

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimants

Stephen and Patricia Kerch

90-03624

Name of Respondent

Donald Gregory King

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REPRESENTATION

For Claimant: Howard S. Eilen, Esq. of Bloom & Eilen.

For Respondent: Did not appear at the hearing.

CASE INFORMATION

Statement of Claim filed: December 26, 1990.

Claimants' Submission Agreement signed: December 18, 1990.

No Statement of Answer nor Submission Agreement was filed by the Respondent.

HEARING INFORMATION

Hearing Date/Session: September 16, 1991/ 1 session.

Hearing Location: Offices of the National Association of Securities  
Dealers, Inc. ("NASD") in New York City, New York.

CASE SUMMARY

Claimants, Stephen and Patricia Kerch (collectively, "Claimants"), alleged that the Respondent, Donald Gregory King ("King"), was their account executive for approximately three years and that during that time King churned and otherwise manipulated their account. Claimants alleged that in or about July of 1987 King embarked on a course of fraudulent and unlawful conduct by assuming control of their account and trading in a manner specifically designed to generate substantial commission income to himself with a reckless and willful disregard of his legal and fiduciary obligations to the Claimants.

King did not file an answer nor appear at the hearing.

RELIEF REQUESTED

Claimants requested actual damages of \$71,000.00, plus interest from July 1987, punitive damages, costs and attorney s 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:

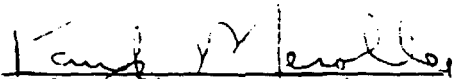
1. In accordance with Section 25 of the NASD's Code of Arbitration Procedure ("Code"), the Respondent, King, was served with a copy of the Claim and afforded the opportunity to file an answer; King did not answer.
2. In accordance with Sections 21 and 26 of the Code, the Respondent, King, was provided with the time, date and location of the hearing as well as the names of the arbitrators and hearing procedures; King did not appear at the hearing nor request an adjournment thereof.
3. Pursuant to Section 29 of the Code as well as the by-laws of the NASD, the arbitrators determined that King was required to submit to this arbitration, notwithstanding his failure to answer or appear, and that King is bound by this Panel's rulings and determinations. The Panel proceeded with the hearing of this controversy as if King has entered an appearance.
4. The Respondent, King, be an hereby is liable and shall pay to the Claimants, Stephen and Patricia Kerch, the sum of Ten Thousand Three Hundred Ninety Four Dollars and No Cents (\$10,394.00), inclusive of interest.
5. The Claimants' request for punitive damages is hereby denied in all respects.
6. The parties each shall bear their respective costs including attorneys' fees.


FORUM FEES

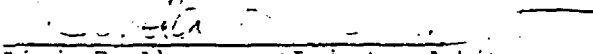
Pursuant to Section 43c of the Code of Arbitration Procedure, the NASD shall retain \$650.00 of the \$750.00 previously deposited by the Claimants as the cost of the one (1) hearing session conducted in this matter. The NASD shall refund \$100.00 to the Claimants, and, in addition, King be and hereby is liable and shall pay to the Claimants the sum of \$325.00 to represent one half of the costs of this matter.

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Concurring Arbitrators' Signature

  
Paul Merolla (Industry Arbitrator)

  
Scott L. Spitzer (Industry Arbitrator)

  
Linda R. Alpert (Industry Arbitrator)

Date of Decision: September 16, 1991.