

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Muriel Olsen

Claimant

and

91-00802

Hutchison Financial Corporation,
Martin Lonski and Dave K. Hutchison

Respondents

REPRESENTATION OF PARTIES

Claimant Muriel Olsen was represented by Kevin D. Hofman, Esq. of Briol & Wilmes, Minneapolis, Minnesota.

Respondent Hutchison Financial Corporation was represented by John Daubney, Esq., St. Paul, Minnesota. Respondent Dave K. Hutchison appeared pro se. Respondent Martin Lonski was represented by Rodney J. Mason, Esq. of Chandler and Mason, Ltd., St. Paul, Minnesota.

CASE SUMMARY

In a Statement of Claim filed with the National Association of Securities Dealers, Inc. ("NASD") on or about March 11, 1991, Claimant Muriel Olsen ("Olsen") alleged that Respondents Hutchison Financial Corporation, Dave K. Hutchison, and Martin Lonski ("Respondents") improperly placed her retirement money into wholly unsuitable high risk limited partnerships despite Olsen's objectives to make safe and secure investments with her retirement money.

Specifically, Respondents invested Olsen's retirement funds in Avanti Associates Limited Partnership, TPI Land Development III Limited Partnership, Sierra Capital Realty Trust IV, Coastal Strategies Income Fund Limited Partnership, Griffin Real Estate Fund-VI Limited Partnership, all of which are currently of little or no value. In connection with the said investments, Olsen alleged that Respondents breached their contract with Olsen, breached their duty of care, and made material misrepresentations to Olsen. Olsen's allegations consisted of, but were not limited to Section 10 (b) Fraud, suitability, breach of fiduciary duty, breach of contract, negligence, and Common Law Fraud.

Respondent Martin Lonski ("Lonski") filed a Statement of Answer with the NASD on or about June 10, 1991 and alleged that the said investments were safe, prudent, and otherwise in keeping with Olsen's investment objectives. Lonski denied making any untrue statements of material fact, denied entering

into a written investment contract with Olsen, denied breaching any fiduciary duty or other duty, and denied his conduct as being deliberate, intentional, or unlawful. Lonski raised the Statute of Limitations as a defense.

Respondent Dave Hutchison ("Hutchison") filed a Statement of Answer with the NASD on or about April 1, 1991 and an Amendment to the Statement of Answer on or about June 20, 1991. Hutchison denied Claimant having any claims against him. Hutchison specifically alleged that he was not Claimant's registered representative, never provided her any investment advice, never sold her any product or had any contact with her other than a brief meeting with her regarding an investment not the subject of this dispute. Hutchison further alleged that Respondent Lonski carefully determined the suitability of the investments in issue.

Respondent Hutchison Financial Corporation ("HFC") filed a Statement of Answer with the NASD on or about May 6, 1992 and denied any wrongdoing or fraudulent actions, alleging that the actions alleged in the claim occurred prior to the time of the present ownership.

However, HFC alleged that all investments appear to have been suitable for the Claimant and, advice given by Respondent Lonski was provided by a competent professional. HFC further alleged that the fact that subsequent events have caused some of her investments to decline in value is not proof of wrongdoing.

RELIEF REQUESTED

Claimant requested actual damages in the amount of \$26,024.20, punitive damages, costs including but not limited to reasonable attorney's fees, plus interest.

Respondent Martin Lonski requested that the claims be dismissed and that he be awarded costs and disbursements.

Respondent Dave Hutchison requested that the claims be dismissed against him.

Respondent HFC requested that it be absolved of any wrongdoing in this case.

OTHER ISSUES

The panel denied Claimant's Motion To Default Respondent Hutchison Financial Corporation at the oral hearing.

The panel took Respondent Martin Lonski's Motion to Dismiss under advisement, which motion was subsequently denied.

The panel denied Respondent Dave Hutchison's Motion to Dismiss.

PROCEDURAL MATTERS

On October 3, 1991 in Minneapolis, Minnesota during a hearing lasting a total of two sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on March 7, 1991 by Claimant Muriel Olsen, on May 6, 1991 by Robert E. Holbert on behalf of Respondent Hutchison Financial Corporation, on May 31, 1991 by Respondent Martin Lonski, and on April 1, 1991 by Respondent Dave K. Hutchison.

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

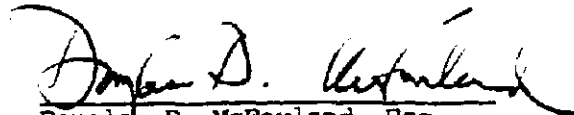
The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has decided in full and final resolution of the issues submitted for determination as follows:

1. The claim against Respondent Dave Hutchison shall be and hereby is denied in its entirety;
2. Respondents Hutchison Financial Corporation and Martin Lonski, jointly and severally, shall be and hereby are liable for and shall pay to Claimant Muriel Olsen actual damages in the amount of \$22,500 for the following four investments: Avanti Associates First Mortgage Fund 85, Coastal Strategies Income Fund, Griffin Real Estate Fund VI, TPI Land Development III;
3. Interest in the amount of \$9000 shall be awarded on the above sum, the amount which was determined at the rate of eight (8) percent for five years;
4. The following four (4) investments shall be rescinded to the Respondents Hutchison Financial Corporation and Martin Lonski: Avanti Associates First Mortgage Fund 85, Coastal Strategies Income Fund, Griffin Real Estate Fund VI, TPI Land Development III;
5. Claimant Muriel Olsen shall retain any distributions already made from the said four investments;
6. The claim for punitive damages shall be and hereby is denied;
7. The parties shall each bear their own costs and expenses, including attorney's fees, other than those specifically enumerated herein;
8. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the claim filing fee in the amount of \$100 and the hearing session deposit in the amount of \$400.00 previously deposited with the NASD by the Claimant. Respondents, jointly and severally, shall

reimburse to the Claimant \$500 which was the amount previously deposited with the NASD. Respondents, jointly and severally, shall pay to the NASD additional forum fees in the amount of \$400.

Dated:

November 18, 1991


Douglas D. McFarland, Esq.
Presiding Chair
Public Arbitrator

James P. Trainor, Jr.
Public Arbitrator

John Marley Clarey
Industry Arbitrator

reimburse to the Claimant \$500 which was the amount previously deposited with the NASD. Respondents, jointly and severally, shall pay to the NASD additional forum fees in the amount of \$400.

Dated:

Douglas D. McFarland, Esq.
Presiding Chair
Public Arbitrator

James P. Trainor, Jr.
Public Arbitrator

11-18-91



John Marley Clarey
Industry Arbitrator

reimburse to the Claimant \$500 which was the amount previously deposited with the NASD. Respondents, jointly and severally, shall pay to the NASD additional forum fees in the amount of \$400.

Dated:

Douglas D. McFarland, Esq.
Presiding Chair
Public Arbitrator

Nov. 14, 1991



James P. Trainor, Jr.
Public Arbitrator

John Marley Clarey
Industry Arbitrator