

NASD AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Robert and Barbara Devoti

#92-02808

Name of Respondent

Michael G. Hohner

REPRESENTATION

For Claimants Robert and Barbara Devoti ("Claimants"): Miland K. Gregory, a sole practitioner.

For Respondent Michael G. Hohner ("Hohner"): Mr. Hohner was not present at the hearing nor represented by counsel.

CASE INFORMATION

Statement of Claim filed: August 20, 1992.

Claimant Submission Agreement signed on: August 14, 1991

Respondent Hohner did not submit a Statement of Answer nor a Submission Agreement, as required, pursuant to Section 25 of the Code of Arbitration Procedure ("Code").

HEARING INFORMATION

Hearing Date/Session: December 22, 1992/1 session

Hearing Location: NASD, Inc./New York/New York

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CASE SUMMARY

Claimants alleged in or about March 1989, Claimants opened a cash account at J.T. Moran. Claimants alleged they had little investment experience in the securities industry prior to opening this account.

Claimants alleged that between March 1989 and August 1989 Michael De Cristofaro, Jr. ("De Cristofano") serviced their accounts and due to losses in Med Mobile and Western Union they told De Cristofaro they no longer wished to invest money in any securities whose market was made by J.T. Moran.

Claimants alleged Hohner called them in August 1989 promising he would not place them in "speculative" securities or in those whose market was made by J.T. Moran. Claimants alleged Robert Devoti ("Devoti") signed a margin agreement on Hohner's recommendation. Claimants alleged Hohner made purchases for their account (IBSC & Phontel) knowing J.T. Moran made the market for these shares and knowing they were not "safe" securities. Claimants alleged these shares were purchased with cash and that Hohner told Claimants he knew offices of the above-mentioned corporations and the stocks would double in about 8-10 weeks. Claimants alleged these purchases were unauthorized. Claimants alleged the price of these shares dropped and Claimants had to meet margin calls. Claimants also alleged Hohner purchased other shares in their account on margin. Claimants alleged that when they asked for an explanation from Hohner regarding the margin issue, his explanations were confusing. Claimants alleged they purchased Pepsico, on margin, as they believed it was a safe investment; however, to meet margin calls they sold their Pepsico stock.

Claimants alleged they relied on J.T. Moran's representations and recommendations and that Respondents exercised control over their account while they were unaware of the ramifications of the activity in their account. Finally, Claimants further alleged Respondents neglected to supervise their account.

Respondent did not file a Statement of Answer.

RELIEF REQUESTED

Claimant requested: actual damages in the amount of \$104,000.00; punitive damages in the amount of \$200,000.00; interest; costs; disbursements and attorneys' fees.

Respondent did not file a formal plea for relief.

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OTHER ISSUES CONSIDERED & DECIDED

Claimant, who was present at the hearing, has agreed that a handwritten, signed Award may be entered. In this case, Claimant has agreed to receive a conformed copy of the Award while the original remains on file with the NASD.

Pursuant to the by-laws of the NASD, the arbitrators determined that Respondent Hohner was required to submit this arbitration and, therefore, is bound by this panel's rulings and determinations.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing and Claimants' post hearing submission, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Hohner is hereby liable and shall pay to Claimants the sum of \$60,285.00, interest specifically excluded;
2. All other claims are denied;
3. Each party shall bear its own expenses (including attorneys' fees), except that Respondent Hohner is hereby liable and shall pay to Claimants the sum of \$750.00. Said amount to reimburse to Claimants the \$750.00 hearing session deposit previously paid to the NASD by Claimants.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the NASD shall retain the \$200.00 non-refundable filing fee previously deposited by Claimants and the following Forum Fees are assessed.

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1 session X \$750.00 = \$750.00 minus hearing session deposit of \$750.00 = net \$0.00 due.

ARBITRATOR SIGNATURE

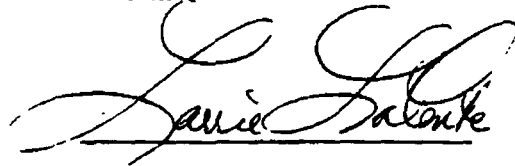
A handwritten signature in cursive script, appearing to read "Theodore Kimelman", written over a horizontal line.

Theodore Kimelman/Industry Arbitrator

Date of Decision: February 23, 1993

STATE OF *New York*
COUNTY OF *Nassau*

On this *15th* day of *Feb.*, 1993, before me personally appeared Theodore Kimelman known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.



LARRIE LaCONTE
NOTARY PUBLIC, State of New York
No. 4867355
Qualified in Nassau County
Commission Expires August 18, 19*94*

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1 session X \$750.00 = \$750.00 minus hearing session deposit of \$750.00 = net \$0.00 due.

ARBITRATOR SIGNATURE

A handwritten signature in cursive script that reads "Allen Kilik". The signature is written in dark ink and is positioned above a horizontal line.

Allen Kilik/Public Arbitrator

Date of Decision: February 23, 1993

STATE OF

COUNTY OF

On this 17 day of February, 1993, before me personally appeared Allen Kilik known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.


Alice Munro



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1 session X \$750.00 = \$750.00 minus hearing session deposit of \$750.00 = net \$0.00 due.

ARBITRATOR SIGNATURE


John S. Ware. III/Public Arbitrator

Date of Decision: February 23, 1993

STATE OF *New Jersey*
COUNTY OF *Summit*

On this *5th* day of *February*, 1993, before me personally appeared John S. Ware, III known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

NOTARIAL PUBLIC
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires April 5, 1995

Aunt Marie Andruphak