

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

William S. Miller

Claimant

vs.

Letterman Transaction
Services, Inc.

Respondent(s)

AWARD

CASE NO. 87-00042

SUMMARY OF ISSUES

Claimant William S. Miller filed this action on March 8, 1988 against Letterman Transaction Services, Inc. for misrepresentation and negligence in connection with Claimant's investment in November 1980 of \$30,000.00 in Letterman Brothers Energy Program 1980-2, an oil-drilling limited partnership. Claimant alleged that the prospectus misrepresented the procedures to be followed by the operator in this venture; specifically, that each well would be drilled and evaluated as to its potential which the general partners later advised meant that all wells were not completed until the first wells completed have production to determine their actual production potential. Claimant further alleged that the general partners were negligent in the performance of their duties.

Respondent maintained that the claims are barred under state and federal statutes of limitation and under Section 15 of the NASD Code of Arbitration Procedure. Respondent further maintained at the hearing that the limited partnership was properly managed and supervised by the general partners and that the prospectus fully disclosed the risks associated with the investment.

DAMAGES AND RELIEF REQUESTED

Claimant requested damages in the amount of \$22,000.00 plus 8% interest on any sums awarded. Respondent requested dismissal of the claim.

DAMAGES AND RELIEF AWARDED

On July 14, 1989 in a double-session hearing held in Los Angeles, California, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant William S. Miller on March 2, 1988. Respondent did not file a submission agreement but is subject to the jurisdiction of this forum pursuant to Sections 1 and 12 of the NASD Code of Arbitration Procedure and was represented at the hearing. The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

1. Respondent's motion to bar the claim based upon state and federal statutes of limitations and under Section 15 of the NASD Code of Arbitration Procedure is denied.

2. Respondent's motion to dismiss based upon lack of jurisdiction is denied, the arbitrators finding jurisdiction over Respondent.

3. Each and every claim against Respondent Letterman Transaction Services, Inc. is hereby dismissed.

4. The parties shall each bear their respective costs including attorneys' fees.

5. Pursuant to Section 43 of the National Association of Securities Dealers, Inc. (NASD) Code of Arbitration Procedure, the NASD shall retain \$250.00 of the \$500.00 filing fee previously deposited by the Claimant, and shall refund the remaining \$250.00 to the Claimant directly.

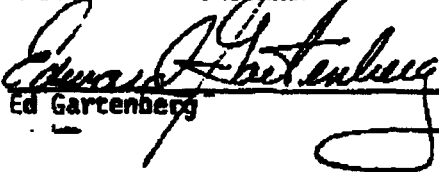
OTHER ISSUES

Claimant filed this action originally on January 14, 1987 against The Letterman Brothers who is not a member of the NASD, Inc. and did not voluntarily submit to the jurisdiction of this forum. Claimant filed an amended claim on March 8, 1988 naming Respondent Letterman Transaction Services, Inc.

The parties stipulated to a two-member arbitration panel comprised of one arbitrator not associated with the securities industry and one arbitrator associated with the securities industry.

DATE SERVED: 09/29/89

ARBITRATORS CONCERNING


Ed Gartenberg

Anthony P. George