

Arbitration

National Association of
Securities Dealers, Inc.
NASD Financial Center
33 Whitehall Street
New York, New York 10004



N.A.S.D. NASD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Richard and Jeannette Hubbert

90-01923

Name of Respondent(s)

D.H. Blair & Company
Mark Perosi

REPRESENTATION

For Claimant: Gary D. Lavigne, Esq., of Patrick M. Prue & Associates, P.C.

For Respondents: Todd C. Steckler, Esq., of Bachner Talley Polsvov & Misher

CASE INFORMATION

Statement of Claim filed: 7/9/90

Claimant's Submission Agreement signed on: 7/6/90

Respondent, D.H. Blair & Company, Inc.'s submission agreement and Corporate Acknowledgment signed by Michael Kley on behalf of the firm.

Respondent, Mark Perosi's Submission Agreement signed: 9/17/90

A Joint Statement of Answer filed by Respondents D.H. Blair & Company, Inc. and Mark Perosi on: 10/2/90.

HEARING INFORMATION

Hearing Date: 5/30/91-Two (2) Sessions

Hearing Date: 6/25/91-Two (2) Sessions

Hearing Date: 6/28/91-Two (2) Sessions

Hearing Location: New York City, NY

NASD

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CASE SUMMARY

Claimants, Richard and Jeannette Hubbert alleged that they were unsophisticated investors who sought a balanced account with average risk when Respondent, Mark Perosi ("Perosi"), a broker, at Respondent, D.H. Blair & Company, Inc., took over their account in November of 1986. Claimants alleged that Perosi never made any attempt to personally investigate their investment objectives nor their financial status at the time he took over their account. Instead Respondent, Perosi, began immediately using high pressure sales tactics in his solicitation of highly speculative transactions for Claimants' account. This pattern of solicitation of unsuitable investments ultimately led to substantial financial losses to Claimants over a four year period. Claimants contended that by their actions Respondents committed violations of the NASD Rules of Fair Practice, breached their fiduciary duty toward Claimants and that Respondent, D.H. Blair & Company, Inc. failed to adequately supervise its employee-Perosi.

Respondents denied that Mark Perosi never made any attempt to investigate the financial status and investment objectives of Claimants and further denied that they violated the NASD Rules of Fair Practice, or breached any fiduciary duty owed to Claimants. Further, Respondents denied that D.H. Blair acted negligently in failing to supervise Perosi.

RELIEF REQUESTED

Claimants requested a monetary award jointly and severally against Respondents in excess of \$70,000.00 as well as rescission of all of the transactions executed in Claimants' account by Mark Perosi and the return of all monies invested with Mark Perosi as registered representative. Claimants also requested an award of statutory interest and all costs including attorneys' fees and any other awards as the panel may deem just.

Respondents requested that Claimants' claim be dismissed and that Respondents be awarded costs and disbursements, including reasonable attorneys' fees.

AWARD

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

(The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award be entered. In either case, the parties have agreed to receive conformed copies of the Award while the originals remain on file with the NASD).

1. Respondents, D.H. Blair & Company, Inc. and Mark Perosi, are jointly and severally liable to pay to Claimants, Richard and Jeannette Hubbert, the sum of Five Thousand Dollars (\$5000.00) and No Cents;

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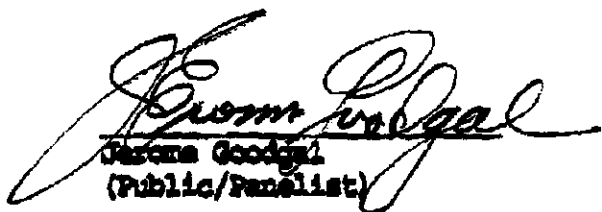
2. Claimants' Claim for statutory interest shall be and is hereby denied;
3. The parties shall each bear their respective costs, including attorneys' fees;
4. Pursuant to Section 43 of the Code of Arbitration Procedure, the NASD, Inc. shall retain the \$650.00 filing fee previously deposited by Claimants.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fee(s) are assessed:

Respondent, D.E. Blair & Company, Inc., is hereby assessed Forum Fees in the amount of \$2,500. (6 sessions X 500 = \$3,000 minus hearing session deposit of \$500.00 made by Claimant and retained = net \$2,500 due).

Forum fees are payable to the National Association of Securities Dealers, Inc.

ARBITRATION FEES**CONCURRED ARBITRATOR'S SIGNATURE**

Jerome Goodgal
(Public/Panelist)

DATED BY NASD
AUGUST 2, 1991

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2. Claimants' Claim for statutory interest shall be and is hereby denied;
3. The parties shall each bear their respective costs, including attorneys' fees;
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ARBITRATION PANEL**CONCLUDING ARBITRATOR'S SIGNATURE**


Catherine Lechner
(Industry/Panelist)

DATED BY NASD
AUGUST 2, 1991

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AWARD-490-01923

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ARBITRATION PANEL

CONCURRENCE ARBITRATOR'S SIGNATURE



Robert Seaman, Esq.
(Public/Chairman)

DATED BY NASD
AUGUST 2, 1991