

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant

Virginia A. Johnson

NASD Arbitration  
No.91-03913

Name of Respondents

Edwin E. Lickiss  
Danville Financial Group, Inc.  
Linsco Financial Group, Inc.  
Linsco/Private Ledger Corp.  
Financial Network Investment Corp.

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REPRESENTATION

For Claimant: Darryl P. Rains and William N. Gerson of Morrison & Foerster  
For Respondent: Financial Network Investment Corporation - David S. Markum of  
Zelle & Larson  
Edwin Lickiss - Vincent O'Gara of Hancock, Rothert & Bunshoft

CASE INFORMATION

Statement of Claim filed: December 10, 1991

Claimant's Submission Agreement signed on: November 26, 1991

Statement of Answer filed by Respondent, Edwin Lickiss on: February 21, 1992

Statement of Answer filed by Respondent, Linsco/Private Ledger Corp. on:  
February 21, 1992

Statement of Answer filed by Respondent, Financial Network Investment Corp. on:  
February 21, 1992

Respondent, Financial Network Investments Corp's Submission Agreement signed on:  
January 6, 1992

Motion to Dismiss filed by Financial Network Investment Corporation on Mar 19,  
1992.

Joinder of Edwin E. Lickiss and Linsco Financial Group, Inc. in Financial Network  
Investment Corporation's Motion to Dismiss filed on March 25, 1992.

### HEARING INFORMATION

Pre-Hearing Conference: None

Hearing Date/Sessions: August 4, 1992 - One Session

Hearing held for oral arguments before the panel by parties on motion to dismiss

Hearing Location: San Francisco, California

### CASE SUMMARY

Claimant brought this claim to remedy respondents' violations of federal and California securities laws, and for fraud, negligent misrepresentation, negligence, breach of warranty, breach of fiduciary duty, and infliction of emotional distress. Claimant alleged Respondents solicited investments in certain speculative limited partnerships when they knew or were reckless in not knowing that the recommended investments were unsuitable for the Claimant, given her investment goals. Claimant also alleged that Respondents made false claims about the potential success of all the investments and, on several occasions, advised Claimant not to liquidate certain of her investments even though they were declining in value resulting in losses to Claimant.

Respondents, answering jointly, alleged that Claimant's statement of claim ignores the extensive due diligence that was conducted by Respondents regarding the limited partnerships. This analysis buttresses Respondents' general contention that during the time frame that these investments were purchased by Claimant, they represented a viable, sensible and sound investment option for individuals with claimant's investment goals and objectives.

Respondents also joined in a motion to dismiss the Claim under Section 15 of the NASD's Code of Arbitration Procedure and Federal and State statutes of limitations.

### RELIEF REQUESTED

Claimants requested general damages in the sum of (a) a reasonable return on the investments described in the statement of claim and (b) the lost principal amount of those investments, plus interest thereon, in a specific amount that will be proven at hearing, punitive damages, prejudgment interest, costs and attorneys' fees.

Respondents requested dismissal of the claim in its entirety.

### OTHER ISSUES CONSIDERED & DECIDED

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.

