

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between)

Name of Claimant(s))

Herman W. & Judy Thompson)

Name of Respondent(s))

First Jersey Securities, Inc.)
Ed LeMasters)

Case No. 90-01143

Heard before the members of the Arbitration Panel:

Craig Edward Stein, Esq.
Judy Avey
Steven M. Greenbaum, Esq.

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CASE SUMMARY

This matter was initiated by a Statement of Claim filed with the National Association of Securities Dealers, Inc. ("NASD") on April 23, 1990. Claimants, Herman and Judy Thompson ("Thompsons"), alleged that Respondents, First Jersey Securities, Inc. ("FJS") and Ed LeMasters ("LeMasters"), through LeMasters, solicited Claimants to invest in penny stocks and equity securities which were unsuitable for Claimants' expressed investment objectives; used high pressure tactics; convinced Claimants not to sell on several occasions when Claimants decided to sell portions or all of their positions; made misrepresentations of and omitted to state material facts; that Respondents' actions constituted breach of fiduciary duty, fraud, failure to supervise, and violation of La.R-S.51:715(A)(3) and (B), 51:1405 and 51:409, and Louisiana Civil Code Articles 1930, 2315, 2316, 2317, 2320 and 2324.

In separate Statements of Answer filed with the NASD on May 21, 1990 by Respondent, FJS, and on June 22, 1990 by Respondent, LeMasters, Respondents denied all allegations of wrongdoing and alleged that Respondents followed proper procedures; duly qualified the Claimants; that Claimants were experienced investors with substantial income and net worth; that all recommendations were suitable; that all risks were fully disclosed in the presentation and prospectus; and, that Claimants made their own informed investment decisions.

RELIEF REQUESTED

Claimants requested damages in the amount of \$225,000.00, treble damages in the amount of \$675,000.00, punitive damages, interest, attorney's fees and costs.

Respondents requested dismissal.

AWARD

On April 24, 1991, in Fort Lauderdale, Florida, during a hearing lasting two (2) sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants on April 3, 1990, by Respondent, LeMasters, on June 21, 1990, and signed on May 15, 1990, by Roger Barnett on behalf of Respondent, FJS.

After considering the pleadings, the testimony, and the evidence presented at the hearing, the arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award be entered. In either case, the parties have agreed to receive conformed copies of the Award while the originals remain on file with the NASD.
2. Respondents, FJS And LeMasters, are found not liable and, therefore, all claims against them are hereby dismissed.
3. Claimants' requests for attorney's fees, costs, punitive damages, and treble damages are denied.

FORUM FEES

1. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the Panel has assessed forum fees in the amount of \$2,000.00 (two sessions x \$1,000.00). Respondent, FJS, is hereby assessed \$2,000.00, \$500.00 of which shall be paid directly to the Claimants, and \$1,500.00 of which shall be paid to the National Association of Securities Dealers, Inc.
2. The parties shall each bear all other costs and expenses incurred by them in connection with this proceeding.

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

OTHER ISSUES

None.

Concurring Arbitrators' Signatures

/s/
Craig Edward Stein, Esq.

/s/
Judy Avey

/s/
Steven M. Greenbaum, Esq.

Date of Decision: May 04, 1991