

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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

In the Matter of the Arbitration Between

Name of Claimant(s)

Christine A. Neuman & J. Dellafiora

90-03014

Name of Respondent(s)

Carona & Hodges Securities, Inc.
Carona & Hodges Management Inc.
James G. Carona
William J. Hodges

REPRESENTATION

For Claimants: Martin E. Karlinsky, Esq. of Scheffler Karlinsky & Stein.

Respondents did not appear nor were they represented.

CASE INFORMATION

Statement of Claim filed: 10/26/91.

Claimant's Submission Agreement signed on: 10/24/90

Respondents Carona & Hodges Securities, Inc., Carona & Hodges Management, Inc., James G. Carona and William Hodges, did not appear nor did they submit executed Submission Agreements. Based upon the evidence submitted in Arbitrator's Exhibit No. 1 regarding hearing notices to the parties, this arbitration panel found that proper notice existed as well as jurisdiction pursuant to Section 12(a) of the Code of Arbitration Procedure over said Respondents. Pursuant to Section 29 of the Code of Arbitration Procedure and based upon evidence in Arbitrators Exhibit No. 1, this arbitration panel proceeded with the hearing in their absence.

HEARING INFORMATION

Hearing Date: May 28, 1991-One-(1)-session.

Hearing Location: New York, City, New York.

AWARD-#90-03014

CASE SUMMARY

Claimants, Christine A. Neuman and Jennifer Dellafiora alleged that they were unsophisticated investors when in July of 1989, through Respondent, James G. Carona, they opened accounts with Carona & Hodges Securities and Carona & Hodges Management (Claimants alleged that Respondents, James G. Carona and William Hodges were both principals of those firms). Claimants alleged that one of those accounts was a margin account of which Claimants had no knowledge nor were they ever apprised of the nature of such an account. Claimants alleged that thereafter Respondents engaged in the purchase of unsuitable securities (debt and equity securities-"ISS guaranteed 18% note" and "TV-D Systems, Inc., note." and common stock-"Convergent Solutions, Inc."). Claimants contended that Respondents, by purchasing securities that were not in keeping with their investment objectives, that of maintenance of principal, maximization of current income and minimization of risk, and by trading in their accounts without authorization, breached their fiduciary duty toward Claimants and violated the Federal securities laws, of common law duties and obligations and the NASD Rules of Fair Practice and the Racketeer Influenced and Corrupt Organizations Act. Claimants maintained that Respondents' acts caused them substantial monetary damages.

RELIEF REQUESTED

Claimants requested rescissory and other compensatory damages from Respondents in the amount of at least \$107,739.98, together with appropriate interest, treble damages in the approximate amount of at least \$324,000.00, punitive damages in the amount of at least \$540,000.00, attorneys fees, which Claimants estimate to be no less than \$15,000.00 and the costs of this proceeding.

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, Carona & Hodges Securities, Inc., Carona & Hodges Management, Inc., James G. Carona and William Hodges, are jointly and severally liable to pay to Claimant, Christine A. Neuman, the sum of Eighty Five Thousand Dollars and No Cents (\$85,000.00) plus interest at the rate of 9% per annum from January 1, 1990 to the date of this Award, for fraud and conversion under both New York and Federal Law;

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2. Respondents, Carona & Hodges Securities, Inc., Carona & Hodges Management, Inc., and James G. Carona, are jointly and severally liable to pay to Claimant, Christine Neuman, punitive damages, under Federal Law, in the amount of Forty Five Thousand Dollars and No Cents (\$45,000.00);
3. Respondents, Carona & Hodges Securities, Inc, Carona & Hodges Management, Inc, James G. Carona and William Hodges, are jointly and severally liable to pay to Claimant, Jennifer Dellafiora, the sum of Ten Thousand Dollars and No Cents (\$10,000.00) plus interest at the rate of 9% per annum, from July 31, 1989 to the date of this Award, for fraud and conversion under both New York and Federal Law;
4. Respondents, Carona & Hodges Securities, Inc, Carona & Hodges Management, Inc. and James G. Carona, are jointly and severally liable to pay to Claimant, Jennifer Dellafiora, the sum of Five Thousand Dollars and No Cents (\$5,000.00) in punitive damages, under Federal Law;
5. Respondents, Carona & Hodges Securities, Inc., Carona & Hodges Management, Inc., James G. Carona and William Hodges, are Jointly and Severally liable to pay to Claimant, Christine Neuman, as representative of her IRA, the sum of Eight Thousand Dollars and No Cents (\$8,000.00) plus interest at the rate of 9% per annum from September 19, 1989 to the date of this Award, in favor of her IRA, for fraud, under New York and Federal Law;
6. Claimants' Claim for Attorneys' Fees is hereby denied;
7. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc., shall retain the \$1,250.00 filing fee previously deposited by the Claimant;

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed.:

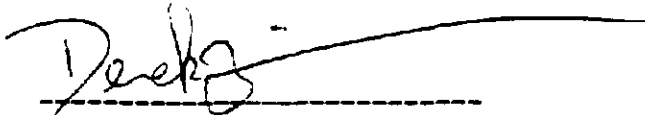
Respondents, Carona & Hodges Securities, Inc., Carona & Hodges Management, Inc., James G. Carona and William Hodges shall pay to Claimants, Christine A. Neuman and Jennifer Dellafiora, an additional sum of \$1,250.00 which represents the filing fee previously deposited by Claimants and retained by the NASD.

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ARBITRATION PANEL

CONCURRING ARBITRATOR'S SIGNATURES

Name

A handwritten signature in dark ink, appearing to read 'Derek', followed by a long horizontal line extending to the right.

Derek Zimmerman
(Industry/Panelist)

DATED BY NASD
AUGUST 12, 1991

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STATE OF
COUNTY OF

New York
New York

S.S.:

On this *7th* day of *August*, 1991, before me personally appeared **Derek Zimmerman** to me Known and Known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

[Signature]

VALERIE L. BAILEY
NOTARY PUBLIC, State of New York
No. 24-4940303
Qualified in Kings County
Commission Expires July 18, 1992

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ARBITRATION PANEL

CONCURRING ARBITRATOR'S SIGNATURES

Name

A handwritten signature in cursive script, appearing to read "Norman Trabulus", written over a horizontal line.

Norman Trabulus, Esq.
(Public/Chairman)

DATED BY NASD
AUGUST 12, 1991

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STATE OF *New York* s.s.:
COUNTY OF *Nassau*

On this *11* day of *July*, 19*91*, before me personally appeared **Norman Trabulus, Esq.** to me known and known to me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.

Alan Boockvar

ALAN BOOCKVAR
Notary Public, State of New York
No. 30-5382315
Qualified in Nassau County *92*
Commission Expires May 31, 19*92*

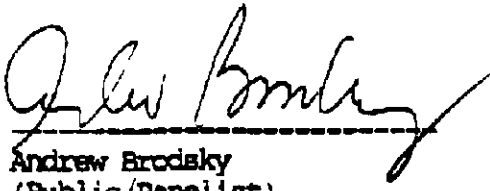
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ARBITRATION PANEL

CONCURRING ARBITRATOR'S SIGNATURES

Name



Andrew Brodsky
(Public/Panelist)

DATED BY HARSB
AUGUST, 2, 1991



