

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

---

In the Matter of the Arbitration Between

Name of Claimants

Patrick & Mary Allen

90-01628

Name of Respondents

Integrated Resources Equity Corp.  
Royal Alliance Associates, Inc. and  
Frances Twiddy

---

REPRESENTATION OF PARTIES

Patrick and Mary Allen were represented by James J. Moylan, Esq. and Bonnie L. Macfarlane, Esq. of James J. Moylan and Associates, Ltd., Chicago, IL.

Integrated Resources Equity Corp. and Frances Twiddy were represented by Mark Quinn, Esq. Senior Vice President, General Counsel, New York, NY.

CASE SUMMARY

In a Statement of Claim filed with the National Association of Securities Dealers, Inc. ("NASD") on or about Patrick and Mary Allen ("Claimants") alleged that Frances Twiddy ("Twiddy"), Integrated Resources Equity Corp ("Integrated")(collectively as "Respondents") breached the contract between the parties by failing to recommend investments which would preserve the Claimant's financial security, but instead offered the Claimants securities for the benefit of Respondents; that Respondents violated Section 10(b) of the Securities Exchange Act 1934 and Rule 10b-5 promulgated thereunder by inducing Claimants to invest their retirement monies in unsuitable mutual funds and speculative, illiquid limited partnerships without disclosing the risks of those investments and that Respondents had knowledge of the essential facts relative to the Claimant's account and investment objectives; that Respondents made unsuitable recommendations to purchase National Leasing Income Fund 7 Limited Partnership, Franklin Age High Income Mutual Fund, Integrated Resources High Yield Mutual Fund, American Cable TV Investor's Limited Partnership, Integrated Resources Income Plus Mutual Fund, and Franklin Custodian Funds Income Series Mutual Fund; that Respondents misrepresented or omitted to state the risks involved in the investments made in their account; that Respondents breached their fiduciary duty to Claimants; that Respondents Integrated and Royal Alliance Associates, Inc. ("Royal") aided and abetted Twiddy's conduct; and that Respondents Integrated and Royal were responsible for the actions of Twiddy under the theory of Respondeat Superior and Section 20 of the Securities Exchange Act of 1934.

In their Answer filed with the NASD on or about August 10, 1990, Respondents denied the claims asserted in the Statement of Claim and stated that the risks of the investments were fully discussed with Mrs. Allen. Respondents also stated that the investments were consistent with the stated investment objectives of Claimants. Respondents further stated that the decline in the value of the Claimant's accounts took place after the accounts were transferred to another firm.

Respondent Royal filed an Answer and Counterclaim on or about August 13, 1990.

#### RELIEF REQUESTED

Claimant requested an award in the amount of \$31,573.00 plus interest, and costs.

Respondents requested that the Statement of Claim be dismissed and they be awarded their attorney's fees and costs.

#### OTHER ISSUES

On or about September 11, 1990, Claimants filed with the NASD a Voluntary Dismissal of Royal Alliance Associates, Inc. As a result Royal Alliance Associates, Inc. was dismissed without prejudice from this proceeding.

#### PROCEDURAL MATTERS

On Friday, July 12, 1991 and Wednesday, August 14, 1991 in Chicago, Illinois during a hearing lasting a total of three (3) sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on May 23, 1990 by Claimants Patrick J. Allen and Mary A. Allen on October 29, 1990 by Mark Quinn, Esq. on behalf of Respondent Integrated Resources Equity Corp. and on August 13, 1990 by Respondent Frances Twiddey.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with the NASD.

#### AWARD

The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents Integrated Resources Equity Corp. and Frances Twiddey shall be and hereby are jointly and severally liable for and shall pay to the Claimants Patrick and Mary Allen the sum of Forty One Thousand Five Hundred Seventy Three Dollars (\$41,573.00);
2. Upon receipt of the above stated sum, Claimants shall transfer any and all interest in National Leasing Income Fund 7 to Respondents;

3. Interest at the rate of 8% per annum is awarded on the sum stated in paragraph one (1) above from and inclusive of June 19, 1989 to and inclusive of the date this award is paid in full;

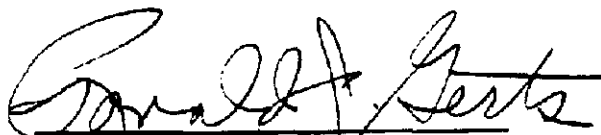
4. Respondents Integrated Resources Equity Corp. and Frances Twiddy shall be and hereby are jointly and severally liable for and shall pay to the Claimants Patrick and Mary Allen the sum of Four Hundred Dollars (\$400.00) as and for costs paid in this matter;

5. Each party shall bear its own costs, expenses and attorney's fees incurred in this matter not specifically enumerated herein; and

6. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the hearing session deposit in the amount of \$280.00 previously deposited with the NASD by the Claimants. Respondents shall be and hereby are jointly and severally liable for and shall pay to the NASD the sum of \$920.00 as forum fees.

Dated:

Aug. 14, 1991



Ronald J. Gerts, Esq.  
Presiding Chair  
Public Arbitrator