

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between :

Jane C. Pearson :

Claimant :

vs. :

Kober Financial Corp. :

James Rennert :

Respondents :

PUBLIC

**CASE #91-02923
AWARD**

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on September 20, 1991, Claimant Jane C. Pearson who appeared Pro Se, alleged that Respondent James Rennert strongly solicited her to purchase 2,000 shares of Interwest Communications at \$1.00 a share by promising that the stock was going to be listed on NASDAQ right away. Claimant further alleged that Respondent James Rennert again solicited her to purchase 2,000 additional shares of Interwest Communications at 7/8 per share by assuring her that the stock was going to sell for \$4.00 a share very soon. Claimant contended that Respondent James Rennert withheld relevant information about the stock and misrepresented its future value. Claimant further contended that the stock was never listed on NASDAQ and is practically worthless. Claimant asserted that Respondent James Rennert's mishandling of her account caused her to incur losses and Respondent, Kober Financial Corp. failure to properly supervise Respondent James Rennert, makes them equally liable for Claimant's losses.

Respondent, Kober Financial Corp. by and through their Compliance Officer, Rick J. Rouse, maintained that in September 1989, Claimant Jane C. Pearson decided to invest in shares of the common stock of Interwest Communication and again in October 1989 Claimant purchased an additional 2,000 shares of Interwest Communication. Respondent, Kober Financial Corp. further maintained that on November 13, 1989, pursuant to Claimant's request, 2,000 shares of Interwest Communication were delivered to her and the remaining 2,000 shares were later delivered on March 9, 1990, wherefore, Claimant held her shares and had complete control thereto. Respondent Kober Financial Corp. contended that Claimant was listed as a shareholder of record and received all relevant

information directly from Interwest. Respondent Kober Financial Corp. further contended that Claimant clearly controlled the disposition of those shares and could have sold those shares through any broker/dealer she chose. Respondent Kober Financial Corp. asserted that Claimant failed to provide proof that Respondents Kober Financial Corp. or James Rennert misrepresented anything regarding Interwest Communication and Respondent Kober Financial Corp. certainly cannot be held responsible for any decrease in value in Claimant's investment and cannot control free market forces. Respondent Kober Financial Corp. further asserted that they cannot be held responsible for any alleged damages after Claimant received her certificates evidencing her ownership and that Claimant alone was in complete control of her destiny from that point on.

Respondent, James Rennert requested an extension of time in which to file an Answer to the Statement of Claim in a letter dated October 29, 1991. Claimant, Jane C. Pearson granted Respondent an extension of time until November 17, 1991. Respondent, James Rennert failed to file an Answer to the Statement of Claim.

RELIEF REQUESTED

Claimant, Jane C. Pearson requested \$3,780.00 in actual damages plus reimbursement of the NASD, Inc. filing fees and other monetary relief.

Respondent, Kober Financial Corp. requested the claim be dismissed.

Respondent, James Rennert failed to file an Answer to the Statement of Claim.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Bernard D. Craig, Jr., Esq., was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on August 11, 1991 by the Respondent, Kober Financial Corp. on November 8, 1991 and not by Respondent, James Rennert as required by Sections 12 & 13 of the NASD Code of Arbitration Procedure.

1. In accordance with Section 13 of the NASD Code of Arbitration Procedure the Respondent, James Rennert was served a copy of the Statement of Claim by regular mail on October 2, 1991 and

given an opportunity to respond, which he failed to do. Respondent, James Rennert was notified on December 3, 1991, via certified mail, that his Statement of Answer was overdue. Respondent, James Rennert was notified on January 9, 1992, via certified mail, of the selected arbitrator, pursuant to Section 21 of the NASD Code of Arbitration Procedure. The signed certified mail receipts were returned date stamped December 13, 1991 and January 21, 1992, respectively; evidencing his receipt of this correspondence. Respondent, James Rennert failed to file an Answer to the Statement of Claim.


2. Pursuant to the By-Laws of the NASD the arbitrator determined that Respondent, James Rennert was required to submit to this arbitration proceeding and is, therefore, bound by the arbitrator's ruling and determination.

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. Respondents, Kober Financial Corp. and James Rennert are jointly and severally liable and shall pay to the Claimant, Jane C. Pearson the sum of \$3,800.00 in damages.
2. Respondents, Kober Financial Corp. and James Rennert are jointly and severally liable and shall pay to the Claimant, Jane C. Pearson simple interest at the rate of 8% per annum from November 3, 1989 to date of payment of the award.
3. The parties shall bear their respective costs.
4. The \$125.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant, Jane C. Pearson shall be retained by the NASD, Inc. Respondents, Kober Financial Corp. and James Rennert are jointly and severally liable and shall pay to the Claimant the sum of \$125.00 as reimbursement.

AFFIRMATION

I, **BERNARD D. CRAIG, JR., ESQ.**, 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.



Signature of Arbitrator

DATE OF DECISION: May 13, 1992