

N.A.S.D. AWARD

NASD Regulation, Inc. Office of Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Stephen Hydeck Jr.

95-03505

Name of Respondents

J.B. Hanauer & Co.
Chris Cooper

REPRESENTATION

For Claimant Stephen Hydeck, Jr. ("Claimant") appeared Matthew Farley of the firm Shanley & Fisher located in New York, New York.

For Respondents J.B. Hanauer & Co. ("Hanauer") and Chris Cooper ("Cooper"), collectively referred to as "Respondents", appeared Jeffrey J. Wild, Esq., of the firm Lownestein, Sandler, Kohl, Fisher et al., located in Roseland, New Jersey.

CASE INFORMATION

Statement of Claim filed on: July 18, 1995.

Claimant's Submission Agreement signed on: July 14, 1995.

Respondents filed a Joint Statement of Answer on: September 22, 1995.

Respondent Hanauer's Submission Agreement signed on: July 27, 1995.

Respondent Cooper's Submission Agreement signed on: August 17, 1995.

HEARING INFORMATION

Pre-Hearing Conference:	October 08, 1996	One Session
Hearing Dates/Sessions:	April 15, 1997	Two Sessions
	April 16, 1997	Two Sessions
	April 17, 1997	Two Sessions
	November 18, 1997	Two Sessions
	November 19, 1997	Two Sessions

December 18, 1997

Two Sessions

December 19, 1997

Two Sessions

The pre-hearing conference was held telephonically. The hearings were conducted at the offices of NASD Regulation, Inc. located in New York, New York.

CASE SUMMARY

Claimant alleged that Respondents traded and maintained the account in a manner that was inconsistent with Claimant's stated investment objectives. Claimant further alleged that Respondent Hanauer, the brokerage firm, did not properly supervise Respondent Cooper, the broker, or Claimant's account. Claimant also alleged that Respondents made misrepresentations regarding the account investments, failed to disclose information about the investments recommended and purchased. Furthermore, Claimant maintained that Respondent made unsuitable recommendations and churned the account in issue. Claimant asserted that the actions of Respondents violated federal securities laws, the New Jersey Uniform Securities Act, and the rules and regulations of the NASD. Claimant asserts that Respondents committed fraud, misrepresentation, breach of fiduciary duty and negligence.

Respondents maintained, that Claimant was a sophisticated investor and that the investments made were suitable for Claimant's financial situation and investment goals. Respondents believed that Claimant was advised of any risk associated with certain investments. It is Respondents' position that Claimant authorized the transactions thereby accepting the investment risk. Respondents also stated that Claimant's portfolio earned him substantial income and profits. Respondents maintained that they followed all securities laws, rules, and regulations.

RELIEF REQUESTED

Claimant requested damages in the amount of \$500,000.00, along with the costs of this proceeding, including filing fees, attorney fees, and accounting fees, and punitive damages.

Respondents requested that the Statement of Claim be dismissed with prejudice, that all costs of this proceeding be assessed against Claimant, and all further relief be granted as the panel deems appropriate.

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 the NASD.

At the hearings amendments were made to the damage schedule.

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. Respondents be and hereby are jointly and severally liable and shall pay to Claimant compensatory damages in the amount of \$408,000.00 inclusive of interest.

2. All requests for attorneys' fees are hereby denied.
3. Each party shall bear its own costs.
4. Claimant shall transfer the title to three (3) PLM partnerships over to Respondents.
5. All other requests for relief are hereby denied.

FORUM FEES

Pursuant to Rule 10332(c) of the NASD Regulation Code of Arbitration Procedure, 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:

1 Pre-hearing conference x \$300.00	=	\$ 300.00
14 Hearing sessions x \$750.00	=	\$10,500.00
Total Forum Fees	=	\$10,800.00

1. Claimant be and hereby is liable and shall pay to NASD Regulation, Inc. the sum of \$5,400.00 representing one-half of the total forum fees assessed. Claimant deposited \$750.00 with the NASD, and therefore, is liable for the balance of \$4,650.00.
2. Respondents be and hereby are jointly and severally liable and shall pay to NASD Regulation, Inc. the sum of \$5,400.00 representing one-half of the total forum fees assessed.
3. Respondent Hanauer be and hereby is liable and shall pay to NASD Regulation, Inc. the sum of \$350.00 representing the Member Surcharge assessed. Respondent Hanauer deposited \$350.00 with the NASD satisfying the Member Surcharge.

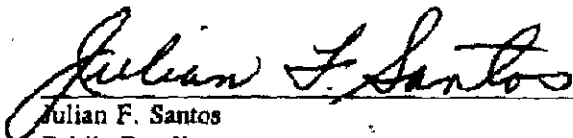
Fees are payable to the NASD Regulation, Inc. Office of Dispute Resolution.

ARBITRATORS' SIGNATURES

I, David S. Billet, Esq., 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.

David S. Billet, Esq.
Public Chairperson

I, Julian F. Santos, 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.


Julian F. Santos
Public Panelist

I, Andre E. Briod, Esq., 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.

Andre E. Briod, Esq.
Industry Panelist

Date of Decision: 12/23/97

ARBITRATORS' SIGNATURES

I, David S. Billet, Esq., 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.

A handwritten signature in cursive script, appearing to read "David S. Billet", written over a horizontal line.

David S. Billet, Esq.
Public Chairperson

I, Julian F. Santos, 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.

Julian F. Santos
Public Panelist

I, Andre E. Briod, Esq., 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.

Andre E. Briod, Esq.
Industry Panelist

Date of Decision: March 2, 1998

ARBITRATORS' SIGNATURES

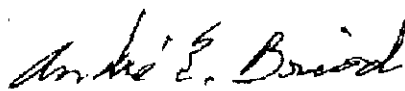
I, David S. Billet, Esq., do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

David S. Billet, Esq.
Public Chairperson

I, Julian F. Santos, 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.

Julian F. Santos
Public Panelist

I, Andre E. Briod, Esq., 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.



Andre E. Briod, Esq.
Industry Panelist

Date of Decision: March 2, 1998