

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Financial Network Investment Corporation

Claimant

and

90-03526

Jeffrey J. Taylor, Dr. Karl L. Meyer

Respondents

2 1991
ARBITRATION-CHICAGO

REPRESENTATION OF PARTIES

Claimant Financial Network Investment Corporation appeared and was represented by Jack R. Handy, Esq. of Financial Network Investment Corporation, Torrance, California.

Respondent Jeffrey Taylor appeared pro se. Respondent Dr. Karl L. Meyer did not appear.

CASE SUMMARY

In a Statement of Claim filed with the National Association of Securities Dealers, Inc. ("NASD") on or about January 7, 1991, Claimant Financial Network Investment Corporation ("claimant") alleged Fraud, Breach of Contract, and Negligence in the claim against Respondents Jeffrey Taylor ("Taylor") and Dr. Karl Meyer ("Meyer").

Claimant specifically alleged that Taylor, representative for claimant, purchased one order for 20 contracts for 100 S & P Puts at 5 5/8 and one order for 20 contracts for 100 S & P Puts at 4 5/8 for Meyer. Claimant alleged that payment was not made for the transactions as prescribed by industry regulations. Claimant further alleged that Meyer sent a letter to claimant confirming that he had ordered two contracts and felt obligated to pay for them, but not for the remaining Puts.

RELIEF REQUESTED

Claimant requested actual damages in the amount of \$16,453.57, punitive damages in the amount of \$50,000, attorney's fee in the amount of \$2,500, and arbitration filing costs in the amount of \$1,100.

OTHER ISSUES

Claimant filed a motion to change situs. The Respondents did not reply. Claimant waived the motion by appearing at the hearing and not objecting to the situs.

Respondents did not file an answer to the claim, however, the claimant did not object to Respondent Jeffrey Taylor appearing and testifying.

PROCEDURAL MATTERS

On October 28, 1991 in Phoenix, Arizona during a hearing lasting a total of one session, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on November 11, 1990 by John S. Simmers on behalf of Claimant Financial Network Investment Corporation.

Respondent Jeffrey Taylor did not file with the NASD a properly executed submission to arbitration but is required to submit to arbitration pursuant to Section 12 of the NASD Code of Arbitration Procedure and having appeared and testified at the hearing is bound by the determination of the arbitration panel on all issues submitted.

Respondent Dr. Karl Meyer did not file with the NASD a properly executed submission to arbitration but is required to submit to arbitration pursuant to Section 12 of the NASD Code of Arbitration Procedure and is bound by the determination of the arbitration panel on all issues submitted.

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

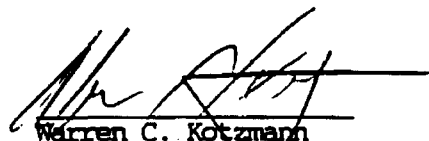
The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Jeffrey Taylor shall be and hereby is liable for and shall pay to claimant actual damages in the amount of \$8,226.70;

2. Interest on the above sum shall be awarded at 8% beginning from October 15, 1990;
3. Respondent Jeffrey Taylor shall be and hereby is liable for and shall pay to claimant attorney's fee in the amount \$250. Attorney's fee are awarded pursuant to Arizona Revised Statute Section 12-349;
4. Respondent Jeffrey Taylor shall be and hereby is liable for and shall pay to claimant punitive damages in the amount of \$5,000. The assessment of punitive damages was awarded after the panel considered the evidence presented and Arizona statute and case law;
5. Respondent Dr. Karl Meyer shall be and hereby is liable for and shall pay to claimant actual damages in the amount of \$8,226.70;
6. Interest on the above sum shall be awarded at 8% beginning from October 15, 1990;
7. Respondent Dr. Karl Meyer shall be and hereby is liable for and shall pay to claimant attorney's fee in the amount of \$250. Attorney's fee are awarded pursuant to Arizona Revised Statute Section 12-349; and,
8. Pursuant to Section 44(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the nonrefundable filing fee in the amount of \$500 and shall retain the hearing session deposit in the amount of \$600 previously deposited with the NASD by the Claimant. Respondents Meyer and Taylor, jointly and severally, shall reimburse to Claimant \$1,100 which is the amount previously deposited with the NASD.

Dated:

11/21/91



Warren C. Kotzmann
Presiding Chair
Public Arbitrator

J.W.Parker
Public Arbitrator

Judge Bernard Feuer
Industry Arbitrator

Date served: _____

2. Interest on the above sum shall be awarded at 8% beginning from October 15, 1990;
3. Respondent Jeffrey Taylor shall be and hereby is liable for and shall pay to claimant attorney's fee in the amount \$250. Attorney's fee are awarded pursuant to Arizona Revised Statute Section 12-349;
4. Respondent Jeffrey Taylor shall be and hereby is liable for and shall pay to claimant punitive damages in the amount of \$5,000. The assessment of punitive damages was awarded after the panel considered the evidence presented and Arizona statute and case law;
5. Respondent Dr. Karl Meyer shall be and hereby is liable for and shall pay to claimant actual damages in the amount of \$8,226.70;
6. Interest on the above sum shall be awarded at 8% beginning from October 15, 1990;
7. Respondent Dr. Karl Meyer shall be and hereby is liable for and shall pay to claimant attorney's fee in the amount of \$250. Attorney's fee are awarded pursuant to Arizona Revised Statute Section 12-349; and,
8. Pursuant to Section 44(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the nonrefundable filing fee in the amount of \$500 and shall retain the hearing session deposit in the amount of \$600 previously deposited with the NASD by the Claimant. Respondents Meyer and Taylor, jointly and severally, shall reimburse to Claimant \$1,100 which is the amount previously deposited with the NASD.

Dated: _____

Warren C. Kotzmann
Presiding Chair
Public Arbitrator

Nov 19, 1991

J.W. Parker
Public Arbitrator

Judge Bernard Feuer
Industry Arbitrator

Date served: _____

2. Interest on the above sum shall be awarded at 8% beginning from October 15, 1990;
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4. Respondent Jeffrey Taylor shall be and hereby is liable for and shall pay to claimant punitive damages in the amount of \$5,000. The assessment of punitive damages was awarded after the panel considered the evidence presented and Arizona statute and case law;
5. Respondent Dr. Karl Meyer shall be and hereby is liable for and shall pay to claimant actual damages in the amount of \$8,226.70;
6. Interest on the above sum shall be awarded at 8% beginning from October 15, 1990;
7. Respondent Dr. Karl Meyer shall be and hereby is liable for and shall pay to claimant attorney's fee in the amount of \$250. Attorney's fee are awarded pursuant to Arizona Revised Statute Section 12-349; and,
8. Pursuant to Section 44(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the nonrefundable filing fee in the amount of \$500 and shall retain the hearing session deposit in the amount of \$600 previously deposited with the NASD by the Claimant. Respondents Meyer and Taylor, jointly and severally, shall reimburse to Claimant \$1,100 which is the amount previously deposited with the NASD.

Dated:

Warren C. Kotzmann
Presiding Chair
Public Arbitrator

J.W. Parker
Public Arbitrator

Nov 20, 1991

Bernard Feuer
Judge Bernard Feuer
Industry Arbitrator

Date served: _____

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Judy A. Farrar

90-03528

Name of Respondents

A.T. Brod & Co. Inc. and
Alex Von Pichl

REPRESENTATION OF PARTIES

Judy A. Farrar was represented by Alvin M. Cohen, Esq. of Lester, Roos & Long, P.C., Denver, Colorado.

A.T. Brod & Co., Inc. and Alex Von Pichl were represented by Jeffrey M. Haber, Esq. of Charles J. Hecht, P.C., New York, New York.

CASE SUMMARY

In a Statement of Claim filed with the National Association of Securities Dealers, Inc. ("NASD") on or about December 17, 1990, Judy A. Farrar ("Claimant") alleged that Alex Von Pichl ("Von Pichl") made material misrepresentations with respect to her purchase of Video Superstores, Inc. Stock. Claimant also alleged that this investment was wholly unsuitable for her. Claimant further alleged that Von Pichl and other employees of A.T. Brod & Co., Inc. ("A.T. Brod") made misrepresentations upon which she relied upon in deciding to hold the shares of stock.

In its Answer filed with the NASD on or about February 25, 1991, A.T. Brod denied the allegations set forth in the Statement of Claim. A.T. Brod also asserted the following affirmative defenses: that unsuitability is not recognized as a basis for civil liability; the statement of claim fails to state a cause of action upon which relief may be granted; failure to mitigate and that punitive damages are not authorized under New York law.

In his Answer filed with the NASD on or about March 1, 1991, Von Pichl stated that he did not induce the purchase of Video Superstores, did not misrepresent any information; never indicated that a merger was imminent; and that he relied upon A.T. Brod in making recommendations to his clients.

RELIEF REQUESTED

Claimant requested an award in the amount of \$30,375.00 as compensatory damages, punitive damages in the amount of \$15,000.00, interest, costs and attorneys fees.

Respondent A.T. Brod requested that the Statement of Claim be dismissed.

Respondent Von Pichl requested that the Statement of Claim be dismissed.

PROCEDURAL MATTERS

On Tuesday, June 25, 1991 and Wednesday, June 26, 1991 in Denver, Colorado 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 December 10, 1990 by Claimant Judy Farrar on March 13, 1991 by Michael Brod on behalf of Respondent A.T. Brod & Co., Inc and on February 26, 1991 by Respondent Alex Bon Pichl.

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 A.T. Brod & Co., Inc. and Alex Von Pichl shall be and hereby are jointly and severally liable for and shall pay to the claimant Judy A. Farrar the sum of Thirty Thousand Four Hundred Eighty Dollars (\$ 30,480.00) which sum includes simple interest at the rate of 8% per annum;
2. No punitive damages are awarded herein;
3. Each party shall bear its own costs, expenses and attorneys fees incurred in this matter; and

4. 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 \$400.00 previously deposited with the NASD by the Claimant Judy A. Farrar. Respondents shall be and hereby are jointly and Severally liable for and shall pay to the NASD the sum of \$800.00 as forum fees.

Dated:

6/26/91

s/ John A. Eckstein
John A. Eckstein, Esq.
Presiding Chair
Public Arbitrator

6/26/91

s/ Donald P. Shwayder
Donald P. Shwayder, Esq.
Public Arbitrator

6/26/91

s/ William D. Nelson
William D. Nelson, Esq.
Industry Arbitrator

Date served: June 27, 1991