

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Among .

Susan Knurek Custodian f.b.o. .
Lisa M. and Mark Knurek .

Case #90-01016
AWARD

Claimants .

vs. .

Anchor National Financial Services, Inc. .
and .
Frederick D. Johnson, II .

Respondents .

CASE SUMMARY

Claimants, Susan Knurek Custodian f.b.o. Lisa M. and Mark Knurek, (hereinafter the "Claimants") alleged that Respondent, Frederick D. Johnson, II (hereinafter "Johnson") recommended that the Claimants invest in an unsuitable investment and made fraudulent misrepresentations regarding Avanti Associates First Mortgage Fund 84 Limited Partnership to induce the Claimants to invest. Claimants alleged that Respondent Anchor National Financial Services, Inc. failed to supervise Respondent Johnson and should be held liable under the theory of respondeat Superior.

Respondents maintained that the Claimant's claim should be barred by all relevant statutes of limitations. Respondents further maintained that the investment vehicle was suitable for the Claimants and that Respondent Johnson based all his recommendation on materials that were filed by Avanti with the Securities and Exchange Commission. Respondent Anchor Financial maintained it properly supervised the actions of Respondent Johnson.

RELIEF REQUESTED

Claimant, requested damages in the amount of \$40,000.00 plus interest at the rate of 10% from June 25, 1985, together with punitive damages and reasonable attorneys' fees as well as all costs associated with this action.

Respondents requested that Claimants' claim be dismissed in its entirety.

AWARD

On Monday August 20, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimants, on March 19, 1990 and by the Respondent Anchor National Financial Services, Inc. on May 31, 1990 and by Respondent Frederick D. Johnson, II on May 31, 1990. The hearing was held in Cleveland, Ohio and consisted of two (2) sessions. 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. that Respondent Anchor National Financial Services request that Claimants' claim be dismissed on the basis of statute of limitations is denied.
2. that Claimants have failed to meet their burden of proof and that their claim is denied on the merits.
3. The parties shall each bear their respective costs, including attorneys' fees.
4. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$400.00 filing fee deposited by the Claimant as their share of the forum fee assessment.
5. Respondents are jointly and severally assessed their share of the forum fees in the amount of \$400.00 payable to the National Association of Securities Dealers, Inc. through its staff counsel in accordance with Section 43 of the Code of Arbitration Procedure.

CONCURRING ARBITRATORS

/s/
Robert C. Devlin, Esq.

/s/
Robert V. Shepard, Esq.

/s/
Karl E. May, Esq.

DATED: August 29, 1990