

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

**Sam Maywood,
Dawn Maywood**

vs.

**AWARD
NASD #93-949**

Name of Respondents

**American Bond Group, Inc.,
James John Monteleone,
Aleksandr Shvarts**

REPRESENTATION

For Claimants: Sam Maywood of La Jolla, California.

For Respondents American Bond Group, Inc. and Aleksandr Shvarts: A. Shvarts of New York, New York.

For Respondent James J. Monteleone: James J. Monteleone of New York, New York.

CASE INFORMATION

Statement of Claim filed: March 12, 1993

Claimant's Submission Agreement signed: March 2, 1993

Statement of Answer filed by Respondents on: Not filed

Respondent Monteleone settled prior to the hearing by virtue of a General and Total Release signed September 8, 1993.

Respondents' Submission Agreements signed on: Although duly served, Respondent American Bond Group, Inc. did not file a Submission Agreement or an Answer and did not appear at the hearing and is subject to National Association of Securities Dealers, Inc. (NASD) jurisdiction in accordance with Section 12 of the NASD Code of Arbitration Procedure.

Page 1 of 4

HEARING INFORMATION

Prehearing Conference(s) Date(s)/(Sessions): None.

Hearing Date/(Sessions): September 14, 1993 (one session)

Hearing Location: San Diego, California.

CASE SUMMARY

Claimants alleged: Failure to execute sales orders, mismanagement of accounts, denial of access to securities accounts and fraud in the sale of Fonic. Claimants called Respondent James Monteleone (Monteleone) in October of 1992 and he recommended the purchase of Fonic, for which they placed an order for 1000 shares with the provision of a stop order. Monteleone made several representations to Claimants subsequently, inducing them to purchase an additional 1000 shares.

Claimants called American Bond Group, Inc. (American) and were told no one was available to sell their shares. Monteleone also refused to sell the shares and Claimants then spoke to Aleksandr Shvarts (Shvarts) who admitted that mistakes had been made and that the shares would be sold and the difference would be paid by American based on what the shares should have been sold at on November 9, 1992. Respondents did not perform these acts as promised.

No Answers were filed by any Respondents, although Monteleone settled with Claimants prior to the hearing as described above.

RELIEF REQUESTED

Claimant requested:

1. Compensatory damages of \$29,905;
2. Positive damages of \$300,000.

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 ASD.

— None.

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. Respondents American Bond and Aleksandr Shvarts are jointly and severally, liable for and shall pay Claimants \$16,978.00 in compensatory damages.
2. Respondents American Bond and Aleksandr Shvarts are jointly and severally liable for and shall pay Claimants punitive damages of \$50,000 pursuant to Todd Shipyard's Corporations vs. Cunard Line Ltd., 943 F.2d 1056 (9th Cir. 1991) and Blankenheim vs. E.E. Huston and Company, Inc., 266 Cal Rptr. 593 (1990).
3. The parties shall each bear their respective attorney's fees;
4. The parties shall each bear their respective costs.

OTHER COSTS

None.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following forum fees are assessed: The National Association of Securities Dealers, Inc. shall refund the \$750.00 hearing session deposit previously deposited by the claimant. Forum fees assessed against:

Respondents American Bond and Aleksandr Shvarts jointly and severally, of \$750.00.

calculated as follows: One hearing sessions at \$750.00/hearing session, equals \$750.00.

Fees are payable to the National Association of Securities Dealers.

ARBITRATION PANEL

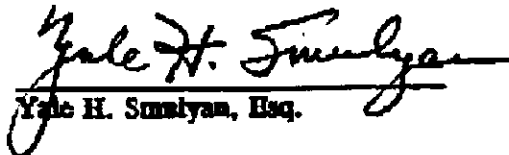
Name

Public/Industry

Yale H. Smulyan, Esq.
Kenneth J. Gross
Joan B. McGilvray

Public Arbitrator
Public Arbitrator
Industry Arbitrator

Concurring Arbitrators' Signature


Yale H. Smulyan, Esq.

Kenneth J. Gross

Joan B. McGilvray

Date of Decision: _____

Date Served: 10/12/93