

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimants

Harold Harmon  
Florence Harmon

88-03852

Name of Respondents

North American Investment Corp.  
Edward Kopko  
Douglas Chaffin  
North American Investment Holding Corp.

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REPRESENTATION

For Claimants: Richard Slavin, Esq. of the law firm of Cohen  
and Wolf, P.C.

For Respondents: North American Investment Corp., Edward  
Kopko, Douglas Chaffin, and North American  
Investment Holding Corp. was represented by  
Gary D. Lavigne, Esq of the law firm of  
Patrick M. Prue & Associates, P.C.

CASE INFORMATION

Statement of Claim filed: December 19, 1988.

Claimants' Submission Agreement signed on: December 1, 1988.

Statement of Answer filed by North American Investment Corp,  
Edward Kopko, Douglas Chaffin and North American Investment  
Holding Corp. jointly on: March 1, 1989.

Respondents' Submission Agreements signed on: February 28, 1989.

HEARING INFORMATION

Hearing Dates and Sessions:    August 14, 1990, 2 sessions.  
                                 November 12, 1990, 2 sessions.  
                                 January 3, 1991, 2 sessions.  
                                 April 8, 1991, 2 sessions.  
                                 April 16, 1991, 2 sessions.  
                                 June 21, 1991, 2 sessions.  
                                 August 20, 1991, 2 sessions.  
                                 August 29, 1991, 1 session.

Hearing Location:    National Association of Securities Dealers,  
                                 Inc. located in New York City, New York.

CASE SUMMARY

Claimants alleged Respondents engaged in fraudulent, deceptive and manipulative acts and practices in effectuating the sale of securities and inducing the Claimants not to sell securities, made various misrepresentations to the Claimants and failed to give the Claimants ample opportunity to cure the deficiencies in their margin account and failed to sell out their account when ordered to do so. Claimants further alleged Respondent North American Investment Corp. failed to properly supervise their employees to insure compliance with applicable securities rules. Respondents North American Investment Corp., Edward Kopko, Douglas Chaffin and North American Investment Holding Corp. maintained the Respondents only acted at Mr. Harmon's instruction and Mr. Harmon was by his own admission an accredited investor, capable of evaluating investment merits and aware of the illiquidity of his shares upon purchase. Respondents further maintained they did not offer any misrepresentations or devices to defraud or engage in any manipulative acts or practices in effectuating the sale of securities or inducing the Claimants not to sell securities. Respondents further maintained North American Investment Corp. did not at any time demonstrate any inability to monitor misrepresentations or disclosures or any inability to execute transactions upon Claimants' order. Respondents further maintained the Claimants received adequate notice that their securities would be liquidated if they did not begin to cover their margin deficiency and further maintained there were never any orders from the Claimants to liquidate their margin account.

RELIEF REQUESTED

Claimants requested damages of \$730,002.37 for stock losses,

\$500,000.00 for failure to create bond portfolio, \$306,437.57 for margin debit, plus punitive damages and costs and attorneys' fees. Respondent requested dismissal of claim, plus on award of all costs incurred in the arbitration.

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. Claimants' claims against Respondents are denied and dismissed in their entirety.
2. The arbitrators reject as unfounded the claim for the \$730,002.37 equity in the account as of the end of September, 1987, and the alleged failure to establish a \$500,000.00 fixed income account.
3. The claim against The Pershing Division of Donaldson Lufkin & Jenrette Securities Corporation, having been withdrawn prior to the hearings, is not an issue in this arbitration.
4. With respect to the purchase of the North American Ventures, Inc. shares in the December, 1986 private placement, the arbitrators find that Claimant Harold Harmon was a selling stockholder in the August, 1987 registration and could have sold those shares at a profit at least through December, 1987. Claimants did sell 10,000 shares in October 1987 at a profit. Thus, the Claimants had ample opportunity to liquidate those shares at a profit.
5. The parties shall each bear their respective costs, including attorneys' fees.

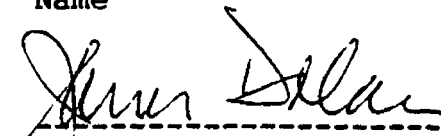
FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$1,000.00 filing fee previously deposited by the Claimants. In addition, the Respondents North American Investment Corporation, Inc. and Edward Kopko be and hereby are liable jointly and severally and shall pay to the National Association of Securities Dealers, Inc. the sum of \$14,000.00 to represent forum fees.


ARBITRATORS' SIGNATURE

Name

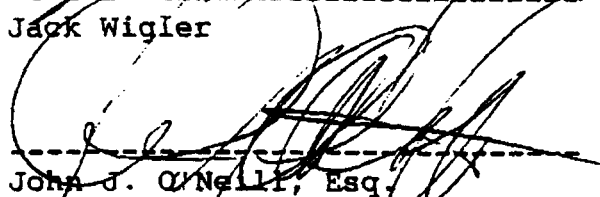
Public/Industry

  
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James Dolan, Esq.

Public Arbitrator

  
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Jack Wigler

Public Arbitrator

  
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John J. O'Neill, Esq.

Industry Arbitrator

Date of Decision: October 9, 1991

STATE OF *NEW YORK*  
COUNTY OF *NASSAU*

S.S.:

On this *10<sup>th</sup>* day of *SEPTEMBER*, 1991,  
before me personally appeared James Dolan, Esq. known to me to be  
the individual described in and who executed the foregoing  
instrument and be duly acknowledged to me that he/she executed  
the same

*Elaine S. Smith*

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ELAINE S. SMITH  
Notary Public, State of New York  
No. 4801738  
Qualified in Nassau County  
Commission Expires March 30, 1992

STATE OF *New Jersey*  
COUNTY OF *Essex*

S.S.:

on this *17<sup>th</sup>* day of *September*, 1991,  
before me personally appeared Jack Wigler known to me to be the  
individual described in and who executed the foregoing  
instrument and be duly acknowledged to me that he/she executed  
the same

*Ronald Wigler*

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Ronald Wigler  
Attorney at Law  
State of New Jersey

STATE OF *New York*  
COUNTY OF *NASSAU*

S.S.:

On this *23RD* day of *SEPTEMBER*, 1991,  
before me personally appeared John J. O'Neill, Esq. known to me  
to be the individual described in and who executed the foregoing  
instrument and be duly acknowledged to me that he/she executed  
the same

*[Signature]*

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MARIA BRODY  
Notary Public, State of New York  
No. 4823888  
Qualified in Nassau County  
Commission Expires July 28, 1992