

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the matter of the Arbitration Between

Name of Claimant

Jeffrey P. Woloson

vs.

NASD Arbitration
No. 95-01972

Name of Respondent

J. B. Hanauer & Company
Geoffrey Newman

REPRESENTATION

For Claimant: A. Kendall Wood, Esq., Hinchey, Witte, Wood, Anderson & Hodges, San Diego, California

For Respondent J. B. Hanauer: Richard C. Szuch, Esq., Lowenstein, Sandler, Kohl, Fisher & Boylan, Roseland, New Jersey

For Respondent Geoffrey Newman: Jeffrey A. Winikoff, Esq., Stein, Rosenberg & Winikoff, P.A., Fort Lauderdale, Florida

CASE INFORMATION

Statement of Claim filed: April 24, 1995

Claimant's Submission Agreement signed: April 21, 1995

Joint Statement of Answer filed: July 10, 1995

Respondents' Submission Agreements signed:
J. B. Hanauer: July 5, 1995
Geoffrey Newman: May 11, 1995

HEARING INFORMATION

Pre-hearing telephone conferences were held as follows:

January 15, 1996	-	1 session
January 24, 1996	-	1 session
July 16, 1996	-	1 session

The evidentiary hearing was held in San Diego, California, as follows:

February 6, 1996	-	2 sessions
February 7, 1996	-	2 sessions
February 8, 1996	-	2 sessions
February 9, 1996	-	2 sessions
July 22, 1996	-	2 sessions
July 23, 1996	-	2 sessions
July 24, 1996	-	2 sessions
July 25, 1996	-	1 session

CASE SUMMARY

Claimant alleged breach of fiduciary duty, lack of suitability, fraud, misrepresentation, failure to supervise, violation of the Securities Exchange Act of 1934, violations of Section 517.301 of Title XXIII of the Florida statutes, violations of Sections 25401 and 25501 of the California Corporations Code, negligence and negligent infliction of emotional distress with respect to Respondents' handling of Claimant's account. Claimant alleged his inherited portfolio of corporate and municipal bond investments was inappropriately managed by Respondents and losses were incurred because the account was highly leveraged, excessively traded without written discretionary authority and without the knowledge and consent of Claimant, and contrary to Claimant's stated conservative investment objectives, financial circumstances and level of sophistication.

Respondents denied the allegations of wrongdoing, and asserted that when Claimant inherited his portfolio, he began to deplete the account equity to fund his personal expenses and obligations. Respondents also asserted that as the bonds in the portfolio were called as a result of the dramatic reduction in interest rates, Claimant solicited and approved a strategy to invest the account in an aggressive, risky manner in order to obtain an increased level of income. Respondents asserted that losses in the account were the result of market forces and not the result of their actions.

RELIEF REQUESTED

Claimant requested damages of at least \$400,000.00, plus interest, emotional distress damages, punitive damages, costs of arbitration and attorney's fees.

Respondents requested dismissal of all claims.

OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed that the Award in this matter may be executed in either 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 NASD.

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. All of the claimants of beneficial interest in the account which is the subject matter of a certain Declaratory Judgment action pending as Civil Action Docket No. MRS-L-1043-96 in the Superior Court of New Jersey, Morris County, Law Division, are parties to this arbitration and the issues relating to said beneficial interest are the subject of this arbitration claim. Said account is the property of Claimant, Jeffrey P. Woloson. All parties are ordered to take all steps necessary to effect the immediate distribution of all funds in said account to Mr. Woloson.
2. Respondent J. B. Hanauer is liable for and shall pay to Claimant the sum of \$90,000.00.
3. Respondents J. B. Hanauer and Geoffrey Newman are jointly and severally liable for and shall pay to Claimant the sum of \$152,000.00. This amount shall be reduced by an amount equal to the amount, if any, which, within 20 days from the date of this Award, is distributed to Mr. Woloson from the account referred to in paragraph 1 above.
4. All other claims, including the claim for punitive damages, are denied.
5. The parties shall bear their respective costs, including attorney's fees.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the NASD shall retain the \$250.00 non-refundable filing fee paid by Claimant.

Forum fees are to be split equally among the parties.

Total fees:

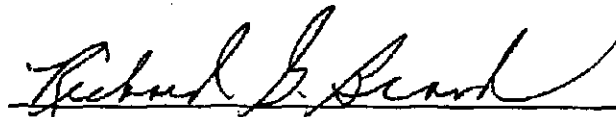
3 pre-hearing telephone conferences @ \$300/session	\$ 900.00
15 hearing sessions @ \$1000/session	\$15,000.00
Claimant's one-third share	\$ 5,300.00
Credit for Deposit	<u>(\$ 1,000.00)</u>
Balance Due:	<u>\$ 4,300.00</u>
Respondent J. B. Hanauer's one-third share	<u>\$ 5,300.00</u>
Respondent Geoffrey Newman's one-third share	<u>\$ 5,300.00</u>

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

Date signed:

James D. Knotter, Esq
Presiding Chairperson/Public Arbitrator

William D. Randolph
Public Arbitrator



Richard G. Brand
Industry Arbitrator

Date served: 8/14/96

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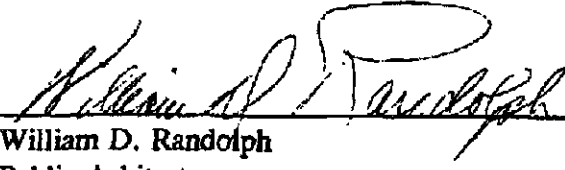
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Presiding Chairperson/Public Arbitrator



William D. Randolph
Public Arbitrator

8/10/96

Richard G. Brand
Industry Arbitrator

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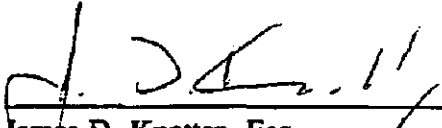
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Fees are payable to the National Association of Securities Dealers, Inc.

Date signed:



James D. Knotter, Esq
Presiding Chairperson/Public Arbitrator

August 12, 1996

William D. Randolph
Public Arbitrator

Richard G. Brand
Industry Arbitrator

Date served: 8/14/96

VH/SDC/95-01972