

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration BetweenName of Claimant

Helen P. Paris

91-00570

Name of RespondentsRichard King
The Robinson-Humphrey Co., Inc.

REPRESENTATION

For Claimant: Allan P. Harris Esq. of the law firm of Allan P. Harris & Associates.

For Respondent: David C. Jensen, Esq. and Susan Housen, Esq. of the law firm of Peterson Dillard Young Self & Asselin.

CASE INFORMATION

Statement of Claim filed: February 21, 1991.

Claimant's Submission Agreement signed on: February 15, 1991.

Respondents' Joint Statement of Answer filed on: March 28, 1991.

Respondents Richard King & The Robinson Humphrey Co. Inc., Submission Agreements signed on: April 15, 1991.

HEARING INFORMATION

Hearing Dates/Sessions: October 1, 1991, 2 sessions

Hearing Location: The hearing was conducted at the offices of the National Association of Securities Dealers, Inc. located in Atlanta, Georgia.

CASE SUMMARY

Claimant alleged that she is a 74 year old widow and gave to Respondents her life savings to invest for safety, capital preservation and income and they invested two-thirds of her funds in junk bonds which were unsuitable for her and in four years lost 50% of its value. Claimant further alleged Respondents breached the fiduciary duty owed her by placing her in speculative, high risk investments, failing to fully disclose to her the nature of and risk involved in high yield investments and failing to cut her losses as those investments continued to fall in value.

Respondents maintained the transactions complained of were suitable for the Claimant and were part of an overall investment plan designed by Claimant with the assistance of Respondent King to provide Claimant with cash flow and to enhance her income and at the time recommended were viewed as consistent with Claimant's investment objectives and well suited for an investor in her position and the risks inherent in the investments were discussed with the Claimant. Respondents further maintained any decline in Claimant's investments were the result of economic conditions and market fluctuations and the Claimant has sustained no pecuniary losses in her account. Respondents further maintained they did not breach the fiduciary duty owed the Claimant as they acted in good faith and exercised the utmost degree of care and diligence in recommending the investments in question so the Claimant is not entitled to an award of punitive damages. Respondent asserted a Motion to Dismiss based on the Statute of Limitations and Claimant maintained the claim is not time barred under the applicable law.

RELIEF REQUESTED

Claimant requested damages of \$99,382.00 pre-and post judgment interest, punitive damages in such amount as the panel of arbitrators deem appropriate plus costs, expenses and disbursements, including attorneys' fees in pursuing the action.

Respondents requested that an award be entered in their favor and that all costs be cast on the Claimant.

AWARD

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

1. The Respondents The Robinson Humphrey Co. Inc., & Richard King be and hereby are liable jointly and severally and shall pay to the Claimant the sum of \$5,000.00 inclusive of interest.
2. The Claimant's claim for punitive damages is denied.
3. The Respondents' Motion to Dismiss based on the Statute of Limitations is denied.
4. The parties shall each bear their respective costs, including attorneys' fees.

FORUM FEES

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

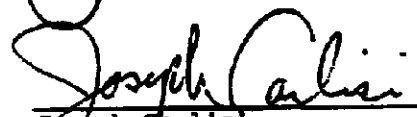
2 sessions X \$500.00 = \$1,000.00 minus hearing session deposit of \$500.00 = net \$500.00 due.

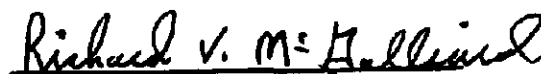
The Respondents The Robinson Humphrey Co. Inc., & Richard King be and hereby are liable jointly and severally and shall pay to the Claimant the sum of \$500.00 to reimburse her for the filing fee paid and the Respondents Richard King and The Robinson Humphrey Co. Inc., be and hereby are liable jointly and severally and shall pay to the NASD the sum of \$500.00 to represent forum fees. The NASD shall retain the \$150.00 claim filing fee.

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

ARBITRATION PANEL


James C. Bussart, Esq.
Public Arbitrator


Joseph Carlisi
Public Arbitrator


Richard V. McGalliard
Industry Arbitrator

Date of Decision: November 5, 1991