

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Renzo Pedrazzi and Jean Pedrazzi, (Claimants) vs. Bishop, Rosen, Inc., Alexander, Wescott & Co., Inc., Uppal Sandeep, John J. Williams, Michael A. Affigne, Jr., Carl R. Walston, David M. Weiss, and Reed D. Weiser, (Respondents)

Case Number: 99-02175

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimants, Renzo Pedrazzi ("Mr. Pedrazzi") and Jean Pedrazzi ("Mrs. Pedrazzi"), hereinafter collectively referred to as "Claimants": James A. Prestiano, Esq., a sole practitioner, New York, NY.

Respondents, Alexander, Wescott & Co., Inc. ("Alexander"), Carl R. Walston ("Walston"), and David M. Weiss ("Weiss"): Kenneth E. Citron, Esq., Snow Becker Krauss P.C., New York, NY.

Respondents, Michael A. Affigne, Jr. ("Affigne") and Uppal Sandeep ("Sandeep"): Michael P. Gilmore, Esq., Wexler & Burkhart P.C., Mitchel Field, NY. Affigne and Sandeep each originally appeared *pro se*.

Respondent, John J. Williams ("Williams"), appeared *pro se*.

Respondents, Bishop, Rosen, Inc. ("Bishop") and Reed D. Weiser ("Weiser"), did not make appearances in this matter.

CASE INFORMATION

Statement of Claim filed on or about: May 10, 1999.

Amended Statement of Claim filed on or about: July 22, 1999.

Claimants signed the Uniform Submission Agreement: May 7, 1999.

Statement of Answer filed by Alexander, Walston, and Weiss on or about: August 27, 1999.

Alexander signed the Uniform Submission Agreement: August 26, 1999.

Walston signed the Uniform Submission Agreement: August 26, 1999.

Weiss signed the Uniform Submission Agreement: August 27, 1999.

Statement of Answer filed by Affigne on or about: July 23, 1999.
Affigne signed the Uniform Submission Agreement: July 23, 1999.

Statement of Answer filed by Sandeep on or about: July 23, 1999.
Sandeep signed the Uniform Submission Agreement: July 23, 1999.

Statement of Answer filed by Williams on or about: August 30, 1999.
Williams signed the Uniform Submission Agreement: August 25, 1999.

Bishop did not file a Statement of Answer or sign a Uniform Submission Agreement.

Weiser did not file a Statement of Answer or sign a Uniform Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: negligence; unauthorized trading; unsuitability; failure to execute a sell order; failure to disclose risks associated with the trading in Claimants' account; churning; misrepresentation of material facts; failure to supervise; violations of the Rules of Fair Practice of the NASD, Inc., the anti-fraud provisions of the Securities Act of 1933, the Securities Exchange Act of 1934, the laws of the State of New York, and the common law; and respondeat superior. Claimants' claim involved stock and options in Cisco Systems, Inc., and the stock of Tellabs, Inc., EMC Corp., Novell, Inc., Cyberian Outpost, Inc., and Communications Corporation of America.

Unless specifically admitted in their Answer, Alexander, Walston, and Weiss denied the allegations made in the Statement of Claim and asserted the following defenses: all transactions that were made in Claimants' account at Alexander were made with Claimants' prior knowledge, authorization, and consent, in accordance with Claimants' instructions; the transactions that were made in Claimants' Alexander account were suitable for Claimants and not excessive; Claimants ratified and acquiesced to the transactions that were made in their account at Alexander; any losses sustained by Claimants are attributable to market conditions and/or their own acts and/or omissions, for which Respondents cannot be held liable; and Claimants expressly and impliedly assumed the risks associated with their investments.

Unless specifically admitted in his Answer, Affigne denied the allegations made in the Statement of Claim and asserted the following defenses: Claimants knew of every transaction executed in their account; Mr. Pedrazzi employed an aggressive trading strategy to get the quick returns he wanted; Mr. Pedrazzi never gave Affigne the impression that he was an unsophisticated investor; and Mr. Pedrazzi's experience with various products in the securities market extended back 40 years.

Unless specifically admitted in his Answer, Sandeep denied the allegations made in the Statement of Claim and asserted the following defenses: every transaction in Claimants' account was explained thoroughly and verified more than once; Mr. Pedrazzi advised Sandeep that he had been in the market for more than 40 years and has about \$2.5 to \$3.5 million in the equity market at any given time; every trade made in Claimants' account was called in to Mr. Pedrazzi, and he negotiated all the commissions; Mr. Pedrazzi was in constant touch with Sandeep during the entire life of the account in question; there was never any misrepresentation of any kind with respect to Claimants' account; and at no time were any false statements or false impressions given to Claimants.

Unless specifically admitted in his Answer, Williams denied the allegations made in the Statement of Claim and asserted the following defenses: Mr. Pedrazzi is an accredited, sophisticated investor well versed in the type of transactions he entered into; Mr. Pedrazzi signed all the required paperwork indicating that he was able to take the risks involved with trading; Claimants' account was profitable; Mr. Pedrazzi negotiated cut-rate commission discounts for each and every trade; Mr. Pedrazzi made frequent visits to the office to discuss trades; and when Claimants made a complaint Williams followed the firm's standard operating procedure for handling complaints.

RELIEF REQUESTED

Claimants requested:

Compensatory Damages	\$50,000.00
Punitive Damages	\$50,000.00
Attorneys' Fees	unspecified
Costs	unspecified
Other Relief	unspecified

Alexander, Walston, and Weiss requested that the Panel dismiss the Amended Statement of Claim in its entirety and award them the costs they incurred in defending this arbitration, including attorneys' fees and disbursements.

Affigne did not make any relief requests in his Statement of Answer.

Sandeep did not make any relief requests in his Statement of Answer.

Williams did not make any relief requests in his Statement of Answer.

OTHER ISSUES CONSIDERED AND DECIDED

Bishop and Weiser 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 are bound by the determination of the Panel on all issues submitted.

On September 24, 1999, Claimants informed NASD Dispute Resolution, Inc. that they were withdrawing, without prejudice, all of their claims asserted against Bishop in this arbitration.

On February 7, 2000, Claimants informed NASD Dispute Resolution that they were withdrawing all of their claims asserted against Weiser in this arbitration.

During the hearings in this matter, Affigne, Sandeep, and Williams made motions to expunge all references to this matter from their CRD records with NASD Regulation, Inc. The Panel's decision is reflected in the "Award" section below.

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. Claimants' claims are hereby dismissed in their entirety.
2. Upon confirmation of this Award by a court of competent jurisdiction, NASD Regulation, Inc. shall expunge all references to this arbitration from the permanent CRD records of Respondents Affigne, Sandeep, and Williams.
3. Affigne, Sandeep, and Williams be and hereby are jointly and severally liable for and shall pay to Claimants the sum of \$225.00, to reimburse Claimants for the filing fee previously paid to NASD Dispute Resolution, Inc.
4. 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 = \$ 225.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated persons at the time of the events giving rise to the dispute. In this matter, Alexander, Wescott & Co., Inc. and Bishop, Rosen, Inc. are parties and/or the Respondents' former firms.

Alexander, Wescott & Co., Inc.

Member surcharge = \$1,000.00
Pre-hearing process fee = \$ 600.00
Hearing process fee = \$1,500.00

Bishop, Rosen, Inc.

Member surcharge = \$1,000.00
Pre-hearing process fee = \$ 600.00
Hearing process fee = \$1,500.00

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:

One (1) Pre-hearing session with a single arbitrator x \$450.00 = \$ 450.00
Pre-hearing conference: August 22, 2000 1 session

One (1) Pre-hearing session with Panel x \$750.00 = \$ 750.00
Pre-hearing conference: June 20, 2000 1 session

Six (6) Hearing sessions x \$750.00		= \$4,500.00
Hearing Dates:	October 31, 2000	2 sessions
	November 1, 2000	2 sessions
	November 16, 2000	2 sessions
Total Forum Fees		= \$5,700.00

The Panel has assessed all of the forum fees jointly and severally against Affigne, Sandeep, and Williams.

Fee Summary

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

<u>Initial Filing Fee</u>	= \$ 225.00
<u>Total Fees</u>	= \$ 225.00
<u>Less payments</u>	= \$ 975.00
<u>Refund Due Claimants</u>	= \$ 750.00

As stated in the "Award" section above, Affigne, Sandeep, and Williams are jointly and severally liable and shall reimburse Claimants for the \$225.00 filing fee.

2. Alexander be and hereby is solely liable for:

<u>Member Fees</u>	= \$3,100.00
<u>Total Fees</u>	= \$3,100.00
<u>Less payments</u>	= \$1,000.00
<u>Balance Due NASD Dispute Resolution, Inc.</u>	= \$2,100.00

3. Bishop be and hereby is solely liable for:

<u>Member Fees</u>	= \$3,100.00
<u>Total Fees</u>	= \$3,100.00
<u>Less payments</u>	= \$1,000.00
<u>Balance Due NASD Dispute Resolution, Inc.</u>	= \$2,100.00

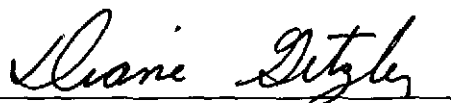
4. Affigne, Sandeep, and Williams be and hereby are jointly and severally liable for:

<u>Forum Fees</u>	= \$5,700.00
<u>Total Fees</u>	= \$5,700.00
<u>Less payments</u>	= \$ 0.00
<u>Balance Due NASD Dispute Resolution, Inc.</u>	= \$5,700.00

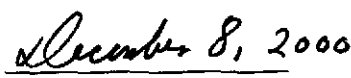
All balances are due and payable to NASD Dispute Resolution, Inc.

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.



Diane Getzler, Esq.
Public Arbitrator, Presiding Chair



Signature Date

Ralph A. Gant, Esq.
Public Arbitrator

Signature Date

James E. Howard
Industry Arbitrator

Signature Date

December 15, 2000
Date of Service (For NASD office use only)

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.

Diane Getzler, Esq.
Public Arbitrator, Presiding Chair

Signature Date



Ralph A. Gent, Esq.
Public Arbitrator



Signature Date

James E. Howard
Industry Arbitrator

Signature Date

December 15, 2000

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Concurring Arbitrators' Signatures

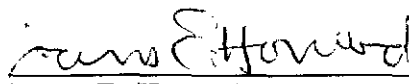
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Diane Getzler, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Ralph A. Gant
Public Arbitrator

Signature Date


James E. Howard
Industry Arbitrator

12/7/00
Signature Date

December 15, 2000
Date of Service (For NASD office use only)