

NATIONAL ASSOCIATION OF SECURITIES DEALERS

National Association of  
Securities Dealers, Inc.  
NASD Financial Center  
33 Whitehall Street  
New York, New York 10004

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In the Matter of the Arbitration BetweenName of Claimant(s)

R. Brent Smith

90-02029

Name of Respondent(s)

Stuart James Company, Inc.  
Richard Blackstock

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REPRESENTATION

For Claimant: Daniel R. Taylor, Jr., Esq. of Petree Stockton &amp; Robinson.

For Respondent: John F. McBride, Esq. of Hart &amp; Trinen.

CASE INFORMATION

Statement of Claim filed: July 23, 1990.

Claimant's Submission Agreement signed on: July 16, 1990.

Statement of Answer filed by Respondent, Richard Blackstock and Stuart James Company, Inc. in October of 1990.

Respondent, Richard Blackstock-Submission Agreement signed on: September 28, 1990. Respondent, Stuart James Company, Inc. Submission Agreement signed by Marc N. Geman on behalf of Stuart James Company, Inc.-on October 23, 1990.

HEARING INFORMATION

Hearing Date: August 29, 1991 - Two sessions.

Hearing Location: Charlotte, North Carolina.

CASE SUMMARY

Claimant, R. Brent Smith alleged that Respondent Richard Blackstock, an employee of the Stuart James Co., Inc., through various misrepresentations and false statements induced Claimant to purchase 250,000 shares of Penny Stock, International Design Inc. (IDGI), which was clearly unsuitable and in violation of Claimant's stated investment objectives since shortly there after Claimant discovered that the price of IDGI had plummeted causing

AWARD-#90-02029

Claimant the loss of his entire investment. Claimant contended that Respondents' actions constituted violations of the N.A.S.D. and N.Y.S.E. Rules of Fair Practice, a breach of Fiduciary duty as well as violation of Section 10(b) and Rule 10 b-5 of the Securities Exchange Act of 1934.

Respondents denied all allegations of fraud or wrong-doing and maintained that Claimant is a sophisticated investor who was fully aware of the risk inherent in the purchase of Penny Stock and that the purchase was entirely suitable.

RELIEF REQUESTED

Claimant requested an award in the amount of \$32,520.00 plus interest at the legal rate of 8% plus punitive damages and cost of these proceedings.

Respondents requested dismissal of the claim.

AWARD

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

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 original remain on file with the NASD.

1. Respondents, Stuart James Company, Inc. and Richard Blackstock, are jointly and severally liable and shall pay to Claimant, R. Brent Smith, the sum of Seven Thousand Two Hundred Fifty Dollars and No Cents (\$7,250.00);
2. Claimant's Claim for interest is denied;
3. Claimant's Claim for punitive damages is denied;
4. The parties shall each bear their respective costs, including attorneys' fees;
5. Pursuant to Section 43 of the Code of Arbitration Procedure, the NASD, Inc. shall retain the \$520.00 filing fee previously deposited by the Claimant (This represents \$120 non-refundable deposit + \$400 hearing session deposit).

AWARD-#90-02029

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed:

Respondent, Stuart James Company, Inc. shall pay forum fees in the amount of \$400.00 (for one hearing session).

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

ARBITRATION PANEL

CONCURRING ARBITRATORS

Name	Public/Industry
/s/ Larry J. Dagenhart, Esq.	Public/Chairman
/s/ Frederick H. Temple	Public/Panelist
/s/ Drew Waterbury	Industry/Panelist

Date of Decision: September 15, 1991