

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

VELDA SMITH SAUNDERS

Claimant(s)

and

HOME LIFE INSURANCE CO., INC.,  
W. S. GRIFFITH & CO., INC. AND  
PAUL EWING

Respondent(s)

CASE NO. 88-02187

CASE SUMMARY

In a claim filed on or about July 11, 1988, the Claimant alleged that the Respondents (through Mr. Paul Ewing in his capacity as agent for Home Life Insurance Company, Inc. and W. G. Griffith & Co., Inc.) recommended the purchase of 3 real estate limited partnerships which were unsuitable for the Claimant. The Claimant further claimed that the Respondents made misrepresentations of fact and gave her misleading information regarding the investments. Ms. Saunders alleged fraud, a violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10(b)(5) thereunder, a violation of the Kansas Securities Act, and a breach of fiduciary duty on the part of the Respondents.

The Respondents denied that misrepresentations were made in connection with the course of dealings with the Claimant. Respondents claimed that they are not parties covered by the Kansas Securities Act or by Section 10(b) of the Securities and Exchange Act of 1934 and Rule 10(b)(5) thereunder. The Respondents denied that any fiduciary duty was breached. Further, the Respondents alleged the affirmative defenses of laches, the Statute of Limitations, contributory negligence, waiver and estopped and a failure to mitigate damages.

RELIEF REQUESTED

Claimant has tendered the securities and seeks the recovery of \$44,500 plus interest, costs, attorneys fees and punitive damages. Respondents ask that the Claimant be awarded no relief and seek the recovery of costs and attorneys fees.

AWARD

On, June 21, 1989, in Kansas City, Missouri in a hearing lasting 2 sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on July 7, 1988, by the Claimant, on September 16, 1988 by Mark Wasserstrom on behalf of Respondents Home Life Insurance Co. and W. S. Griffith & Co. and on September 7, 1988 by Respondent Paul Ewing.

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 of the Claimant against Respondent Home Life Insurance Co. are hereby dismissed in all respects;

2. The Claimant shall retain the securities tendered and the Respondents W. S. Griffith & Co. and Paul Ewing are hereby jointly and severally liable for and shall pay to the Claimant the sum of Thirty One Thousand Five Hundred Dollars (\$31,500.00) in cash, inclusive of interest;

3. Each party shall bear its own cost and expenses, including attorneys' fees;

4. No punitive damages shall be awarded; and

5. Pursuant to Section 43(b) of the Code of Arbitration Procedure, the \$400 filing fee previously deposited by the Claimant shall be refunded and \$800 shall be charged to Respondents W. S. Griffith & Co. and Paul Ewing, jointly and severally. Said Respondents shall pay \$400 of the \$800 to the Claimant in addition to the amount referenced in Paragraph 2 above and shall pay the other \$400 directly to the NASD.

By the Panel

Dated: 7-10-89

/S/ Charles E. Jones  
Presiding Chair

Dated: 7-10-89

/S/ Robert E. Eisler, Jr.

Dated: 7-10-89

/S/ Roland Pera

Date Served: 7-18-89