

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Geraldine Fallot

92-00396

Name of Respondent

James Scovic

REPRESENTATION

For Claimant: Nathaniel Abbatte, Jr., Esq. of Garratt & Evans, P.C.

For Respondent: Brian Zahra, Esq. of Dickinson, Wright, Moon et. al.

CASE INFORMATION

Statement of Claim filed: January 28, 1992.

Claimant's Submission Agreement signed on: January 28, 1992.

Statement of Answer filed by Respondent, James Scovic on: April 14, 1992.

Respondent, James Scovic's Submission Agreement signed on: March 6, 1992.

HEARING INFORMATION

Hearing Date/Sessions: November 12, 1992 - Two Sessions.

Hearing Location: American Arbitration Association - Southfield, MI.

CASE SUMMARY

Claimant, alleges that she invested her entire net worth with the Respondent, James Scovic ("Scovic"). Claimant alleges that she informed Scovic of her limited investment experience and of her investment goals. Claimant alleges that she relied on Scovic's advice in making her investment selections. Claimant alleges that Scovic invested her funds into investment vehicles which were inappropriate for her objectives and that were designed to benefit Scovic by earning him commissions.

Claimant alleges that Scovic churned her account. Claimant alleges that Scovic induced her to trade on margin, knowing that it was contrary to her stated investment objectives. Claimant alleges that Scovic failed to inform her of the risks of trading on margin. Claimant alleges that Scovic misrepresented and omitted to state certain material facts and that in reliance on Scovic's conduct, she incurred substantial losses.

Respondent maintains that the Claimant was referred to him to obtain assistance in investing funds. Respondent maintains that he discussed Claimant's investment objectives with her and that her objectives were income, safety of principal, liquidity and asset value growth. Respondent maintains that he explained the risks of various investments and that Claimant made all her own investment decisions.

Respondent maintains that he fully discussed the option and risks of opening a margin account with the Claimant after which Claimant decided on her own, to begin trading on margin.

RELIEF REQUESTED

Claimant requested damages in excess of \$10,000 plus exemplary damages, treble damages, interest, costs and attorney's fees.

Respondent requested that the claim be dismissed.

AWARD

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

- 1) The Claim is hereby dismissed in its entirety.
- 2) Each party shall bear their respective costs of this action, including attorney's fees.

FORUM FEES

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

Non-refundable filing fee:	\$120.00
Hearing Session Fees:	\$800.00 (2 Sessions x \$400)

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- 1) All forum fees in the amount of \$920.00 are hereby assessed against the Claimant. Claimant is entitled to offset this amount with the \$520.00 previously deposited with the NASD. Accordingly, Claimant shall pay to the NASD, Inc. the amount of \$400.00 (FOUR HUNDRED DOLLARS AND 00/XX)

Concurring Arbitrator's Signature

Name

Levi T. Gardner III

Levi T. Gardner, III

Public Arbitrator

Date of Decision: January 13, 1993

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Concurring Arbitrator's Signature

Name

Industry Arbitrator


J. Russell King

Date of Decision: January 13, 1993

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Concurring Arbitrator's Signature
Name


Norman Bristol, Esq.

Public Chairperson

Date of Decision: January 13, 1993