Appear
For Respondent John Kim, Jr.:	Did Not Appear
For Respondent Robert B. DiMarco:	Did Not Appear
For Respondent Joseph F. DeSanto:	Did Not Appear
For Respondent John Salerno:	Did Not Appear
For Respondent Joseph Salerno:	Did Not Appear

CASE INFORMATION

Statement of Claim filed: February 22, 1999

Claimants' Uniform Submission Agreement signed: February 16, 1999

Statement of Answer filed by Respondent Joseph Salerno: March 31, 1999

Respondents Joseph Roberts & Co., John Kim, Jr., Robert B. DiMarco, Joseph F. DeSanto, and John Salerno did not file a Statement of Answer.

CASE SUMMARY

Claimants alleged breach of fiduciary duty, fraud, negligence, failure to supervise, manipulation, misrepresentation, violation of NASD rules, and excessive prices.

Respondent Joseph Salerno denied the allegations of wrongdoing set forth in the Claimant's Statement of Claim.

RELIEF REQUESTED

Claimants requested \$335,399.00 in compensatory damages (including trading losses from Colorado Casino Resorts, rescission of Novatek International and Affinity Entertainment securities, and interest), \$15,000.00 in attorney's fees, \$3,000.00 in costs, and punitive damages.

Respondent Joseph Salerno requested dismissal of the Claimants' Statement of Claim in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

Upon review of the file and the representations made on behalf of the Claimants, the undersigned arbitrators (the "Panel") determined that Respondents Joseph Roberts & Co., John Kim, Jr., Robert B. DiMarco, Joseph F. DeSanto, and John Salerno 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").

Respondent Joseph Salerno did not file with the NASD Regulation, Inc. Office of Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to the Code and having answered the claim, is 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.

On January 31, 2000 the Panel granted the Claimants' motion to declare Respondents John Kim, Jr., Robert B. DiMarco, Joseph F. DeSanto, and John Salerno barred from presenting any facts, arguments, or defenses.

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) Respondents Joseph Roberts & Co., John Kim, Jr., Robert B. DiMarco, Joseph F. DeSanto, John Salerno and Joseph Salerno are jointly and severally liable to and shall pay Claimants the sum of \$165,000.00 in compensatory damages, inclusive of interest.
- 2) Respondents Joseph Roberts & Co., John Kim, Jr., Robert B. DiMarco, Joseph F. DeSanto, and John Salerno are jointly and severally liable to and shall pay Claimants the sum of \$100,000.00 in punitive damages pursuant to J. Alexander Securities, Inc. v. Menedez, 17 Cal.App. 4th 1083 (1993).
- 3) Each party shall bear its own costs, including attorney's fees.
- 4) All other relief requested and not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial claim filing fee	= \$ 200.00
--------------------------	-------------

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 Chair/Panel. The following fees are assessed:

(2) Pre-hearing conference sessions with the Panel @ \$ 750.00 / Session	= \$ 1,500.00
Pre-hearing conferences: September 28, 1999 1 Session	
November 18, 1999 1 Session	
(1) Hearing sessions @ \$ 750.00 / Session	= \$ 750.00
Hearings: March 16, 2000 1 Sessions	
<hr/> Total Forum Fees	= \$2,250.00

The Panel has assessed \$2,250.00 of the forum fees jointly and severally to Respondents Joseph Roberts & Co., John Kim, Jr., Robert B. DiMarco, Joseph F. DeSanto, and John Salerno.

Fee Summary

1. Claimants, Rex A. Lewis and Julie A. Lewis, are charged with the following fees and costs:

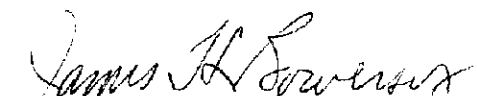
Initial Filing Fee	= \$ 200.00
<u>Less payments</u>	<u>= \$(950.00)</u>
Refund Due Claimants	= \$ 750.00

Respondents, Joseph Roberts & Co., John Kim, Jr., Robert B. DiMarco, Joseph F. DeSanto, and John Salerno, are charged jointly and severally with the following fees and costs:

<u>Forum Fees</u>	<u>= \$ 2,250.00</u>
Balance Due NASD Regulation, Inc.	= \$ 2,250.00

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

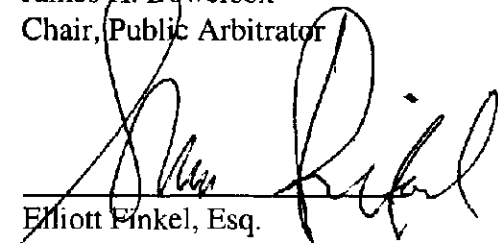
Concurring Arbitrators' Signatures



James H. Bowersox
Chair, Public Arbitrator

3-16-00

Signature Date



Elliott Finkel, Esq.
Public Arbitrator

3-17-00

Signature Date



William Ward Blackburn
Non-Public Arbitrator

3/16/00

Signature Date

3/20/00

Date of Service