

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Robert & Julie F. Moore

91-02267

Name of Respondent(s)

Securities Service Network, Inc.
Robert L. Bootes

REPRESENTATION

For Claimants Robert and Juanita F. Moore: Wesley Gersh, Esq., of Gersh Law Offices.

Respondent Robert L. Bootes, appeared Pro Se.

Respondent Security Service Network, Inc. settled before the hearing.

CASE INFORMATION

Statement of Claim filed: June 25, 1991.

Claimant Robert and Juanita F. Moore's Submission Agreement signed on: July 10, 1991.

Statement of Answer filed by Respondent Security Service Network, Inc. on: November 19, 1991.

Respondent Security Service Network, Inc.'s Submission Agreement signed on: November 15, 1991.

Statement of Answer filed by Respondent Robert L. Bootes on: October 4, 1991.

Respondent Robert L. Bootes' Submission Agreement signed on: September 26, 1991.

HEARING INFORMATION

Hearing Dates/Sessions: September 21, 1992 / Two Sessions.

Hearing Location: Louisville Bar Association, Louisville, Kentucky.

CASE SUMMARY

Claimants alleged that prior to meeting Respondent Bootes, who at the time of all his actions were in the course and scope of his employment with Respondent Security Service Network, Inc., Claimants' investments consisted of mutual funds, hospital bonds and other securities and the total value of Claimants' savings and investments were approximately \$245,000.00. Claimants further alleged Respondent Bootes solicited them and told them he could lower taxes, increase their income and avoid the volatility of the stock and bond market. Claimants further alleged that through the course of their dealings with Respondent Bootes, he would ask Claimants to sign various documents which they did not understand and he did not explain, and Claimants relying on Respondent Bootes' expertise, representations, experience and qualifications signed these documents. Claimants agreed Respondent Bootes would sell \$30,000.00 of their investments and that Bootes would invest the \$30,000.00 in insured investments and the remainder of their investments would be unsold. Claimants alleged Respondent Bootes made inappropriate investments, breached his fiduciary duty, violated Kentucky Blue Sky Laws, Rule 10b-5, "Know Your Customer" Rule and Securities Exchange Act of 1934.

Respondent Security Service Network, Inc. maintained that it did not deal with Claimants other than open their account and execute their orders and Respondent Security Service Network lacks information necessary to respond to the bulk of Claimants claims. Respondent Security Service Network, Inc. further asserted a counterclaim for breach of their customer agreement, wrongful filing of this action and misrepresentations to Security Service Network, Inc.

Respondent Robert L. Bootes maintained Claimants were sophisticated investors and he did not promise all investments would be insured and he explained all documents and he followed Claimants instructions on what to sell.

RELIEF REQUESTED

Claimants requested Respondents be required to purchase the securities in question for their purchase price totalling \$119,101.00 together with 6% interest, attorneys' fees and costs.

Respondent Security Services Network, Inc. requested all claims be dismissed, costs, expenses and attorneys' fees.

Respondent Bootes requested all claims be dismissed.

SPECIAL ISSUES CONSIDERED

1. The NASD shall refer this matter to the College for Financial Planning for review of Mr. Bootes' conduct. The referral shall be accompanied by the arbitration panel's recommendation that Mr. Bootes' designation as a Certified Financial Planner be revoked.
2. This matter shall be referred to the appropriate NASD district business conduct committee for investigation of Mr. Bootes' conduct. The referral shall be accompanied by the arbitration panel's recommendation that a fine of \$10,000.00 be imposed against Mr. Bootes.
3. If the NASD lacks disciplinary jurisdiction over Mr. Bootes, as an alternative to paragraph 2 above, the NASD shall refer this matter to the Securities and Exchange Commission for investigation of Mr. Bootes' conduct under the Investment Advisors Act of 1940. The referral shall be accompanied by the arbitration panel's recommendation that a fine of \$10,000.00 be imposed against Mr. Bootes pursuant to Section 203(i) of the Investment Advisors Act of 1940.

AWARD

After considering the pleadings, the testimony, the special order 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. Respondent Bootes be and hereby shall be required to purchase from Claimants their investment in Equity Line Income Fund II for \$40,000.00
2. Respondent Bootes, be and hereby shall be required to purchase from Claimants their investment in Mortgage Bancfund II for \$22,000.00.
3. Respondent Bootes be and hereby is liable and shall pay Claimants the sum of \$5,000.00 to represent attorneys' fees, authorized by state law.
4. Respondent Bootes be and hereby is liable and shall pay Claimants the sum of \$200.00 for filing fees and \$750.00 for hearing session deposit.

FORUM FEES

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

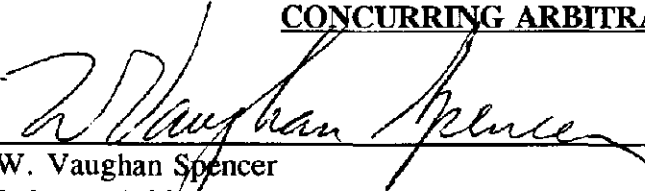
2 sessions x \$750.00 = \$1,500.00 less \$750.00 hearing session
deposit = \$750.00 net due.

Forum Fees Assessed Against:

Respondent Bootes be and hereby are liable and shall pay the NASD the sum of \$750.00 to represent forum fees.

The NASD shall retain the \$200.00 filing fee and \$750.00 hearing session deposit to that were previously deposited by claimant.

CONCURRING ARBITRATORS' SIGNATURE



W. Vaughan Spencer
Industry Arbitrator

Bill Swinford, Esq.
Public Arbitrator

Craig Bradley, Esq.
Public Arbitrator

Date of Decision: April 7, 1993

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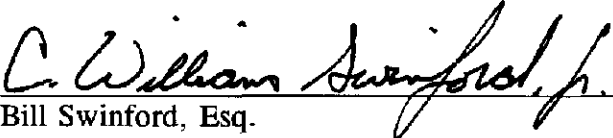
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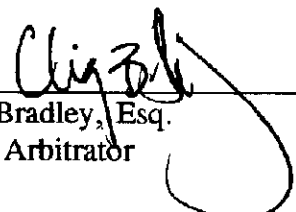
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