

9710812

AWARD

NASD REGULATION, INC., OFFICE OF DISPUTE RESOLUTION

In the matter of the Arbitration Between

Name of Claimant

Jack Aronowitz

v.

Arbitration No.

96-05293

Name of Respondents

Gilford Securities, Inc., Martin Rabovich, and Stephen DeGroat

REPRESENTATION

For Claimant:

Michael A. Lotman, Esq.
Law Office of Michael A. Lotman
Los Angeles, California

For Respondents:

Joel Levinson, Esq.
Gilford Securities, Inc.
New York, New York

CASE INFORMATION

Statement of Claim filed:

November 27, 1996

Claimant's Submission Agreement signed:

November 26, 1996

Joint Statement of Answer filed by Respondents:

January 27, 1997

HEARING INFORMATION

Pre-Hearing Conference Dates / Sessions: March 10, 1997 (1 Session)

Hearing Dates / Sessions: August 5, 1997 (2 Sessions)
August 6, 1997 (2 Sessions)
August 7, 1997 (2 Sessions)
August 8, 1997 (2 Sessions)

Hearing Location: Los Angeles, California

CASE SUMMARY

Claimant alleged that Respondents engaged in churning of the Claimant's account. Claimant further alleged that Respondents engaged in fraud, breached their fiduciary duty, were negligent, failed to supervise their employees, violated state and federal securities laws, and acted in willful and reckless disregard of the Claimant's interests.

Respondents denied the allegations of wrongdoing found in the Claimant's Statement of Claim. Respondents also alleged that Claimant's Claims were barred pursuant to federal statutes of limitation.

RELIEF REQUESTED

Claimant requested out-of-pocket loss damages of \$333,980.00, lost profit damages of \$54,305.00, punitive damages, and attorney's fees.

Respondents requested that the Statement of Claim be dismissed in its entirety and that judgment be rendered by the Panel in favor of Respondents.

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 original remains on file with the NASD Regulation, Inc., Office of Dispute Resolution.

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 Gilford Securities, Inc., Martin Rabovich, and Stephen DeGroat are jointly and severally liable to and shall pay Claimant the sum of \$285,614.00, which constitutes an award of principal and interest.
2. Respondents Gilford Securities, Inc., Martin Rabovich, and Stephen DeGroat are jointly and severally liable to and shall pay Claimant the sum of \$25,000.00 in punitive damages.
3. The parties shall each bear their respective costs, including attorney's fees.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed against Respondents Gilford Securities, Inc., Martin Rabovich, and Stephen DeGroat, jointly and severally:

One Pre-Hearing Conference Session @ \$750.00/Session	= \$750.00
Eight Hearing Sessions @ \$750.00/Session	= \$6,000.00
Total fees assessed against Respondents Gilford Securities, Inc., Martin Rabovich, and Stephen DeGroat, jointly and severally:	= \$6,750.00

NASD Regulation will refund Claimant's hearing session deposit of \$750.00.

Fees are payable to NASD Regulation, Inc.

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ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
George M. Wiener, Esq.	Public
Marcus J. Anwyl-Davies, QC	Public
Steven L. Miller, Esq.	Industry

Concurring Arbitrators' Signatures



George M. Wiener, Esq.

Marcus J. Anwyl-Davies, QC

Steven L. Miller, Esq.

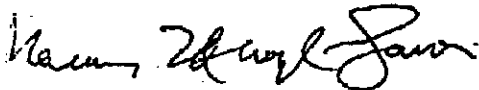
Date of Service: _____

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Marcus J. Anwyl-Davies, QC



Steven L. Miller, Esq.

Date of Service: AUGUST 18, 1997