

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

: In the Matter of the Arbitration Between :
: :
: Patricia O. Hipps :
: Claimant : CASE# 90-01203
: vs. :
: :
: The Stuart-James Co., Inc. :
: Respondent :

Heard before:

James C. Bussart, Esq. Public Arbitrator

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on April 27, 1990, the Claimant Patricia O. Hipps alleged the Respondent invested substantial amounts of Claimant's funds in highly speculative penny stock ventures of dubious value without any communication or authorization from Claimant and without any grant of discretionary authority. Claimant further alleged the Respondent breached the fiduciary duty owed the Claimant by placing her in investments which were completely unsuitable for her. Respondent The Stuart-James Co., Inc. maintained the trading in Claimant's account remained consistent with her objectives and she had knowledge of the risks associated with her investments and further maintained the Respondent did not breach the fiduciary duty owed to Claimant. Respondent further maintained Claimant received all confirmations of trade, as well as monthly account statements which fully disclosed all of the purchases and sales in her account and her investment decisions were deliberate and well informed.

RELIEF REQUESTED

Claimant requested damages of \$40,000.00, plus interest from May 23, 1986, plus penalties and damages permitted, plus attorneys' fees and costs. Respondent requested dismissal of claim.

AWARD

On December 18, 1990 the undersigned arbitrator heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Patricia O. Hipps on April 18,

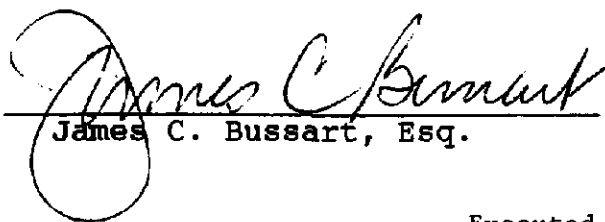
1990 and by Respondent The Stuart-James Co., Inc. on June 19, 1990. The hearing was conducted at the offices of the National Association of Securities Dealers, Inc. located in Atlanta, GA and consisted of three (3) hearing sessions including a telephone conference call conducted on March 21, 1991. The Claimant was represented by J. Hatcher Graham, Esq. and the Respondent was represented by Christa Taylor from the law firm of Hart & Trinen. The arbitrator, 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. The Respondent The Stuart-James Co., Inc. be and hereby is liable and shall pay to the Claimant Patricia O. Hipps the sum of Thirty One Thousand Dollars and No Cents (\$31,000.00), inclusive of interest.
2. The parties shall each bear their respective costs, including attorneys' fees.

FORUM FEES

Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$400.00 filing fee previously deposited by the Claimant and the Respondent The Stuart-James Co., Inc. be and hereby is liable and shall pay to the Claimant the sum of \$400.00 to reimburse her for the filing fee. In addition, the Respondent The Stuart-James Co., Inc. be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of \$620.00 to represent forum fees.

ARBITRATOR SIGNATURE


James C. Bussart, Esq.

Executed on
Date of Decision: May 13, 1991

DATED: May 22, 1991