

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Joe Jay Clonts, III

91-00176

Name of Respondent(s)

First American National Securities, Inc.

REPRESENTATION

For Claimant: Joe Jay Clonts III appeared pro se.

For Respondent: First American National Securities, Inc. was represented by Edwin L. Hoffman, Esq. of First American National Securities, Inc., Duluth, Georgia.

CASE INFORMATION

Statement of Claim filed: January 16, 1991

Claimant's Submission Agreement signed on: January 10, 1991

Statement of Answer filed by Respondent on: March 4, 1991

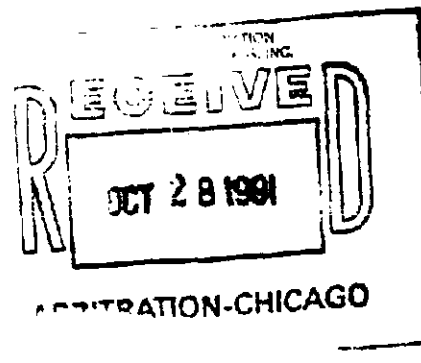
Supplement to the Statement of Answer filed: August 19, 1991

Respondent's Submission Agreement signed on: February 28, 1991 by Daniel D. McConnell

HEARING INFORMATION

Hearing Date/Sessions: September 25, 1991 for one (1) session

Hearing Location: Houston, Texas



### CASE SUMMARY

Claimant Joe Jay Clonts III ("Clonts") alleged that a Steve Martin ("Martin"), who was employed by or acting as an agent for Respondent First American National Securities, Inc. ("First American"), solicited a \$20,000.00 loan from Clonts after the Claimant had mailed in a check for \$50,000.00 with instructions that the money be invested in the Common Sense Money Market. Martin induced Clonts into making the loan by promising a higher rate of interest on the money than was currently being offered in the money market. Martin executed a promissory note to secure the loan. Martin made one interest payment and a small principal and interest payment, but made no further payments though demand was made by Clonts. In October of 1990, Martin filed for bankruptcy and placed Clonts on the creditor list. The liability of First American was based upon Martin's position as the office principal for the Respondent when he induced Clonts into making the loan.

Respondent First American denied owing any sums to Clonts, alleging that the sums given to Martin were a personal loan and not an investment through First American; therefore, the transaction was of a personal basis and outside of Martin's employment. In the Supplement, First American alleged that the listing of Clonts as an unsecured creditor in Martin's Chapter 7 Bankruptcy proceeding and the subsequent discharge support the position that the claim arose out of a personal loan and that First American has no obligation to Clonts.

### RELIEF REQUESTED

Claimant Joe Jay Clonts III requested entry of an award against First American in the sum of \$20,000.00 for the principal, \$3,000.00 for interest and the \$400.00 arbitration fee.

Respondent First American National Securities, Inc. requested that the Statement of Claim be dismissed and denied in its entirety.

### AWARD

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

1. The Statement of Claim is hereby dismissed and denied in its entirety;
2. The parties shall bear their own costs of arbitration, including attorneys' fees, except for those specifically enumerated herein.

### FORUM FEES


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

The National Association of Securities Dealers, Inc. shall retain the \$100.00 claim filing fee and the \$300.00 hearing session deposit previously deposited by the Claimant Joe Jay Clonts III.

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

BY THE ARBITRATOR

Dated:

  
Judith A. Swinney, Esq.

10-21-91