

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Bertha Dean

92-01398

Name of Respondents

Kober Financial Corp.
Igor Cherednichenko

REPRESENTATION

Claimant Bertha Dean ("Claimant") was represented by Barbara Strapp Nelson, Esq. of McCarthy and Schtzman.

Respondents Kober Financial Corp. ("Kober") was represented by: Paul R. Wood, Esq. of Hooper and Kanouff, P.C.

Respondent Igor Cherednichenko ("Cherednichenko") did not appear

CASE INFORMATION

Statement of Claim filed on: April 14, 1992

Claimant's Submission Agreement signed on: January 7, 1992

Respondent Kober's Submission Agreement filed on: May 14, 1992

Respondent Kober's Statement of Answer filed on: June 30, 1992

Respondent Cherednichenko did not execute a Submission Agreement.

Respondent Cherednichenko's Statement of Answer filed on: May 4, 1992

HEARING INFORMATION

Hearing Dates/Sessions: May 6, 1993, 2 sessions
June 16, 1993, 1 session

Hearing Location: NASD Offices, Philadelphia, Pennsylvania

CASE SUMMARY

Claimant Dean, an elderly widow, alleged that prior to doing business with Respondent Cherednichenko, Dean never traded stocks. Claimant alleged that Cherednichenko obtained money from Claimant to purchase securities on her behalf, which securities were unsuitable. Additionally, Claimant alleged she was inexperienced in the intricacies of the stock market and that she failed to understand fully and approve the transactions entered into on her behalf by Respondents Kober and Cherednichenko.

Respondent Cherednichenko was initially employed by Stuart James, then by Horizons International, and finally by Respondent Kober, another broker/dealer. Claimant alleged that on July 1, 1990, Horizons International merged with Respondent Kober. Claimant alleged that while employed by all of these concerns, that Respondent Cherednichenko purchased and sold numerous "penny stock" investments which were unsuitable for Claimant.

Claimant alleged that Respondents engaged in nearly 100 transactions in her accounts over a 2 1/2 year period. Claimant alleged unauthorized transactions occurred in her account and that her account was churned.

Claimant alleged that Respondent Kober did not exercise proper supervision over Respondent Cherednichenko and Claimant's account.

Respondents, in their written answers and letters, denied all of Claimant's claims and allegations. Respondents alleged that Claimant is a sophisticated investor who exercised complete control over her accounts at all times. Respondents maintained that correspondence sent by Claimant to Respondents demonstrate that she knew about the transactions in her account.

Respondent Kober maintained that it, Kober, was the clearing broker for Horizons at all times prior to July, 1990 and as such it should not be liable for any alleged losses Claimant suffered while her account was at Horizons.

Respondent Kober alleged that it maintained established procedures and a system for applying

such procedures which would reasonably be expected to prevent and detect, insofar as practicable, any violations by agents of Kober.

Respondent Cherednichenko maintained that he fully disclosed to Claimant the risks and rewards in the stock market and that every transaction was authorized by Claimant.

RELIEF REQUESTED

Claimant requested \$187,571.00 in compensatory damages and \$562,713.00 in punitive damages, plus attorney's fees, costs and interest.

Respondents requested that Claimant's claims be denied and that attorney's fees and costs be awarded to them.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may 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.

Respondents Kober and Cherednichenko neither made an appearance nor were represented at the hearings. However, both Respondents presented written letters and answers with attached exhibits which were entered into evidence and considered by the arbitrators in their deliberations.

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. Respondents Kober and Cherednichenko are jointly and severally liable to the Claimant for the sum of **ONE HUNDRED TWENTY EIGHT THOUSAND AND 00/100 DOLLARS (\$128,000.00)**; inclusive of interest.
2. Respondent Cherednichenko is individually liable to the Claimant for the sum of **FORTY EIGHT THOUSAND FIVE HUNDRED AND 00/100 DOLLARS (\$48,500.00)**; inclusive of interest.
3. All other claims, including claims for punitive damages, and counterclaims are denied.
4. That all parties shall bear their respective costs, including attorney's fee, except as specifically indicated herein.

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FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed as follows:

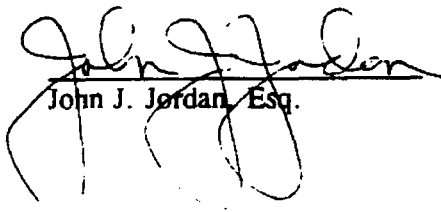
3 hearing sessions x 750 = \$2250

Forum fees in the amount of \$2250 are jointly and severally assessed against Respondents Kober and Cherednichenko.

Fees are payable to the National Association of Securities Dealers, Inc.

Concurring Arbitrator's Signature
Name

Public/Industry


John J. Jordan, Esq.

6/21/93
Public Arbitrator

NASD Date of Decision: June 29, 1993

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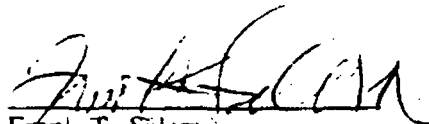
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Name

Public/Industry


Frank T. Salera

Industry Arbitrator

NASD Date of Decision: June 29, 1993

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Name

Public/Industry



Alfred Abbotts, Esq.

Public Arbitrator

NASD Date of Decision: June 29, 1993