

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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In the Matter of the Arbitration Between :  
Michael Mitcham :  
Claimant :  
vs. : Award  
Case #90-01882  
Atlanta Securities & Investments Inc., :  
Fred H. Jones Jr. :  
Richard L. Jackson :  
Charles L. Bradley :  
Timothy Garrett McNally :  
Rollo Frederick Ingram :  
William Jackson Blalock :  
Respondents :  
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Heard before:

Sidney R. Barrett	Public Arbitrator
Hartwell D. Hooper	Public Arbitrator
Lisa O. Brinkley	Industry Arbitrator

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on July 3, 1990 Claimant Michael Mitcham alleged the Respondents undertook a course of fraudulent business conduct in order to maximize Respondents' own profits and income at the expense of the Claimant which included unauthorized trades, excessive trading relative to the Claimant's financial capabilities and investment objectives and the generation of inaccurate records and misrepresentations. Claimant further alleged Respondent Atlanta Securities & Investments Inc. failed to properly supervise Respondent Fred H. Jones, Jr. and negligently handled Claimant's account and all Respondents breached the fiduciary duty owed to the Claimant. Claimant further alleged he is entitled to punitive damages in order to deter Respondents from repeating their fraudulent, unlawful activities. Respondent Timothy McNally maintained that none of the transactions or events in question occurred during his employment at Atlanta Securities & Investments Inc. Respondent Richard L. Jackson maintained although he was a 70% stock owner, he was not a controlling person at Atlanta Securities & Investments Inc. at any time and further maintained he did not acquire that ownership until months after the disputed trades took place.

RELIEF REQUESTED

Claimant requested compensatory damages of \$33,922.00, plus interest at the legal rate from at least June 1, 1989, punitive damages of \$60,000.00, costs, expenses and attorneys' fees. Respondent Timothy G. McNally requested dismissal of all claims against him. Respondent Richard L. Jackson requested dismissal of all claims against him.

AWARD

On April 25 and 26 1991 the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Michael Mitcham on August 10, 1990 and by Respondent, Timothy G. McNally on April 15, 1991 and not signed by Respondents Atlanta Securities & Investments Inc., Fred H. Jones, Jr., Charles L. Bradley, Rollo F. Ingram, William J. Blalock & Richard Lee Jackson as required pursuant to Section 8 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure. The hearing was conducted at the offices of the National Association of Securities Dealers, Inc. located in Atlanta, Georgia and consisted of four (4) hearing 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. In accordance with Section 25 of the Code of Arbitration Procedure the Respondents Atlanta Securities & Investments Inc., ~~Charles L. Bradley, Rollo F. Ingram, William J. Blalock~~ and Fred H. Jones, Jr. were served with the Statement of Claim and given an opportunity to respond which they failed to do; SRB  
JLB
2. In accordance with Section 21 and Section 26 of the Code of Arbitration Procedure the Respondents Atlanta Securities & Investments Inc., ~~Charles L. Bradley, Rollo F. Ingram, William J. Blalock~~ and Fred H. Jones, Jr. were given due notice of the hearing procedure by regular and certified mail and failed to appear at the hearing; SRB  
JLB

3. In accordance with Section 29 of the Code of Arbitration Procedure the arbitration panel determined in light of the foregoing information to proceed with the hearing as scheduled;
4. All claims against Respondents Charles L. Bradley, Rollo F. Ingram and William J. Blalock be and hereby are dismissed without prejudice as these Respondents were not able to be properly served and/or provided with notice of the time, date and location of the hearing;
5. The Respondents Atlanta Securities & Investments Inc. and Fred H. Jones, Jr. be and hereby are liable jointly and severally and shall pay to the Claimant Michael Mitcham the sum of \$25,000.00 inclusive of interest;
6. All claims against Respondent Richard L. Jackson be and hereby are dismissed in all respects;
7. By agreement of the Claimant and the Respondent Timothy McNally, all claims against the Respondent Timothy McNally be and hereby are dismissed without prejudice;
8. The Respondents Atlanta Securities & Investments Inc. and Fred H. Jones, Jr. be and hereby are liable jointly and severally and shall pay to the Claimant Michael Mitcham the sum of \$12,654.85 to represent attorneys' fees pursuant to OCGA Section 13-6-11;
9. The Respondents Atlanta Securities & Investments Inc. and Fred H. Jones, Jr. be and hereby are liable jointly and severally and shall pay to the Claimant Michael Mitcham the sum of \$21,695.15 as punitive damages pursuant to OCGA Section 51-12-5.1.

FORUM FEES

Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$650.00 filing fee previously deposited by the Claimant and the Respondents Atlanta Securities & Investments Inc. and Fred H. Jones be and hereby are liable jointly and severally and shall pay to the Claimant the sum of \$650.00 to reimburse him for the filing fee.

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In addition, the Respondents Atlanta Securities & Investments Inc. and Fred H. Jones be and hereby are liable jointly and severally and shall pay to the National Association of Securities Dealers, Inc. the sum of \$1,500.00 to represent forum fees.

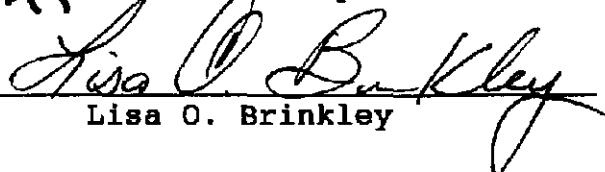
ARBITRATORS SIGNATURE



Sidney R. Barrett



Hartwell D. Hooper



Lisa O. Brinkley

Date of Decision:

June 25, 1991

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ADDENDUM TO AWARD

Claimant was represented by Robert H. McKnight, Esq. of the law firm of Land, McKnight, Newlin & Cohen. The Respondent Richard L. Jackson was represented by Scott R. Phillips of the law firm of Hunton & Williams. Respondent Timothy Garrett McNally appeared pro se. Subsequent to the hearing the Respondent William Jackson Blalock was represented by Donald J. Aho, Esq. of the law firm of Chambliss & Bahner.

STATE OF GEORGIA  
COUNTY OF FULTON

S.S.: 256170601

On this 11th day of June, 1991,  
before me personally appeared Sidney R. Barrett known to me to be  
the individual described in and who executed the foregoing  
instrument and be duly acknowledged to me that he/she executed  
the same

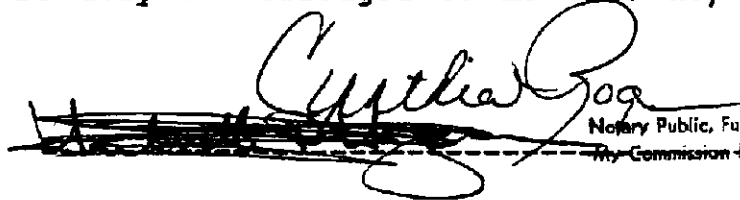


Notary Public, DeKalb County, Georgia  
My Commission Expires August 14, 1994

STATE OF Georgia  
COUNTY OF Fulton

S.S.: 410-38-1541

on this \_\_\_\_\_ day of HARTWELL, 1991,  
before me personally appeared Martwell D. Hooper known to me to be  
the individual described in and who executed the foregoing  
instrument and be duly acknowledged to me that he/she executed  
the same



Notary Public, Fulton County, Georgia  
My Commission Expires Aug. 5, 1994

STATE OF  
COUNTY OF

S.S.:

On this \_\_\_\_\_ day of \_\_\_\_\_, 1991,  
before me personally appeared Lisa O. Brinkley known to me to be  
the individual described in and who executed the foregoing  
instrument and be duly acknowledged to me that he/she executed  
the same



Notary Public, DeKalb County, Georgia  
My Commission Expires July 11, 1994