

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

META S. AND LORELEI B. BROWN

Claimants

and

A. G. EDWARDS & SONS, INC. AND
ROSE VANARSDDEL

Respondents

CASE NO. 88-01494

CASE SUMMARY

Meta S. Brown and Lorelei Brown (Meta and Lorelei Brown are collectively referred to herein as "Claimants") alleged as follows:

1. Rose Vanarsdel, a registered representative of A. G. Edwards & Sons, Inc. (Vanarsdel and A. G. Edwards are collectively referred to herein as "Respondents") misrepresented and/or failed to disclose all of the material risks involved in the purchase of Damson Oil and Gas Income Fund, the Wespac Investors Trust, and the Brauvn Real Estate Fund (Damson, Wespac, and Brauvn are collectively referred to herein as the "investments");

2. The investments were unsuitable for the Claimants in light of the Claimants' investment objectives, financial condition, sophistication, and the risks associated with the investments; and

3. The above acts and omissions of the Respondents constituted: a) violations of (1) Section 2, Article III of the NASD Rules of Fair Practice, (2) the Securities and Exchange Act of 1934, (3) the Securities Act of 1933; (4) the Texas Securities Act, and (5) the Texas Deceptive Trade Practice Act; b) breach of fiduciary duty; c) negligence, and d) common law fraud.

Respondents denied the claims of the Claimants and further alleged:

1. Respondents advised the Claimants of all the material risks and the investments were suitable for the Claimants;

2. Claimants' claims are barred under the doctrine of laches, estoppel, waiver, and under Section 8-319 of the Uniform Commercial Code;

3. Claimants' failed to mitigate their damages;

4. Claimants' damages were caused by unforeseen market factors; and

5. Claimants' claims are barred by the applicable statute of limitations.

RELIEF REQUESTED

Claimant requested reimbursement for the losses which were approximately \$15,000 to \$20,000, plus interest and punitive damages. Respondent requested that the claims of the claimants be dismissed and that the costs be assessed against the Claimants.

AWARD

On May 9, 1988 the NASD received the Claimants' Statement of Claim. On January 16, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on May 6, 1988 by the Claimants, and on June 14, 1988 by Brian C. Underwood on behalf of Respondent A. G. Edwards & Sons, Inc. The hearing was held in two sessions in Houston, Texas.

The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has decided in full and final resolution of the issues submitted for determination as follows:

1. All claims asserted by the Claimants against the Respondents are hereby dismissed;

2. The parties shall bear their own costs including attorneys' fees;

3. Pursuant to Section 43(b) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain as forum fees, the \$400.00 filing fee previously deposited with the NASD by the Claimant and Respondent A. G. Edwards and Sons, Inc. shall pay \$400.00 to the NASD as forum fees.

By the Panel

Dated: 1-16-90

/S/ Raymond L. Britton, Jr. Esq.
Presiding Chair

Dated: 1-16-90

/S/ John Ventriello

Dated: 1-16-90

/S/ Richard

Date Served: 1-30-90