

N.A.S.D. AWARD
NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Jerome B. Bonat

CASE #91-02153

Name of Respondent

The Placement Group
Barry Schneck

REPRESENTATION

For Claimant Jerome B. Bonat: John Halebain, Esq., of Wechsler, Skirnick, Harewood, Halebain & Feffer.

For Respondents The Placement Group and Barry Schneck: Max Folkenflick, Esq., of Folkenflick and McGarrett.

CASE INFORMATION

Statement of Claim filed: July 12, 1991.

Claimant's Submission Agreement signed on July 8, 1991.

Amended Statement of Claim filed: April 29, 1992.

Statement of Answer filed by Respondent The Placement Group on: October 23, 1991.

Respondent Placement Group's Submission Agreement signed on: October 24, 1991.

Joint Response to Amended Claim filed by Respondent on: May 29, 1992.

HEARING INFORMATION

Hearing Dates/Sessions: June 5, 1992 - 2 Sessions
 October 15, 1992 - 2 Sessions

Hearing Location: NASD offices located in New York, New York.

CASE SUMMARY

Claimant alleged that he opened an individual retirement account (IRA) with Respondent Placement Group and Respondent held itself out as having expertise in handling IRAs. Claimant further alleged Respondents recklessly, knowingly or negligently recommended the purchase of VMS securities as a suitable retirement investment, which instead was extremely speculative and unsuitable for Claimant's investment objectives and requirements. Claimant further alleged that Respondents violated Section 10(b) of Securities & Exchange Act of 1934 and Rule 10b-5, by use of the means and instrumentalities of interstate commerce and mails, made false and misleading statements concerning the appropriateness of VMS for Claimant. Claimant further alleged Respondents violated the Consumer Fraud Act, breached its fiduciary duty to Claimant, committed fraud, negligence and negligent misrepresentation and breached its contract with Claimant.

Respondents maintained that Claimant is a member of a class of plaintiffs who have sued Prudential Bache, VMS and all their various affiliates for fraud perpetuated through the public offering materials as well as other claims and Respondents are not defendants in that case, and Claimant and the class have agreed to a settlement of their fraud claims. Respondents asserted the following defenses claim fails to state a claim, statute of limitations, no breach of contract or fiduciary duty are alleged.

RELIEF REQUESTED

Claimant requested: \$40,000.00 in compensatory damages, plus interest, costs and attorneys' fees, exemplary damages.

Respondent requested: dismissal of all claims.

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. All claims by Claimant be and hereby are dismissed in their entirety.
2. All claims for exemplary damages are denied.
3. Each party shall bear its own costs and attorneys' fees.

FORUM FEES

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

4 sessions x \$400.00 = \$1,600.00 less \$400.00 hearing sessions deposit = \$1,200.00 net due.

Forum fees Assessed Against;

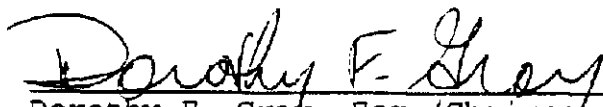
Claimant be and hereby is liable and shall pay the NASD the sum of \$1,200.00 to represent forum fees.

The NASD shall retain the \$120.00 filing fee and \$400.00 hearing session deposit previously deposited by Claimant.

CONCURRING ARBITRATORS' SIGNATURE

Name

Public/Industry


Dorothy F. Gray, Esq./Chairperson

Public

Jay B. Baron

Public

Lloyd Haas

Industry

DATE OF DECISION: November 3, 1992

1. All claims by Claimant be and hereby are dismissed in their entirety.
2. All claims for exemplary damages are denied.
3. Each party shall bear its own costs and attorneys' fees.

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DATE OF DECISION: ~~XXXXXX~~ 11/2/92

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DATE OF DECISION: ~~October 15, 1992~~

Date of Decision: November 3, 1992