

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between :  
: :  
Gerald C. Heyes : AWARD  
: :  
Claimant : #89-03266  
vs. : :  
: :  
Russo Securities, Inc. :  
Dillon Securities, Inc. :  
Respondents :  
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Case Summary

Claimant alleged that Respondents failed to exercise due diligence in selling and trading shares of Healthcare Credit Corporation stock when no such corporation existed. Respondent Dillon Securities, Inc. maintained that they did not owe any duty to the Claimant as market makers for the security to conduct a due diligence investigation into the stock and denied that Dillon Securities, Inc. offered or sold the stock to Gerald Heyes. Respondent Russo Securities, Inc. maintained that they executed all trades for the Claimant on a timely basis, and all orders were unsolicited. Furthermore, Russo Securities, Inc. maintained that they were not required to conduct due diligence for each purchase of the customer.

Relief Requested

Claimant requested damages in the amount of \$10,000.00. Respondent Dillon Securities, Inc. requested that the claim of the Claimant be dismissed and that they be awarded all costs, including attorney fees. Respondent Russo Securities, Inc. requested that the claim of the Claimant be dismissed.

Award

On April 3, 1990 in New York City in two hearing sessions, the undersigned arbitrator heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Gerald C. Heyes on November 17, 1989, by Respondent Russo Securities, Inc. on January 5, 1990 and by Respondent Dillon Securities, Inc. on January 13, 1990. The initial claim was filed on November 21, 1989. The arbitrator, having considered the

5. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall refund/retain the \$                      Filing fee previously deposited by the Claimant as costs of the                      hearing session(s) conducted in this matter.

CONCURRING ARBITRATOR *X*

*Jonathan V. Klein*  
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pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

1. Respondent Dillon Securities, Inc. is liable and shall pay to the Claimant the sum of Five Thousand Twenty One Dollars and Twenty Four Cents (\$5,021.24). This amount is inclusive of interest.
2. The claims of the Claimant against Respondent Russo Securities, Inc. be and hereby are dismissed.
3. The parties shall each bear their respective costs including attorney fees.
4. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$200.00 filing fee previously deposited by the Claimant. All other forum fees are waived.

CONCURRING ARBITRATORS

*Milton H. Lehrer*

Milton H. Lehrer

STATE OF NEW YORK  
COUNTY OF NEW YORK  
ON THIS 14<sup>TH</sup> DAY OF MAY, 1990 BEFORE ME PERSONALLY  
APPEARED MILTON H. LEHRER TO ME KNOWN AND KNOWN TO A  
TO BE THE INDIVIDUAL DESCRIBED IN AND WHO EXECUTED  
THE FOREGOING INSTRUMENT AND  
HE ACKNOWLEDGED TO ME?  
HE EXECUTED THE SAME

HAROLD BERMAN  
NOTARY PUBLIC, STATE OF NEW YORK  
NO. 41-4780224  
QUALIFIED IN QUEENS COUNTY  
COMMISSION EXPIRES 8/30/93

9/30/91

*Harold Berman*