

**N.A.S.D. AWARD**

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

**Name of Claimant**

Dr. Joan Bonner Conway

91-01966

**Name of Respondent**

Janney Montgomery Scott, Inc.

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**REPRESENTATION**

For Claimant Dr. Joan Bonner Conway: Stuart C. Goldberg, Esq. and Seth Lipner, Esq. of the law firm of Deutsch and Lipner, Esqs.

For Respondent: Anthony D. Reagoso, Esq. of the law firm of Reagoso and Associates.

**CASE INFORMATION**

Statement of Claim filed: Original filed June 26, 1991 with revised claim dated October 7, 1991.

Claimant's Opposition to Respondent's Motion to Dismiss and Claimant's Motion for Default filed: December 12, 1991.

Claimant's Submission Agreement signed on: June 20, 1991.

Respondent Janney Montgomery Scott's Submission Agreement signed on: July 26, 1991.

Answer on Behalf of Respondent Incorporating a Motion for More Specific Pleadings filed.

Letter dated December 17, 1991 from Anthony Reagoso to Mildred C. Etheridge filed.

Statement of Answer filed by Respondent Janney Montgomery Scott to Claimant's Amended Statement of Claim filed March 6, 1992.

Letter dated October 17, 1991 from Anthony Reagoso to Mildred C. Etheridge and Respondent's Motion for More Specific Pleading and

to Dismiss Claimant's Amended Statement of Claim filed: October 23, 1991.

Supplemental Memorandum In Re: The Statute of Limitations Issue, The Applicability of Lampf vs. Pleva, and its Retroactivity filed: March 20, 1990.

#### HEARING INFORMATION

##### Hearing Dates/Sessions:

March 5, 1992, 2 Sessions (Pre-Hearing Conference)  
May 28, 1992, 2 Sessions  
May 29, 1992, 2 Sessions  
September 11, 1992, 2 Sessions

Hearing Location: NASD offices located in Philadelphia, PA.

#### CASE SUMMARY

Claimant alleges that Respondent Janney Montgomery Scott, Inc. (Janney) a registered broker-dealer, by and through its agent, Registered Representative, and Account Executive Douglas R. Bevers (Bevers) in July 1985 and thereafter made unsuitable recommendations to Dr. Bonner concerning the purchase of speculative securities in spite of Dr. Bonner's conservative investment disposition and advice that she was seeking income in contemplation of retirement. Claimant alleges the securities purchased were actually "Junk" Bonds and that Bevers made misrepresentations and omissions in connection with the sales thereof in violation of state and federal laws. Claimant also alleges Fraud, Negligence, Failure to Supervise, Breach of Contract, and Breach of Fiduciary Obligations and requested punitive damages and damages under the RICO statute.

Respondent Janney Montgomery Scott, Inc. denies all wrongdoing on behalf of Bevers, denies that either it or any of its brokers recommended speculative securities, denies that any trades were made in speculative securities without the prior authorization of Dr. Bonner and denies all liability under either federal or state securities laws and alleged that punitive damages should not be awarded because no fraud was committed. Further, Respondent alleged the matter was not brought within the prescribed statute of limitations.

In response, the Claimant maintained the statute of limitations has not run and the statute was tolled upon the filing of the Uniform Submission Agreement and remains tolled and alleged a default should be entered against the Respondent because it has not filed an Answer as required in the Code of Arbitration Procedure.

In response, Respondent maintained a reply was submitted within the time period required under the rules.

**RELIEF REQUESTED**

Claimant requested the following:

- a) A direct monetary investment loss in an amount in excess of \$33,000.00;
- b) Loss of imputed interest in excess of \$34,000.00;
- c) Attorney's fees in excess of \$33,000.00;
- d) Costs of approximately \$5,000.00;
- e) Punitive damages;
- f) Pre-judgment interest';
- g) for such other and further relief as the arbitrators may deem just, fair, reasonable and in the interests of justice;
- h) a denial of Respondent's Motion to Dismiss based on the Statute of Limitations;
- i) a default be entered against Respondent.

Respondent requested dismissal of all claims.

**AWARD**

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

1. The Respondent Janney Montgomery Scott, Inc. be and hereby is liable and shall pay to the Claimant the sum of \$66,658.84 inclusive of interest.
2. All other claims, Motions and requests are denied.
3. Each party shall bear their respective costs including attorneys fees.

**FORUM FEES**

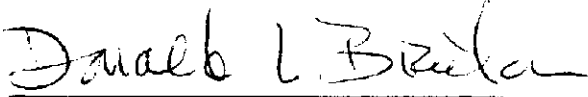
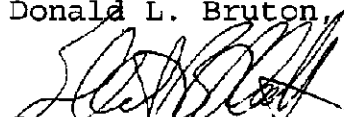
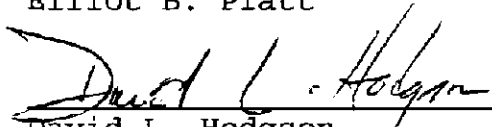
Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed.

6 sessions x \$750.00 = \$4,500.00 plus pre-hearing conference  
(2 sessions) \$1,500.00 = \$6,000.00 minus hearing session  
deposit of \$750.00 = net \$5,250.00 due.

Forum Fees are Assessed Against:

The Respondent be and hereby is liable and shall pay to the NASD the sum of \$5,250.00 to represent forum fees and shall pay to the Claimant the sum of \$950.00 to reimburse her for her fees paid.

**ARBITRATION PANEL**

Name	Public/Industry
 Donald L. Bruton, Esq.	<u>Public</u>
 Elliot B. Platt	<u>Public</u>
 David L. Hodgson	<u>Industry</u>

Decision Dated: Octobet 20, 1992