

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between	x
	x
John H. Lorenz and Leo J. Lorenz	x
Claimants	x
	x CASE NO.
vs.	x 90-01042
	x
Harold F. Scattergood, Jr., and	x AWARD
Boenning & Scattergood, Inc.	x
Respondents	x
	x

CASE SUMMARY

Claimants, John H. Lorenz and Leo J. Lorenz ("Claimants"), alleged that Respondent Harold F. Scattergood ("Scattergood"), Chairman of the Board of Respondent Boenning & Scattergood, Inc. ("B&S"), made intentional misrepresentations of material facts and intentional omissions of material facts relevant to the Claimants' purchases of Information Companies of America, Inc. ("ICOA") thereby violating various provisions of the Securities and Exchange Act of 1934, as well as Article III, Section 18 of the National Association of Securities Dealers, Inc. ("NASD") Rules of Fair Practice, and, in addition, that the actions of the Respondents constitute fraud and negligence under the common law of Pennsylvania. Specifically, the Claimants alleged that Scattergood intentionally made misrepresentations concerning the earnings of ICOA, and that Scattergood made no attempt to independently verify any of the facts presented to the Claimants concerning ICOA. Claimants also alleged that Leo J. Lorenz never ordered the purchase of ICOA stock in his account.

Scattergood and B&S denied all allegations made against them, and asserted a Motion to Dismiss in which they contended that the Claimants' claims under the Securities and Exchange Act and under Pennsylvania common law were time barred under applicable statutes of limitations, and that the Claimants' claims under the NASD's Rules of Fair Practice should be dismissed because no private cause of action exists for a violation of those rules. Further, the Respondents denied the allegation that Leo J. Lorenz never ordered the purchase of ICOA, and contended that Leo J. Lorenz specifically ordered the stock through telephone calls to Scattergood.

RELIEF REQUESTED

The Claimants requested actual damages of \$176,734.95, plus

interest, costs and legal fees. Respondents requested dismissal of all claims made against them.

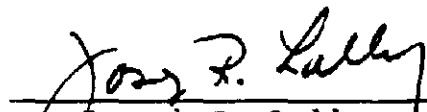
AWARD

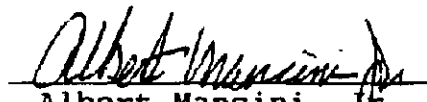
On December 7, 1990 and January 11, 1991, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimants John H. Lorenz and Leo J. Lorenz on April 3, 1990, and by Respondents Harold F. Scattergood and Boenning & Scattergood, Inc. on May 21, 1990. The initial claim was filed on April 10, 1990. The hearing was conducted at the offices of the National Association of Securities Dealers, Inc. in Philadelphia, PA, and consisted of four (4) hearing sessions. The arbitration panel having considered the pleadings, the testimony, and the evidence presented at and after the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

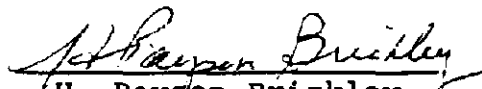
1. The Respondents' Motion to Dismiss the Claimants' claims under the Securities and Exchange Act and Pennsylvania common law as being time barred under the applicable statutes of limitations is granted. Therefore, the Claimants' claims under the Securities and Exchange Act and under Pennsylvania common law (specifically, Counts I, II, III and V as delineated in the Claimants' Second Amended Statement of Claim) be and hereby are dismissed in their entirety.
2. The Respondents' Motion to Dismiss the Claimants' claims under the NASD's Rules of Fair Practice because there exists no private cause of action for a violation of those rules is granted. Therefore, the Claimants' claims for violations of the NASD's Rules of Fair Practice Article III, Section 18 (specifically, Count IV as delineated in the Claimants' Second Amended Statement of Claim) be and hereby is dismissed in its entirety.
3. All other claims against Respondents Harold F. Scattergood, Jr. and Boenning & Scattergood, Inc. (specifically, Count VI delineated in the Claimants' Second Amended Statement of Claim) be and hereby are dismissed in their entirety on the merits of those specific claims.

4. The parties each shall bear their respective costs including attorneys' fees.
5. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$750.00 filing fee previously deposited by the Claimants, and the Claimants be and hereby are jointly and severally liable and shall pay to the National Association of Securities Dealers, Inc. the sum of NINE HUNDRED FIFTY DOLLARS AND NO CENTS (\$950.00), and Respondents be and hereby are jointly and severally liable and shall pay to the National Association of Securities Dealers, Inc. the sum of ONE THOUSAND FIVE HUNDRED DOLLARS AND NO CENTS (\$1,500.00), as costs of the four (4) hearing sessions conducted in this matter.

CONCURRING ARBITRATORS


Joseph R. Lally


Albert Mancini, Jr.


H. Payson Brickley

Dated: *March 4*, 1991