

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Sergio Lvov

94-01162

Name of Respondents

Mark Nicholas Savoca
Hanover, Sterling and Co.

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on March 29, 1994, Claimant Sergio Lvov, through his counsel Martin Mushkin, Esq., New York, NY, alleged that Respondent Hanover Sterling & Co., through its registered representative, Mark Nicholas Savoca, failed to explain the risks and the advisability of keeping a balance in excess of the applicable margin requirements in order to avoid sudden margin calls if the securities in a margin account dropped in value, which is what occurred when the Respondents recommended that the Claimant purchase Tokos stock. The Claimant further maintained that the purchase was made on margin, prior to the Claimant ever having executed a margin agreement, and further that not only were the risks of a margin account not explained to him, this investment was not suitable for him, nor was it in accordance with his investment objectives. Claimant Sergio Lvov contended that recommending the stock was simply a means of turning capital into commissions and interest for the brokerage house, that the Respondents violated the suitability rule, that they were negligent in recommending Tokos, and further they failed to disclose material facts to the Claimant which constitutes a fraud. The Claimant further contended that he has suffered damages due to the wrongdoing of the Respondents and therefore they should be held liable in this matter.

Respondents Hanover Sterling & Co. and Mark Nicholas Savoca, through their counsel David Sayid, Esq. of Sayid & Associates, New York, NY, maintained that they lack sufficient knowledge to admit or deny most of the allegations asserted by the Claimant, but contended that the Claimant represented himself as having a "six figure salary" and further that he had discussed with Respondent Savoca a "Pink Sheet" security, which led the Respondents to believe he had securities knowledge. The Respondents contended that the claims against them should be dismissed.

RELIEF REQUESTED

Claimant Sergio Lvov requested \$5,996.74 in actual damages, plus interest, costs and attorney's fees from November 12, 1992.

Respondents Hanover Sterling & Co. and Mark Nicholas Savoca requested that the claims of the Claimant be dismissed.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Neil J. Carey, was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on February 9, 1994, by the Respondent Hanover Sterling & Co. on May 27, 1994, but not signed by Respondent Mark Nicholas Savoca as required by Sections 12 & 13 of the NASD Code of Arbitration Procedure.

And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claims of the Claimant Sergio Lvov against Respondents Hanover Sterling & Co. and Mark Nicholas Savoca are dismissed in their entirety.
2. The parties shall bear their respective costs and attorney's fees.
3. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant shall be retained by the NASD, Inc.

AFFIRMATION

I, NEIL J. CAREY, do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.



Signature of Arbitrator

DATE OF DECISION: August 31, 1994

Page Three
Award 94-01162

STATE OF: CONNECTICUT

SS:

COUNTY OF: FAIRFIELD

On this 25th day of August 1994, before me personally appeared Neil J. Carey to me known and known before me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.



TARA ANN CARROLL
NOTARY PUBLIC
MY COMMISSION EXPIRES JUNE 30, 1999