

NASD REGULATION, INC.
AWARD

In the Matter of the Arbitration Between

Name of Claimants

Vidal and Maria Vieira

vs.

Case No.
95-02118

Name of Respondents

American Bond Group
Leonard Kamerman
Aleksandr Shvarts
Westfield Financial Corp. (and its successor in
interest, Robert Todd Financial Corp.)

REPRESENTATION

For Claimants Vidal and Maria Vieira (collectively "Claimants") appeared Paul J. Endler, Esq. of the law firm Garrubo & Romankow, located in Westfield, New Jersey.

Respondent American Bond Group ("American Bond") did not enter an appearance in this matter.

For Respondent Leonard Kamerman ("Kamerman") appeared Simon S. Kogan, Esq. of the firm Kogan & Associates, LLC, located in New York, New York.

For Respondent Aleksandr Shvarts ("Shvarts") appeared David W. Kenna, Esq. of the firm Mound, Cotton & Wollan, located in New York, New York.

Respondent Westfield Financial Corp. ("Westfield Financial") did not enter an appearance in this matter.

Respondent Robert Todd Financial Corp. ("Robert Todd Financial") did not enter an appearance in this matter.

CASE INFORMATION

Claimant's Statement of Claim was filed on April 27, 1995.
Claimant Vieira's Submission Agreement was signed on April 21, 1995.
Claimant Maria Vieira's Submission Agreement was signed on April 21, 1995.

Respondent American Bond Group did not file a Statement of Answer or a Submission Agreement.

Respondent Kamerman's Statement of Answer was filed on June 26, 1995.
Respondent Kamerman did not sign a Submission Agreement.

Respondent Shvarts' Statement of Answer and Cross-claim was filed on January 5, 1996.
Respondent Shvarts' Submission Agreement was signed on January 5, 1996.

Respondent Westfield Financial Corporation did not file a Statement of Answer or a Submission Agreement.

Respondent Robert Todd Financial Corporation did not file a Statement of Answer or a Submission Agreement.

HEARING INFORMATION

Pre-Hearing Conferences:	April 7, 1997	-	1 session
	August 20, 1998	-	1 session
	November 12, 1998	-	1 session

Hearing Date/Session:	February 2, 1999	-	1 session
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The pre-hearing conferences were conducted telephonically. The hearing was conducted at the offices of NASD Regulation, Inc. located in New York, New York.

CASE SUMMARY

Claimants alleged that they had no investment experience when they opened a joint account for their retirement with Kamerman at American Bond on September 25, 1992. Claimant further alleged that they completely relied on Kamerman's advice and transferred their account to Westfield Financial when Kamerman became employed there in July of 1993. Claimants asserted that their investment objectives were for long-term growth and safety of principal. Claimants maintained that they invested in Fonic, Inc. ("Fonic"), at the recommendation of Kamerman. Claimants asserted that they later realized that Fonic was an extremely speculative, high risk, low quality investment which was clearly unsuitable for them. Claimants maintained that Kamerman failed to disclose the high degree of risk and failed to explain his investment strategy to them. Claimants asserted that, from September to October of 1992, Kamerman repeatedly advised them to purchase additional shares of Fonic. Claimants asserted that,

between September and October of 1992, Kamerman purchased \$290,560.63 worth of stock for Claimants' account, nearly all of which was in shares of Fonic. Claimants contended that, between January 4, 1993 and October 20, 1993, they repeatedly requested that Kamerman sell Fonic, which had steadily been declining in value. Claimants contended that it was not until October 22, 1993 that Kamerman agreed to sell Fonic, which had fallen to under \$1.00 per share. In addition, Claimants alleged that Shvarts acted in a supervisory capacity at American Bond and was, therefore, responsible to monitor the practices of account executives at the firm.

Respondent Kamerman generally denied all allegations contained in the Statement of Claim. Kamerman maintained that the Statement of Claim constituted a malicious attempt to recover insurance against market cost. Kamerman also maintained that he was not a proper party to the action.

Respondent Shvarts maintained that he did not participate in any wrongful conduct as an individual or in his corporate capacity. Shvarts also maintained that it was the custom of all brokers at American Bond Group to have lengthy discussions with customers regarding any stocks traded and to advise customers of all trading risks. Shvarts asserted that Claimants had access to information to make an informed decision on the merits of the investment. Shvarts also asserted that, at all times, he acted properly and did everything within the scope of his authority to ensure that American Bond Group and its employees complied with state and federal regulations.

RELIEF REQUESTED

Claimants requested compensatory damages in an amount of at least \$288,616.88 plus prejudgment interest, lost opportunity costs in the amount of \$110,655.71 as of April 18, 1995, punitive damages, attorney's fees, costs and disbursements, and any other such other an further relief as the panel deems just and equitable.

Respondent Kamerman requested the entry of an award dismissing the Statement of Claim. Kamerman also requested costs and disbursements, reasonable attorney's fees, and any further relief which the panel deems just and proper.

In his cross-claim, Respondent Shvarts requested that Respondent Kamerman fully indemnify him in the event that he is held liable for Claimants' alleged loss.

OTHER ISSUES CONSIDERED & DECIDED

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 original remains on file with NASD Regulation, Inc.

In an affidavit dated July 14, 1997, Respondent Shvarts testified that American Bond had ceased doing business in June of 1993. As a result, American Bond did not file a Statement of Answer,

sign a Submission Agreement, or appear at the hearing.

Claimants withdrew their claims, with prejudice, following the first hearing session.

The panel made the following determinations concerning Westfield Financial and Robert Todd Financial, who did not file a Statement of Answer or a Submission Agreement and did not appear at the hearing in this matter:

1. Pursuant to Rule 10101 of the Code of Arbitration Procedure (the "Code"), the arbitrators found subject matter jurisdiction over this entire controversy.
2. The panel found that Westfield Financial and Robert Todd Financial were members of the NASD at the time this controversy arose. Accordingly, the panel found jurisdiction over Westfield Financial and Robert Todd Financial pursuant to Rule 10301 of the Code.
3. The panel found that Westfield Financial and Robert Todd Financial were required to file Statements of Answer and Submission Agreements with NASD Regulation pursuant to Rule 10314(b) of the Code. In this regard, the panel found that the Statement of Claim was properly served upon Westfield Financial and Robert Todd Financial pursuant to Rule 10314 (a) of the Code.
4. In addition, in accordance with Rules 10310, 10315 and 10318 of the Code, the panel found that NASD Regulation provided Westfield Financial and Robert Todd Financial with "due notice" of the hearings conducted in this matter by regular and certified mail. The panel further determined to proceed with the hearing without Westfield Financial and Robert Todd Financial, whose absences were unexcused.

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. Claimants withdrew their claims with prejudice;
2. Based upon the merits of this case, the panel hereby orders that all references to this arbitration be expunged from Kamerman's and Shvarts' permanent CRD records by NASD Regulation, Inc.
3. All other claims are hereby denied.

OTHER COSTS

Pursuant to Rule 10333 of the *Code* ("*Code*") Respondents American Bond, Westfield Financial, and Robert Todd Financial shall pay NASD Regulation, Inc. the \$500.00 past due member surcharges previously invoiced.

FORUM FEES

Pursuant to Rule 10332(c) of the *Code*, the arbitrators have determined that the NASD will retain the \$200.00 non-refundable filing fee deposited by Claimant and have assessed the following Forum Fees:

3 Pre-hearing Conferences x \$300.00	=	\$ 900.00
1 Hearing Session x \$750.00	=	\$ 750.00
Total Forum Fees	=	\$1,650.00


1. Claimants are hereby liable for the sum of \$550.00, representing one-third of the total forum fees assessed. Claimants previously deposited \$750.00 with NASD Regulation, Inc., therefore, Claimants are entitled to a refund of \$200.00.
2. Respondent Kamerman be and hereby is liable for the sum of \$550.00, representing one-third of the total forum fees assessed.
3. Respondent Shvarts be and hereby is liable for the sum of \$550.00, representing one-third of the total forum fees assessed. Respondent Shvarts previously deposited the sum of \$500.00 with NASD Regulation, Inc., therefore, Shvarts owes the balance of \$50.00.

Fees are payable to NASD Regulation, Inc.

ARBITRATION PANEL

Sheldon M. Finkelstein, Esq.	-	Public Chairperson
Arnold L. Goren	-	Public Arbitrator
Joseph R. Brancalone	-	Industry Arbitrator

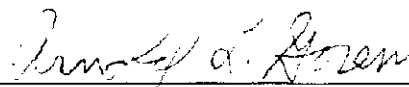
ARBITRATOR'S SIGNATURE



Arnold L. Goren

Date of decision: March 29, 1999

I, **Arnold L. Goren**, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.




Arnold L. Goren

Case #
95-02118

ARBITRATION PANEL


Sheldon M. Finkelstein, Esq.	-	Public Chairperson
Arnold L. Goren	-	Public Arbitrator
Joseph R. Brancalone	-	Industry Arbitrator

ARBITRATOR'S SIGNATURE


Joseph R. Brancalone

Date of decision: _____


I, **Joseph R. Brancalone**, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.


Joseph R. Brancalone

ARBITRATION PANEL


Sheldon M. Finkelstein, Esq.	-	Public Chairperson
Arnold L. Goren	-	Public Arbitrator
Joseph R. Brancalone	-	Industry Arbitrator

ARBITRATOR'S SIGNATURE


Joseph R. Brancalone

Date of decision: March 29, 1999


I, Joseph R. Brancalone, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.


Joseph R. Brancalone

Sheldon M. Finkelstein, Esq.
Arnold L. Goren
Joseph R. Brancaleone

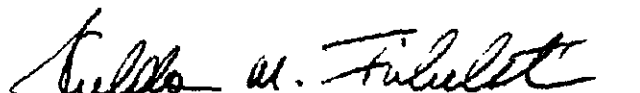
- Public Chairperson
- Public Arbitrator
- Industry Arbitrator

ARBITRATOR'S SIGNATURE


Sheldon M. Finkelstein, Esq.

Date of decision: March 29, 1999

I, Sheldon M. Finkelstein, Esq., do hereby affirm, pursuant to Article 7507 of the Practice Law and Rules, that I am the individual described herein and who execute instrument which is my award.


Sheldon M. Finkelstein, Esq.