

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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In the Matter of the Arbitration Between :

Warren D. Bromberg :

Claimant :

vs. :

Paragon Capital Corporation :  
William Kelly :

Respondents :  
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CASE #91-02073  
AWARD

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on July 3, 1991, Claimant, Warren D. Bromberg, who appeared Pro Se, alleged that on January 4, 1990, Respondent William Kelly, a registered representative at Paragon Capital Corp., solicited him to purchase 1500 shares of IPM, Inc. stock at .625 per share by misrepresenting its value. Claimant further alleged that Respondents, William Kelly and Paragon Capital Corp. provided him with false information and continually withheld relevant facts about the value of the investment. Claimant contended that he eventually sold the IPM, Inc. stock at one cent per share, strictly for tax loss purchases. Claimant further contended that Respondent, William Kelly's inappropriate handling of his account and Respondent Paragon Capital Corporation's failure to properly supervise Respondent, William Kelly, caused him to incur losses.

Respondents, Paragon Capital Corporation and William Kelly, by and through their Compliance Officer, Vincent M. Bruno, maintained that Claimant, Warren D. Bromberg purchased 1500 shares of IPM, Inc. at 5/8 per share on January 4, 1990 and that at the time of Claimant's purchase, they were unaware of any financial problems that IPM, Inc. may have had. Respondents further maintained that they became aware of problems with IPM, Inc. management in early winter of 1990, but Respondent, William Kelly felt the stock was a good buy and that new management was a positive indication to a company that had realized profits for Claimant in the past. Respondents contended that they forwarded all relevant news releases about IPM, Inc. to Claimant. Respondents further contended that at no time while Respondent, Paragon Capital Corp. was making a market for IPM, Inc. stock did Claimant instruct

Respondents to sell his stock at the prevailing market price. Respondents asserted that Claimant's one cent sale of IPM, Inc. stock occurred in November 1990, ten months after the original purchase. Respondents further asserted they never received any notification that IPM, Inc. filed for Bankruptcy and only ascertained this information recently. Respondents argued that Claimant made all his own decisions and any losses incurred were caused by his own acts rather than any wrongdoing by Respondents.

RELIEF REQUESTED

Claimant, Warren D. Bromberg requested \$1,046.00 in actual damages and \$500.00 in Punitive damages.

Respondents, Paragon Capital Corporation and William Kelly requested the claim be dismissed.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Leah G. Rabinowitz, was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on June 26, 1991, by the Respondent, Paragon Capital Corporation on July 29, 1991 and by Respondent William Kelly on July 25, 1991.

And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claims of Claimant, Warren D. Bromberg against Respondents, Paragon Capital Corporation and William Kelly are dismissed.
2. Claimant's request for punitive damages is denied.
3. The parties shall bear their respective costs.
4. The \$50.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant, Warren D. Bromberg shall be retained by the NASD, Inc.

AFFIRMATION

I, LEAH G. RABINOWITZ, do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.

Leah G. Rabinowitz  
Signature of Arbitrator

DATE OF DECISION: April 10, 1992

STATE OF: NEW YORK

SS:

COUNTY OF: NEW YORK

On this 27th day of MARCH 1992, before me personally appeared Leah G. Rabinowitz to me known and known before me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.

David M. Phillips

DAVID M. PHILLIPS  
Notary Public, State of New York  
No. 31-4814277  
Qualified in New York County  
Commission Expires April 30, 1993