

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration
Between and Among

REUBEN L. AND DONNA L. LYCANS,

Claimants,

Case No. 90-00170

vs.

ADVEST, INC., LAWRENCE CORNA
AND BOB FOX,

Respondents.

AWARD

Case Summary

Claimants Reuben L. and Donna L. Lycans ("Claimants") alleged that Respondent Lawrence Corna ("Corna") made material misrepresentations to induce them to purchase Putnam High Income Government Trust Fund ("Putnam") and Buckeye Financial Corporation ("BCKY"). Claimants alleged that they told Corna they wanted a secure investment and that Corna promised the Claimants that he would put their money in a "Bulet (sic) Proof account." Claimants alleged that Corna assured them that if they left their money in Putnam for a year, they would get their money back plus eleven percent interest. Claimants alleged that Corna promised there were no commissions or fees when purchasing Putnam. Claimants alleged that Corna represented that he had inside information on BCKY and that the shares of BCKY would increase by five to ten dollars a share in the next few weeks. Claimants alleged that Corna encouraged them to purchase as much of BCKY as possible.

Claimants alleged that Respondents failed to explain how a margin account worked but made representations to Claimants to induce them to sign a document thereby opening a margin account. Claimant alleged that Corna promised to make the Claimants whole and that if Claimants withdrew their initial complaint, he would pay the Claimants' losses out of his own pocket.

Respondents maintained that Corna neither guaranteed an eleven percent rate of return on Putnam nor misled Claimants regarding any aspect of the Putnam investment. Respondents maintained that Claimants were sent a Prospectus. Respondents maintained that Claimants were never told by Corna that he had inside information regarding BCKY. Respondents maintained that Claimants were told that insiders were purchasing BCKY and provided Claimant with all public information supporting that fact. Respondents maintained that Corna never promised Claimants that BCKY would rise \$5-\$10 a share. Respondents maintained that Corna explained to Mr. Lycans in detail how a margin account worked, including interest cost and price fluctuations. Respondents maintained that Corna never promised the Claimants that he would personally make them whole.

Relief Requested

Claimants requested compensatory damages in the amount of \$56,119.60, inclusive of interest, plus punitive damages in the amount of \$90,000.00. Respondents requested that Claimants' claim be dismissed in its entirety, and that all costs be assessed against the Claimants.

Award

On December 13 and 14, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimants, on January 9, 1990, by Respondent Advest, Inc. on November 12, 1990, and by Respondent Lawrence Corna on November 26, 1990. Respondent Bob Fox did not execute a submission agreement; however, he did attend the hearing, was represented by counsel and had an answer filed on his behalf. Pursuant to Section 12(a) of the Code of Arbitration Procedure, the arbitration panel exercised its jurisdiction over Respondent Bob Fox. The hearing was held in Columbus, Ohio and consisted of 3 sessions. The hearing was held concurrently with Case No. 90-00703 pursuant to a prior order of consolidation. The arbitration panel, having considered the 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. All allegations against Mr. Fox were unsupported by the evidence and are accordingly DISMISSED.
2. The allegations relating to Putnam were unsupported by the evidence and are accordingly DISMISSED.
3. The Panel finds that Corna did not adequately or fully explain to Claimants how a margin account operated and, in particular, how the Claimants could be adversely affected by entering into the BCKY transactions with 100% borrowed funds. The Panel further finds that at the time the BCKY transactions were

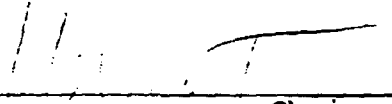
jointly and severally in the amount of \$1,500, with interest at 10% per annum from May 29, 1987 until satisfied.

7. The parties shall each bear their respective costs, including attorneys' fees:


8. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall refund the \$500.00 filing fee previously deposited by the Claimants.

9. Respondents Corna and Advest are assessed forum fees in the amount of \$1,500.00 payable to the NASD, Inc. through its staff counsel/administrator in accordance with Section 43 of the Code of Arbitration Procedure.

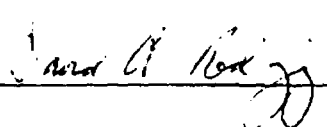
ARBITRATORS CONCURRING



Chairman



Member



Member

DATED: January 17, 1991