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N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Donald Dossin, Jr.

93-01258

Name of Respondents

Stratton Oakmont, Inc.

Daniel M. Porush

Jordan R. Belfort

REPRESENTATION

Claimant Donald Dossin, Jr. ("Dossin") was represented at the hearing by Janet F. Moss, Esq. of Riker Danzig Scherer Hyland & Perretti, of Morristown, New Jersey.

Respondent Stratton Oakmont, Inc. ("Stratton Oakmont") was represented at the hearing by Harry L. Garman, Esq. of the Law Offices of Harry L. Garman, of Fairfield, New Jersey.

Respondent Daniel M. Porush ("Porush") was represented at the hearing by Norman B. Arnoff, Esq., of Capuder & Arnoff, P.C., of New York, New York.

Respondent Jordan R. Belfort did not appear at the hearing. (See "Other Issues").

CASE INFORMATION

The Statement of Claim was filed with the NASD by Claimant Dossin on March 30, 1993. The Uniform Submission Agreement was signed by Dossin on March 26, 1993.

A joint Statement of Answer was filed by Respondents Stratton Oakmont, Porush, and Belfort on June 4, 1993. The Uniform Submission Agreement was signed by Paul F. Byrne, Compliance Director, on behalf of Stratton Oakmont on April 27, 1993, by Porush on April 27, 1993, and by Belfort on April 30, 1993.

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HEARING INFORMATION

Pre-hearing telephone conferences were held with the Chair on March 28, 1994, and May 24, 1994, and with the full Panel on July 28, 1994 for a total of three (3) sessions.

The hearing was held on May 31, 1994, June 1, 1994, August 2, 1994, and March 13, 1995, for two (2) sessions each at the NASD District No. 9 Office in Philadelphia, Pennsylvania, and on April 5, 1995 for closing arguments via telephone conference call for one (1) session, for a total of nine (9) hearing sessions.

CASE SUMMARY

Claimant alleged that in April 1991 Respondent Daniel M. Porush sold 14,000 shares of Tower Financial at \$7.50 per share and with the proceeds of the sale purchased 12,900 Nova Capital warrants ("Nova warrants") in Claimant's account without the consent, knowledge or approval of Claimant thereby breaching Respondents' fiduciary responsibility to Claimant. Claimant further alleged that although he has had a number of trading accounts with different brokerage houses he is not a sophisticated investor and did not know what a warrant was when it was placed in his account through the alleged unauthorized actions of Respondent Porush. Shortly after the purchase of the Nova warrants, Claimant agreed to the sale of 2,000 of the warrants to purchase shares of stock in Ropac Labs ("Ropac") following the advice of Respondent Porush. (Claimant sold his shares of Ropac at a profit of \$4,490 on the same day he purchased the shares). Claimant maintained that this sale of some of the Nova warrants to purchase the Ropac stock does not constitute a ratification of the alleged unauthorized purchase of the entire 12,900 Nova warrants since Respondent Porush did not make Claimant aware of all of the underlying facts surrounding the purchase of the Nova warrants so as to enable Claimant to make an informed decision concerning whether or not to consent to the purchase of the warrants. Claimant has retained ownership in the warrants and they are now worthless.

Claimant also alleged that Respondent Stratton Oakmont has breached its fiduciary duty and has not properly supervised Respondent Porush. Claimant further maintained that Respondents' conduct has violated New Jersey law for common fraud, the New Jersey Securities Act and the New Jersey Fraud Act, and also that the Respondents' conduct was of such a nature to allow the award of punitive damages.

Respondents alleged that Claimant is a knowledgeable, sophisticated investor who understood the operations of the marketplace and has had warrants in one or more of his previous accounts. Respondents further alleged that Claimant never complained concerning the alleged unauthorized trades to either of the Respondents even though Claimant received confirmation slips and end of the month statements showing the trades in April and May 1991. Respondents also maintained that Claimant's failure to object to the alleged unauthorized transactions for a period of time during which Claimant had knowledge of the unauthorized transactions demonstrates that the Claimant either

ratified the transactions, waived his rights to object to the transactions, or has become estopped from objecting to the transactions. Additionally, Respondents alleged that Claimant, by his actions in selling some of the Nova warrants to purchase the Ropac Labs stock, ratified the purchase of the Nova warrants. Furthermore, Respondents maintained that the sale of the Tower Financial stock was a benefit to Claimants since the Tower Financial stock became worthless sometime thereafter.

Respondents maintained that Claimant has not proven any damages, that the award of punitive damages is not permitted in arbitration proceedings under the "due process" standards of the U. S. Constitution or New York Law and that the conduct of the Respondents does not meet the standards required for the imposition of punitive damages. Additionally, Respondents maintained that New York law bars the award of attorneys' fees in arbitration unless it is expressly provided for in the arbitration clause. Additionally, Respondents maintained that their conduct has not violated any of the New Jersey Statutes and that Claimant has no valid state or Federal claim.

RELIEF REQUESTED

Claimant requested:

1. compensatory damages in the amount of \$109,487.50 for losses associated with the sale of Tower Financial, the purchase of the Nova warrants, less the \$4,490 profit from the sale of Ropac;
2. statutory interest of 12% under New Jersey Securities Law for four (4) years in the amount of \$52,554;
3. attorney's fees;
4. expenses; and
5. punitive damages.

Respondents requested that the Statement of Claim be dismissed, and that the fees expenses of this arbitration be assessed against Claimant.

OTHER ISSUES CONSIDERED & DECIDED

After all of the parties had rested and prior to the hearing of final arguments, the Panel granted Respondents' Motion to remove Jordon R. Belfort as a Respondent in this matter.

The parties have agreed that the Award in this matter may be executed by counterpart copies. The parties have also agreed to receive conformed copies of the Award while the original remains on file with the NASD.

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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, Stratton Oakmont, Inc. and Daniel M. Porush, shall be and hereby are jointly and severally liable for, and shall pay to Claimant, Donald Dossin, Jr., the sum of Ninety One Thousand Eight Hundred and Thirty Nine Dollars and Forty Cents (\$91,839.40), inclusive of interest.
2. All remaining claims and counterclaims are denied in their entirety.
3. Any relief not specifically provided for herein is denied.

FORUM FEES

Pursuant to Section 43(c) of the NASD Code of Arbitration Procedure, the following Forum Fees are assessed:

2 pre-hearing sessions with Chair x \$300 = \$600;

1 pre-hearing session with full panel x \$750 = \$750;

9 hearing sessions x \$750 = \$6,750; and

3 postponements x \$750 = \$2,250.

Pursuant to Section 43(c) of the Code, the NASD shall retain the non-refundable filing fee in the amount of \$200, the hearing session deposit in the amount of \$750, and the postponement fee in the amount of \$750 previously paid to the NASD by Claimant.

The panel has ordered that Claimant pay additional forum fees to the NASD in the amount of \$3,675.

The panel has ordered that Respondent Stratton Oakmont, Inc. pay additional forum fees to the NASD in the amount of \$2,587.50.

The panel has ordered that Respondent Daniel M. Porush pay additional forum fees to the NASD in the amount of \$2,587.50.

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

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By The Arbitration Panel:

Dated:

4/22/95

/s/
John J. Jordan, Esq., Presiding
Public Arbitrator

4/24/95

/s/
Debra G. Speyer, Esq.
Public Arbitrator

4/20/95

/s/
Gordon E. Wright
Industry Arbitrator

Date Award Served By the NASD: April 28, 1995