

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Terra S. May
Tammy S. Schwieder

95-01049

Name of Respondents

Cohig & Associates, Inc.
John Morris

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on February 28, 1995, Claimants Terra S. May ("May"), and Tammy S. Schwieder ("Schwieder"), who appeared Pro Se, alleged that Respondents Cohig & Associates, Inc. ("CAI"), and its Branch Manager, John Morris ("Morris"), failed to properly supervise the broker responsible for their account at CAI, Richard Goodrich ("Goodrich"). Goodrich was not named as a Respondent. May further alleged that Goodrich convinced her to purchase a stock which was profitable after which she sent him \$36,175.00. May contended that Goodrich took a portion of the money and made unprofitable securities purchases without her consent and against her instructions of which she complained about to CAI, which did not respond. May further contended, that Morris sent her a letter in which he stated: "You are stopped at \$2.30 in San Diego Bancorp - - - if the stock is sold below \$2.30, I absorb the additional loss." May alleged that as a result of the above, she has suffered losses for which the Respondents should be held liable.

Respondent Cohig & Associates, Inc., through its representative and in-house counsel, Russell K. Bean, Esq., stated its difficulty in responding to the Statement of Claim, because Goodrich was not named as a Respondent. CAI maintained that May initially contacted Goodrich and expressed dissatisfaction with returns from her current broker. Respondent CAI further maintained that upon Goodrich's recommendation, May purchased shares in Staodyn and made a profit. Respondent CAI contended that May indicated she wanted to invest \$30,000.00 in stocks, but Goodrich steered \$20,000.00 of that into mutual funds, but was unsuccessful in persuading May to invest the remaining \$10,000.00 in anything but speculative investments.

Respondent CAI further contended that May sent an additional \$4,675.00 to cover shares she purchased in Homestyle Buffet which demonstrates her acceptance of the speculative investment strategy. Respondent CAI maintained May authorized all purchases in the account and is responsible for any losses in the account. Respondent CAI further maintained that its branch manager, Morris, had by letter to May, assumed liability for the market drop in San Diego Bancorp from \$2.30 to \$1.00; that such was against CAI's policies; and that any liability imposed should be upon Respondent Morris and not upon itself. CAI did not file a Third-Party Claim against Goodrich.

Respondent John Morris, who appeared Pro Se, maintained that May was always aware of the transactions in her account. Respondent Morris further maintained that Goodrich was a personal friend of May and only had her best interest in mind. Respondent Morris contended that the Los Angeles earthquake resulted in Goodrich taking a leave of absence and May became dissatisfied with the account around this time. Respondent further contended that he had many conversation with May and had offered to sell San Diego Bancorp ("SDB"), a stock she was unhappy with, but she declined, saying she did not want to take a loss. Respondent maintained that May had gone on an auto trip to the mid-west, at which time SDB dropped further. Respondent further maintained that in an effort to protect his firm, he agreed to indemnify May below \$2.30; the market price dropped to \$1.00; that the liability, if any, should be shared by himself, CAI and Goodrich. Respondent contended that as a result of the above, he should not be held liable.

RELIEF REQUESTED

Claimants Terra S. May and Tammy S. Schwieder, requested \$10,000.00 in actual damages.

Respondent Cohig & Associates, Inc., requested that the claims of the Claimants be dismissed.

Respondent John Morris, requested that the claims of the Claimants be dismissed.

AWARD

Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Marvin Greene, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants Terra S. May and Tammy S. Schwieder, on February 13, 1995, and not by Respondents Cohig & Associates, Inc., and John Morris, as required by Sections 12 and 13 of the NASD Code of Arbitration Procedure.

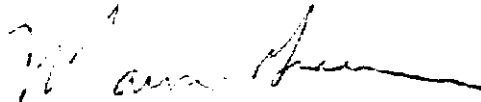
And, the Arbitrator, having considered the proof of the parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The Respondents Cohig & Associates, Inc., and John Morris, are jointly and severally liable and shall pay to the Claimants Terra S. May and Tammy S. Schwieder, \$3,031.21 in actual damages.
2. The Respondents Cohig & Associates, Inc., and John Morris, are jointly and severally liable and shall pay to the Claimants Terra S. May and Tammy S. Schwieder, interest on \$3,031.21 at the rate of 7% per annum from September 30, 1994 until the date of payment of the award.
3. The Respondent Cohig & Associates, Inc., is liable and shall pay to the Claimants Terra S. May and Tammy S. Schwieder, an additional \$2,305.76 in actual damages.
4. The Respondent Cohig & Associates, Inc., is liable and shall pay to the Claimants Terra S. May and Tammy S. Schwieder, interest on \$2,305.76 at the rate of 7% per annum from January 10, 1994 until the date of payment of the award.
5. The parties shall bear their respective costs.
6. All other relief requests are denied.
7. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimants Terra S. May and Tammy S. Schwieder, shall be retained by the NASD, Inc. The Respondents Cohig & Associates, Inc., and John Morris, are jointly and severally liable and shall pay to the Claimants Terra S. May and Tammy S. Schwieder, \$150.00 as reimbursement of the filing fee.

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AFFIRMATION

I, MARVIN GREENE, ESQ., 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.

A handwritten signature in cursive script, appearing to read "Marvin Greene", is written above a horizontal line.

Marvin Greene, Esq.

DATE OF DECISION: October 23, 1995