

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

InnoVet, Inc.

Name of Respondent(s)

Drake & Co.

United States Capital Corp.

Paul M. Misch

Case No. 90-02799

Heard before the members of the Arbitration Panel:

Arnold Y. Steinberg, Esq.

Linda Singer Stein, Esq.

Richard B. Frost

Public

Public

Industry

REPRESENTATION

Claimant, InnoVet, Inc. ("InnoVet"), was represented by Jim Scutti, Esq.

Respondents, United States Capital Corp. ("USCC"), Drake & Co. ("Drake") and Paul M. Misch ("Misch"), did not appear or file notices of representation.

CASE SUMMARY

This matter was initiated by a Statement of Claim filed with the National Association of Securities Dealers, Inc. ("NASD") on October 9, 1990. Claimant alleged that InnoVet contracted with USCC to open a stock investment account and deposit \$100,000.00 for investment banking services in return for a monthly fee and shares of common stock in InnoVet subject to certain conditions; that the monies deposited by InnoVet were not applied for their intended purpose; that Respondents made misrepresentations of and omitted to state material facts on which Claimant justifiably relied; that Respondents' actions constituted conversion; Civil Theft in violation of Section 812.014, Florida Statutes; money had or received; and, violation of Section 10b of the 1934 Exchange Act.

Respondents failed to file Statements of Answer with the NASD.

RELIEF REQUESTED

Claimant requested damages in the amount of \$48,500.00, interest, punitive damages, attorney's fees and costs.

Respondents made no requests.

AWARD

On October 2, 1991, in Fort Lauderdale, Florida, during a hearing lasting one (1) session, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by John T. Boone on behalf of Claimant on September 27, 1990, and not signed by USOC, Misch or Drake, as required by Sections 12 and 25 of the Code.

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:

1. The Claimant has 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 Claimant has agreed to receive conformed copies of the Award while the originals remain on file with the NASD.
2. Respondents, USOC, Misch and Drake, are found liable, jointly and severally, and shall pay to the Claimant the amount of \$48,500.00, plus interest at the legal rate of 12% per annum from February 7, 1989 to October 2, 1991 in the amount of \$18,690.82 for a total due to the Claimant of \$67,190.82.
3. Respondents are also found liable, jointly and severally, and shall pay to the Claimant the further amount of \$37,000.00 for punitive damages. The Panel finds punitive damages appropriate based upon the willful and outrageous conduct demonstrated by Respondents which meets the standard under Florida law.
4. Claimant's request for attorney's fees was withdrawn at the hearing.

FORUM FEES

1. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the Panel has assessed forum fees in the amount of \$500.00 (one session x \$500.00). Respondents are hereby assessed \$500.00, jointly and severally, payable directly to the Claimant.
 2. The parties shall each bear all other costs and expenses incurred by them in connection with this proceeding.
- Fees are payable to the National Association of Securities Dealers, Inc.

OTHER ISSUES

Pursuant to Section 25 of the Code, the Panel has found service in accordance with that Section, and adequate notice to the Respondents based upon the record evidence contained in the NASD file.

Concurring Arbitrators' Signatures

/S/
Arnold Y. Steinberg, Esq

/S/
Linda Singer Stein, Esq.

/S/
Richard B. Frost

Date of Decision: October 21, 1991