

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Steven M. Hoss
William Beall
William L. Hendry
William Gillen
Louis J. Venafro
Michael D. Owens

Case No. #92-02372

Name of Respondent(s)

Princeton Financial Group, Inc.
Jerry Frederick Shorthouse
Anthony Joseph Pontieri
Curt Russell

REPRESENTATION

For Claimants, Steven N. Hoss ("Hoss"), William Beall ("Beall"), William L. Hendry ("Hendry"), William Gillen ("Gillen"), Louis J. Venafro ("Venafro") and Michael D. Owens ("Owens"): Richard W. Groner, Esq. of Snyder, Groner & Schieb, Venice, Florida.

For Respondents, Princeton Financial Group ("Princeton"), Jerry Frederick Shorthouse ("Shorthouse"), Anthony Joseph Pontieri ("Pontieri") and Curt Russell ("Russell") pro se (see "Other Issues")

CASE INFORMATION

Statement of Claim filed: July 14, 1992. Claimants' Submission Agreements signed: January 6, 1992 by Hoss; September 3, 1993 by Beall; February 11, 1993 by Hendry; February 1, 1993 by Gillen; February 26, 1992 by Venafro; and August 20, 1992 by Owens.

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Respondents, Princeton, Shorthouse, Pontieri and Russell, failed to file submission Agreements for the Claim as required by Section 12 and 25 of the NASD Code of Arbitration Procedure. Respondents, Shorthouse and Pontieri, are persons associated with an NASD member firm at the time this controversy arose, and Respondent, Princeton, was an NASD member firm at the time this controversy arose.

HEARING INFORMATION

On June 22, 1994, a hearing lasting one (1) session was conducted via telephone conference call with the arbitrators.

CASE SUMMARY

Claimants alleged that Respondents were liable for violations of Section 517.301, F.S., including specifically the following:

That Respondents, acting jointly and in concert, offered for sale and sold securities, specifically shares of Sharedata, Inc., by employing device, schemes and artifices to defraud. They obtained money by means of untrue statements of material fact and omitted or failed to disclose negative material facts and further engaged in transactions practices and a course of business which operated as a fraud and/or deceit as to Claimants.

Respondent, Curt Russell was dismissed, without prejudice, at the outset of the hearing.

RELIEF REQUESTED

Claimant, Hoss, requested damages of \$12,473.75.00, plus punitive damages, interest, costs and attorneys' fees.

Claimant, Beall, requested damages of \$5,463.75, plus punitive damages, interest, costs and attorneys' fees.

Claimant, Hendry, requested damages of \$14,710.00, plus punitive damages, interest, costs and attorneys' fees.

Claimant, Venafro, requested damages of \$11,592.50, plus punitive damages, interest, costs and attorneys' fees.

Claimant, Owens, requested damages of \$16,666.25, plus punitive damages, interest, costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

1. Respondents, Princeton, Shorthouse and Pontieri, failed to submit an executed Submission Agreement a Statement of Answer, or to appear in the hearing. Jurisdiction exists pursuant to Section 12 of the NASD Code of Arbitration Procedure and Pursuant to the forms U-4 executed by Respondents, Shorthouse and Pontieri.

2. For the reasons set forth in the records of proceedings, this Panel finds service upon and adequate notice to Respondents, Princeton, Pontieri and Shorthouse.

AWARD

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

1. Respondents, Princeton, Shorthouse and Pontieri, are found liable, jointly and severally, and shall pay to Claimants the following amounts:

A. To Claimant, Hoss, the amount of \$12,473.75, plus interest in the amount of \$3,367.92 for a total due of \$15,841.67.

B. To Claimant, Beall, the amount of \$5,463.75, plus interest in the amount of \$1,475.22 for a total due of \$6,938.97.

C. To Claimant, Hendry, the amount of \$14,710.00, plus interest in the amount of \$3,971.70 for a total due of \$18,681.70.

D. To Claimant, Venafro, the amount of \$11,592.50, plus interest in the amount of \$3,129.98 for a total due of \$14,722.48.

E. To Claimant, Owens, the amount of \$16,666.25, plus interest in the amount of \$4,498.89 for a total due of \$21,166.14.

2. Respondents, Princeton, Shorthouse and Pontieri, jointly and severally, are also found liable for punitive damages. This Panel bases its authority to award punitive damages on the Federal Arbitration Act (Title 9 U.S. Code) and the case law interpreting that Act. This Panel finds that the actions complained of were intentional, fraudulent, willful, wanton, and malicious and justify and Award of punitive damages. Respondents, Princeton, Shorthouse and Pontieri, jointly and severally, shall pay to Claimants punitive damages in the following amounts:

- A. Hoss the amount of \$10,240.12
- B. Beall the amount of \$4,485.38
- C. Hendry the amount of \$12,075.93
- D. Venafro the amount of \$13,681.89

Respondents, Princeton, Shorthouse, Pontieri and Russell, are also found liable jointly and severally, and shall pay to the Claimants the costs of its attorneys' fees pursuant to Section 517.211, Florida Statutes. This Panel bases its authority to Award attorneys' fees on the Federal Arbitration Act (Title 9 U.S. Code), and the case law interpreting that Act.

OTHER COSTS

None.

FORUM FEES

Pursuant to Section 43 (e) of the Code of Arbitration Procedure, the Panel has assessed forum fees in the amount of \$600 (one hearing session x \$600 per session). Respondents, Princeton, Shorthouse and Pontieri, jointly and severally, are hereby assessed \$600.00 of which shall be paid as follows:

- A. To Claimant, Hoss, \$120.00
- B. To Claimant, Beall, \$120.00
- C. To Claimant, Hendry, \$120.00
- D. To Claimant, Venafro, \$120.00
- E. To Claimant, Owens, \$120.00

2. Reimbursement of Original filing fees.

Respondents, Princeton, Shorthouse and Pontieri, jointly and severally are also assessed the non-refundable filing fees of \$250.00 paid by Claimants and are ordered to reimburse Claimants for those filing fees in the following amounts:

- A. To Claimant, Hoss, \$50.00
- B. To Claimant, Beall, \$50.00
- C. To Claimant, Hendry, \$50.00
- D. To Claimant, Venafro, \$50.00
- E. To Claimant, Owens, \$50.00

Concurring Arbitrators' Signatures

Name

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Bruce W. Harting

Public

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Forrest E. Sovring

Industry

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David Brooks Adcock, Esq.

Public

Date of Decision 7/25/94