

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Gilford Securities Incorporated (Claimant) vs. Joseph Secreti, (Respondent)

Case Number: 99-03225

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimant, Gilford Securities Incorporated, hereinafter referred to as "Claimant": Norman S. Lawi, Esq., Special Counsel, Gilford Securities Incorporated, New York, NY.

Respondent, Joseph Secreti, hereinafter referred to as "Respondent": Seth E. Lipner, Esq., Deutsch & Lipner, Garden City, NY.

CASE INFORMATION

Statement of Claim filed on or about: July 14, 1999.

Claimant signed the Uniform Submission Agreement: July 14, 1999.

Statement of Answer and Counterclaim filed by Respondent on or about: February 23, 2000.

Respondent signed the Uniform Submission Agreement: February 25, 2000.

CASE SUMMARY

Claimant asserted the following causes of action: failure to remedy debit balance in account resulting from checks returned for insufficient funds; breach of written and verbal contract; gross negligence; possible criminal and fraudulent liability; and unjust enrichment.

Unless specifically admitted in his Answer, Respondent denied the allegations made in the Statement of Claim and asserted the following defenses: Respondent asked his broker to sell the stock in his account when its value declined because he knew he could not afford to cover a margin call, but Respondent's broker assured him that the value would rise; Respondent's broker repeatedly recommended that Respondent not sell the stock in question, even as the equity in the account diminished; and the representations that Respondent's broker made to him regarding the stock in question turned out to be totally false.

In his Counterclaim, Respondent asserted the following causes of action: conversion and fraud.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$68,045.79, plus punitive damages, interest from June 1999 through the time of payment, costs with respect to this proceeding, and such other damages and relief which the Panel finds just and proper.

In his Answer and Counterclaim, Respondent requested that the arbitration claim be dismissed, and that Respondent be awarded \$350,000.00, plus interest at the legal rate, and an additional sum of \$100,000.00 representing compensatory and punitive damages.

OTHER ISSUES CONSIDERED AND DECIDED

During the hearings in this matter, Claimant made a motion to dismiss the Counterclaim of Respondent. The Panel denied this motion.

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. Respondent be and hereby is liable for and shall pay to Claimant the sum of \$68,045.00 as compensatory damages, plus interest at the New York State statutory interest rate accruing from June 2, 1999 until paid.
2. Claimant's request for punitive damages is hereby denied.
3. Respondent's Counterclaim is hereby denied in its entirety.
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	= \$1,000.00
Counterclaim filing fee	= \$ 300.00

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 Incorporated is a party.

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: September 20, 2000	1 session

Two (2) Pre-hearing sessions with Panel x \$1,125.00	= \$2,250.00
Pre-hearing conferences: May 9, 2000	1 session
May 25, 2000	1 session

Five (5) Hearing sessions x \$1,125.00	= \$5,625.00
Hearing Dates: September 27, 2000	2 sessions
September 28, 2000	2 sessions
October 5, 2000	1 session

Total Forum Fees	= \$8,325.00
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1. The Panel has assessed \$4,162.50 of the forum fees against Claimant.
2. The Panel has assessed \$4,162.50 of the forum fees against Respondent.

Fee Summary

1. Claimant be and hereby is solely liable for:

Initial Filing Fee	= \$1,000.00
Member Fees	= \$3,100.00
<u>Forum Fees</u>	<u>= \$4,162.50</u>
Total Fees	= \$8,262.50
<u>Less payments</u>	<u>= \$4,850.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$3,412.50

2. Respondent be and hereby is solely liable for:

Counterclaim Filing Fee	= \$ 300.00
<u>Forum Fees</u>	<u>= \$4,162.50</u>
Total Fees	= \$4,462.50
<u>Less payments</u>	<u>= \$1,425.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$3,037.50

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

Concurring Arbitrators' Signatures

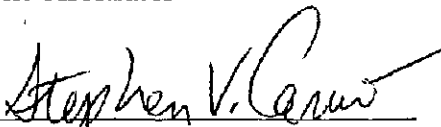
I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

Ira L. Blankstein, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Lilian M. Leong, Esq.
Public Arbitrator

Signature Date



Stephen V. Caruso, Esq.
Industry Arbitrator

11/24/00

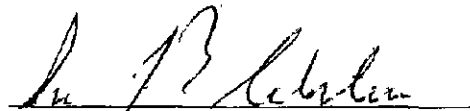
Signature Date

November 30, 2000

Date of Service (For NASD office use only)

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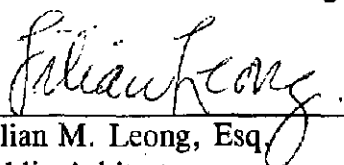
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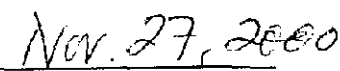
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