

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Howard C. Jarrell and Shirley J. Jarrell

and

91-03017

Name of Respondent(s)

National Securities Corporation

REPRESENTATION OF PARTIES

Claimants were represented by William D. Scheid, Esq. of Scheid and Horleck, Denver, Colorado.

Respondent was represented by Gregory N. Smith, Esq. of National Securities Corporation, Seattle, Washington.

CASE INFORMATION

The Statement of Claim was filed on or about September 27, 1991.

Claimants' Submission Agreement signed on September 13, 1991.

Statement of Answer filed by Respondent on or about November 1, 1991.

Respondent's Submission Agreement signed on October 29, 1991 by Robert I. Kollack.

HEARING INFORMATION

The hearing was held on Monday, January 27, 1992 in Denver, Colorado for a total of three (3) sessions.

CASE SUMMARY

Claimant alleged that registered representatives of Respondent National Securities Corporation made unauthorized transactions in their accounts. Claimants specifically alleged that Lynette LaRue and Bill Sheppard made unauthorized transactions in Vintage Group, Inc., Fronteer Directory, Inc., Precision Standard, Inc., Explosive Fabricators, Inc., Ingles Markets, Inc., Top Air, Inc., and CEL-SCI Corp.

Respondent denied the allegations set forth in the Statement of Claim. Respondent specifically stated that its brokers are prohibited from taking unauthorized discretion and that its brokers were in regular and frequent contact with Claimants. Respondent also stated that the Claimants received confirmations of all trades in their accounts and that Claimants regularly forwarded the appropriate funds for the purchases when required. Respondent asserted the following affirmative defenses: the claim is barred; estoppel; failure to mitigate; authorization; and punitive damages are barred by statute in the State of Colorado.

RELIEF REQUESTED

Claimant requested an award in the amount of \$102,032.27, interest, exemplary damages in an amount not less than \$300,000.00, reimbursement of taxes and penalties paid by Claimants, costs and attorney's fees.

Respondent requested that the claims be dismissed and that Claimants bear the costs of this proceeding.

OTHER ISSUES CONSIDERED & DECIDED

The panel considered the motion to dismiss asserted on behalf of Respondent National Securities Corporation and the arguments presented on behalf of each party. The panel determined that the motion to dismiss for failure to comply with Section 32 of the NASD Code of Arbitration Procedure should be denied. In denying the motion the panel did not make any determination with respect to the admissibility of documents presented on behalf of the Claimants. The panel specifically ruled that they would consider objections asserted on behalf of Respondent at the appropriate times during the course of the hearing.

The request for reimbursement of taxes and penalties paid by Claimants was withdrawn after Respondent asserted a motion that the request be stricken.

The parties have 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 parties have 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. The Statement of Claim shall be and hereby is dismissed and denied in its entirety.

2. Each party shall bear its own costs, expenses 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 \$200.00 and shall retain the hearing session deposit in the amount of \$750.00 previously deposited with the NASD by the Claimant as forum fees. Claimant shall pay to the NASD the sum of \$375.00 and Respondent shall pay to the NASD the sum of \$1,025.00 as additional forum fees.

Forum fees are calculated at the rate of \$750.00 per hearing session.

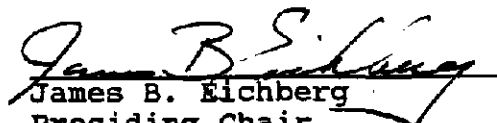
Fees are payable to the National Association of Securities Dealers, Inc.

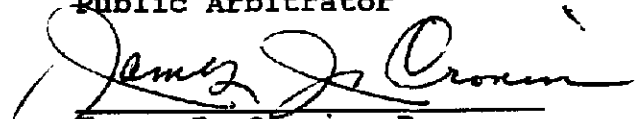
Dated:


1/27/92

1/27/92

1/27/92


James B. Eichberg
Presiding Chair
Public Arbitrator


James J. Cronin, Esq.
Public Arbitrator


Rozanne L. Nelson
Industry Arbitrator