

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Name of Claimant

Walter L. Morris

and

91-02064

Name of Respondents

William Sheppard and
Lynette Larue

REPRESENTATION OF PARTIES

Claimant was represented by Russell K. Bean, Esq. of Krys, Boyle, Golz, Reich & Freedman, Denver, Colorado.

Respondents William Sheppard and Lynette Larue did not appear at the hearing.

CASE INFORMATION

The Statement of Claim was filed on or about July 3, 1991. Claimant's Submission Agreement signed on May 13, 1991.

Respondents William Sheppard and Lynette Larue did not file an answer.

HEARING INFORMATION

The hearing was held on Wednesday, July 29, 1992 in Denver, Colorado for a total of one (1) session.

CASE SUMMARY

Claimant alleged that Respondents William Sheppard and Lynette Larue made material misrepresentations in connection with the sale of securities. Claimant specifically alleged that Respondent Larue made material misrepresentations and breached her fiduciary duty to him in connection with the purchases and/or sales of shares in Explosive Fabricators, Inc.; Top Air Manufacturing, Inc.; Precision Standard, Inc.; Image Entertainment, Inc.; Cine Source, Inc.; Cel-Sci Corp.; and Vintage Group, Inc. Claimant also alleged that Ms. Larue made unauthorized transactions in Vintage Group, Inc. Claimant further alleged that William Sheppard failed to supervise the activities of Ms. Larue.

Respondents William Sheppard and Lynette Larue did not file

answers to the Statement of Claim.

RELIEF REQUESTED

Claimant requested an award in the amount of \$14,967.42 in compensatory damages, \$12,550.00 for lost profits, \$47,569.00 for lost opportunity, interest, and costs.

OTHER ISSUES CONSIDERED & DECIDED

Claimant has settled all claims alleged against National Securities Corporation.

Upon review of the file and the representations made by/on behalf of the Claimant, the panel has determined that Respondents William Sheppard and Lynette Larue had been properly served with the Statement of Claim pursuant to Sections 13 and 25 of the NASD Code of Arbitration Procedure (the "Code"). The panel also determined that Respondent William Sheppard and Lynette Larue had received due notice of the hearing as required under Section 26 of the Code and that arbitration of the matter would proceed pursuant to Section 29 of the Code.

Respondents William L. ^{Sheppard}~~Morris~~ and Lynette Larue did not file with the NASD properly executed submissions to arbitration but are required to submit to arbitration pursuant to Section 12 of the NASD Code of Arbitration Procedure (the "Code") and therefore are bound by the determination of the arbitration panel on all issues submitted.

The Claimant has 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 Claimant has agreed to receive conformed copies of the award while the original(s) remain on file with the NASD.

AWARD

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

1. Respondents William Sheppard and Lynette Larue shall be and hereby are jointly and severally liable for and shall pay to the Claimant William Morris the sum of \$14,967.42 (Fourteen thousand nine hundred sixty-seven dollars and forty-one cents).
2. Each party shall bear its own costs, exenses and

attorney's fees incurred in this matter not specifically enumerated herein.

FORUM FEES

Pursuant to Section 43(c) of the NASD Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. ("NASD") shall retain the non-refundable filing fee in the amount of \$150.00 and shall retain the hearing session deposit in the amount of \$500.00 previously deposited with the NASD by the Claimant. Respondents shall reimburse to Claimant the sum of \$650.00.

Forum fees are calculated at the rate of \$500.00 per hearing session and \$300.00 for each prehearing conference, if any. Fees are payable to the National Association of Securities Dealers, Inc.

Dated:

July 29, 1992

Daniel C. Himelspace
Daniel C. Himelspace, Esq.
Presiding Chair
Public Arbitrator

July 29, 1992

Dennis R. Fröhlich
Dennis R. Fröhlich, Esq.
Public Arbitrator

July 29, 1992

Raymond N. Mitchell, Jr.
Raymond N. Mitchell, Jr.
Industry Arbitrator

Arbitrator Fröhlich wishes to state that he would also have awarded damages for lost opportunity as requested by the Claimant.