

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant

Jonathan M. Herman

93-03105

Name of Respondents

Richard C. Guillot  
Hanover Sterling & Company, Ltd.

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**REPRESENTATION**

For Claimant: Jonathan M. Herman, Esq. ("Herman") pro se.

For Respondent: M. David Sayid, Esq. of Sayid and Associates, located in New York City. (Representation of Respondent Guillot for pleadings only)

**CASE INFORMATION**

Statement of Claim filed: August 6, 1993.

Claimant's Submission Agreement signed on: August 6, 1993.

Statement of Answer filed: January 14, 1994.

Respondents' Submission Agreement: orally stipulated to by Respondents on the record during hearing session.

**HEARING INFORMATION**

Hearing Date/Sessions: June 17, 1994 / Two Sessions

Hearing Location: N.A.S.D., Inc. New York.

### **CASE SUMMARY**

Claimant alleged damages resulting from negligent misrepresentation and other causes of action by Guillot and by Hanover Sterling & Company Ltd. ("Hanover Sterling"), a broker/dealer and member of the NASD, Inc.

Claimant, alleged he received a "cold call" from Guillot, who informed him of the expectation of a large increase in the earnings of Guinness, then selling for \$10.125 per share. Claimant subsequently purchased 1000 shares of Guinness at the price of \$10.375 per share. Herman contended that Guillot failed to disclose that Guinness stock was trading on the London Stock Exchange, making the investment highly sensitive and vulnerable to currency rate fluctuations. It was further alleged that prior to the purchase of Guinness stock, Claimant informed Guillot of the conservative nature of his past investments and investment objectives. Claimant stated that he had never traded on a foreign exchange before. Upon learning of the currency rate sensitivity of his investment, Claimant attempted to contact Guillot but learned he was no longer with Hanover Sterling. He therefore informed Hanover's president, Lowell C. Schatzer ("Schatzer"), of Guillot's failure to disclose material information. Schatzer refused to rescind the trade or compensate Claimant for any loss claimed.

Respondent Hanover Sterling and Richard Guillot denied any and all allegations of wrongdoing or liability. They alleged that Claimant received a due diligence package containing Guinness' annual report and news releases prior to the settlement date of the stock purchase. In addition, Guillot alleged he had informed Claimant on numerous occasions that Guinness was trading on the London Stock Exchange.

### **RELIEF REQUESTED**

Claimant requested at least \$3,575.00, representing the decline in the value of the Guinness stock or, alternatively, a rescission of the purchase with a refund of the purchase price, including commissions, plus interest, costs, disbursements, reasonable legal fees, and such other relief as the panel deems just and proper.

Respondent requested dismissal of the claim in its entirety with prejudice.

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**AWARD**

After considering the pleadings, and 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:

Claimant shall recover from Respondents, jointly and severally: the sum of \$3,808.63, and interest thereon at the rate of 4.5 % from the period of August 11, 1992 until June 17, 1994, for a total sum inclusive of interest of \$4,126.05.

**FORUM FEES**

Respondent Hanover Sterling & Company Ltd shall pay the forum fees: a \$50.00 filing fee and a \$200.00 hearing fee (\$100 per session x 2 sessions).

Claimant deposited \$150.00 for forum fees which will be returned to him.

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

Arbitrator's Signature

Name

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Robert Pincus, Esq.  
Public Chairperson

Date of Decision: July 22, 1994

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**STATE OF:**

**SS:**

**COUNTY OF:**

On this       day of       , 1994, before me personally appeared Robert Pincus, Esq. know and known to me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.

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