

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

IN THE MATTER OF THE ARBITRATION BETWEEN :

John F. and Donna M. Lombardi
Michael J. & Cheryl A. Manni

Claimants

: Case #87-01226 ✓
: (consolidated w/88-00266)

vs.

AWARD

Paul Joyce
The Stuart-James Co., Inc.

Respondents

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. by Claimants John F. and Donna M. Lombardi on July 6, 1987 and by Claimants Michael J. and Cheryl A. Manni on January 27, 1988 the Claimants alleged the Respondents Stuart-James Co., Inc. and Paul Joyce misrepresented to the Claimants that an investment in an initial offering of VMB Equities was a "once in a lifetime situation" and the Claimants could not lose if they made an investment in this stock. Claimants further alleged the purchase was not in fact an initial offering as represented to the Claimants by the Respondent Paul Joyce and the stock continuously depreciated in value. In addition, the Claimant Michael Manni alleged the Respondent Paul Joyce executed a trade in VMB Equities that was unauthorized. The Respondents Stuart-James Co., Inc. and Paul Joyce maintained the Claimants were sophisticated investors and business people who were aware of all risks and that the Respondents at no time promised that it would guarantee any return of Claimants' investment dollars. The Respondents further maintained the Claimants' losses, if any, were caused by factors beyond the control of the Respondents and that the Claimants have failed to mitigate their damages and that the claims are barred by the doctrine of laches. The Respondents further maintained the Claimant Michael Manni is estopped from making a claim for unauthorized purchases of securities as he paid in full for all securities purchased and the Respondents relied upon the Claimants acceptance of the securities purchased. The Respondent Stuart-James Co., Inc. asserted a cross-claim against the Respondent Paul Joyce which they thereafter dismissed in its entirety.

RELIEF REQUESTED

Claimants John F. and Donna M. Lombardi requested damages of \$5,387.25 and the Claimants Michael J. and Cheryl A. Manni requested damages of \$3,355.00. Respondents Stuart-James Co., Inc. and Paul Joyce requested dismissal of Claimants' claims.

1. Claimant William G. Benedict is awarded the sum of Six-Thousand, Two-Hundred, Fifty Dollars (\$6,250.00), assessed against Respondents jointly and severally.

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

3. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$500.00 filing fee previously deposited by the Claimant.

Date Served: 06/21/89

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