

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

The Ohio Company

95-02024

Name of Respondent

Gregory Morehead

REPRESENTATION

For claimant The Ohio Company ("claimant") appeared Marion H. Little, Esq., of the law firm of Zeiger, Dreher & Carpenter located in Columbus, Ohio.

Respondent Gregory Morehead ("respondent") appeared pro se.

CASE INFORMATION

Statement of Claim filed: April 26, 1995.

Claimant's submission agreement signed on April 17, 1995.

Respondent neither filed a Statement of Answer nor executed a Submission Agreement.

HEARING INFORMATION

Hearing Date/Session: April 8, 1996 - One Session

The hearing was held at the Marriot Hotel, 11320 Chester Road, Cincinnati, Ohio.

CASE SUMMARY

Claimant alleged that on or about July 1, 1994 through February 24, 1995, respondent was employed by it as an account executive and was a registered representative with the NASD. Claimant further alleged that, upon commencing employment, respondent entered into a loan agreement with it for \$90,000.00 entitled "The Ohio Company Loan Agreement" ("Agreement"). Claimant also alleged that respondent executed a Promissory Note ("Note") evidencing his indebtedness to it for the \$90,000.00 loan. Claimant contended that the Note and the Agreement provides for acceleration of payment if respondent ceases his employment with it or if he is in

default under any terms of the Note. In addition, claimant contended that respondent's employment with it has been terminated and consequently, he is in breach of the Agreement and the Note. Claimant maintained that respondent has been unjustly enriched by his failure to repay it pursuant to the Agreement and the Note.

Claimant alleged that during his employment, respondent mishandled the account of one of his clients by effectuating unsuitable trades. Claimant further alleged that it settled the dispute with the client on February 21, 1995 for \$2,359.00. Claimant maintained that respondent owes it the money paid to the client.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$92,359.00 plus pre and post-judgment interest, attorney's fees, costs and other relief that the arbitrators may deem just and proper.

OTHER ISSUES CONSIDERED & DECIDED

The arbitration panel made the following rulings concerning respondent, who did not file a Statement of Answer and a Submission Agreement in this matter:

1. Pursuant to Section 1 of the Code of Arbitration Procedure (the "Code"), the panel found subject matter jurisdiction over this entire controversy.
2. The panel found that respondent was a person associated with a member of the NASD at the time this controversy arose. Consequently, the panel found personal jurisdiction over respondent pursuant to Section 8 of the Code.
3. In view of (2) above, the panel found that Respondent was required to file with the NASD a Statement of Answer and a properly executed Submission Agreement pursuant to Section 25(b) of the Code. In this regard, the panel found that the Statement of Claim was properly served upon respondent, pursuant to Section 25(a) of the Code.

The parties have agreed that the award in this matter may be executed in 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. Respondent be and hereby is liable and shall pay claimant the sum of \$90,000.00 plus interest of 10% per annum from February 25, 1995 to the date of payment.
2. Claimant's request for attorney's fees is hereby denied.
3. Each party shall bear their own costs.
4. All other claims are hereby denied.

FORUM FEES

Pursuant to Section 44(c) of the Code of Arbitration Procedure, the arbitrators have determined that the NASD shall retain the \$500.00 non-refundable filing fee and \$600.00 hearing session deposit paid by claimant in full consideration for the hearing held in this matter.

ARBITRATORS' SIGNATURES

Edward T. Kennedy
Chairperson-Industry Arbitrator

Wallace E. Sarra, Jr.
Industry Arbitrator

Bertha A. Richardson

Bertha A. Richardson
Industry Arbitrator


NASD Date of decision: May 23, 1996

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3. Each party shall bear their own costs.
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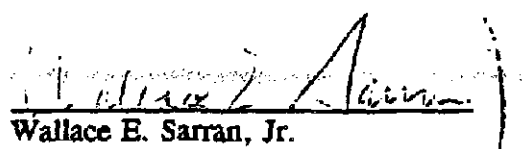
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