

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Jill M. Leone

89-01749

Name of Respondent(s)

Wedbush Securities

Joseph DeBeauchamp

REPRESENTATION

Claimant, Jill M. Leone, appeared in Pro Se.

Respondent, Joseph DeBeauchamp, appeared in Pro Se.

Respondent, Wedbush Securities Inc., was represented by Michael Kulwin, Esq.

CASE INFORMATION

Claimant's Submission Agreement signed on: June 6, 1989

Respondent, Wedbush Securities Inc.'s Submission Agreement signed on September 26, 1989

Respondent, Joseph DeBeauchamp's Submission Agreement signed on September 13, 1989.

HEARING INFORMATION

Hearing Date(s)/Session(s): April 24, 1991 / Two Sessions

Hearing Location: Las Vegas, Nevada

CASE SUMMARY

Claimant, Jill M. Leone (Leone) alleges that Respondent Joseph DeBeauchamp, (DeBeauchamp), while employed by Respondent, Wedbush Securities, Inc., (Wedbush) induced Leone into purchasing interests in three limited partnerships at a cost of \$5,000.00 each. Leone states that the partnerships were unsuitable in light of her investment objectives of preservation of capital and liquidity. It is also alleged that the inherent risks in said investments were not disclosed to her. Leone also claims against Respondent Wedbush for failure to supervise DeBeauchamp's activities.

Respondent, DeBeauchamp, answering in pro se, states that he disclosed all risks involved in the three investments, both orally and in writing, and that the verification of Leone's subscription agreement indicated that she satisfied the minimum suitability standards established for each investment.

Respondent, Wedbush, answering solely, states that prospectuses on two of the three partnerships were delivered to her and that one of the investments complained of was actually a common stock traded on the American Stock Exchange. Since it was a publicly traded security, no prospectus requirement had to be met.

Wedbush also alleges that Leone derived and continues to derive income from two of the investments and that she received tax benefits incident to them. Wedbush also alleges that Leone failed to mitigate her damages and failed to notify Wedbush of any dissatisfaction in the investments.

#### RELIEF REQUESTED

Claimant, Jill M. Leone seeks to recover her initial investment of \$15,000.00 plus lost income opportunity and the costs attendant in her pursuing this claim.

Respondents, Joseph DeBeauchamp, seeks dismissal of the claim in its entirety, costs and attorneys' fees.

Respondent, Wedbush Securities, Inc., requests dismissal of the claim in its entirety.

#### OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the Award while the original(s) remain on file with the NASD.

#### AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing and post hearing submissions (if any), the undersigned arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents, Wedbush Securities, Inc., and Joseph DeBeauchamp, are jointly and severally liable and shall pay to Claimant, Jill M. Leone, the sum of Twenty Five Thousand, Seven Hundred Eighty Four Dollars and Seventeen Cents (\$25,784.17).
2. Claimant, Jill M. Leone, shall transfer all right, title and interest in the below listed investments to Wedbush Securities, Inc.:
  - a. Denson Energy Company (DEPB)
  - b. Swift Energy Company

c. PLM Transportation Equipment Partners Income Fund  
VII

Respondents, Wedbush Securities, Inc. and Joseph DeBeauchamp, shall jointly and severally benefit from any offset created by the rescission of said interests.

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

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fee(s) are assessed.

The NASD shall retain the \$400.00 filing fee previously deposited by the Claimant as an assessment of forum fees by the arbitrator. In addition, Respondents are jointly and severally assessed forum fees of \$400.00.

Fees are payable to the National Association of Securities Dealers, Inc.

OTHER ISSUES

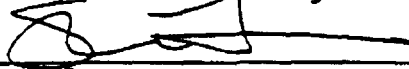
Steven Lum, Esq, the arbitrator presiding at the above hearing was not aware that Respondent, Wedbush Securities, Inc., had retained Michael Kulwin, Esq. to represent them. He disclosed, prior to the opening of the hearing, that he knew Mr. Kulwin personally and had prior business dealings with him. After said disclosure both parties stipulated on the record that they had no objection to his serving as the arbitrator

ARBITRATION PANEL

Name  
Steven K Lum

Public/Industry  
Public Chairperson

Concurring Arbitrators' Signatures

  
Steven K. Lum

Date of Decision: 12/10/91

Served December 17, 1991