

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Harlan Kletstad

92-00283

Name of Respondent

Daugherty Dawkins Strand Yost

REPRESENTATION

For Claimant at the hearing: Bruce Pearson, Fargo, North Dakota.

For Respondent at the hearing: Frank A. Taylor, Esq. of Popham Haik, Minneapolis, Minnesota.

CASE INFORMATION

Statement of Claim filed: January 27, 1992. Claimant's Submission Agreement signed on: February 12, 1992.

Statement of Answer filed: February 24, 1992. Respondent's Submission Agreement signed on: February 20, 1992.

HEARING INFORMATION

Prehearing conference session held: November 20, 1992 for one (1) session with the panel of arbitrators.

Hearing Date/Sessions: December 11, 1992 for two (2) sessions.

Hearing Location: Minneapolis, Minnesota.

CASE SUMMARY

Claimant Harlan Kletstad ("Kletstad") alleged that he was solicited by Respondent Daugherty Dawkins Strand Yost ("Daugherty") to purchase some Tax Free MIDA bonds in a building located in Fargo, North Dakota known as the Black Building. Kletstad alleged that Daugherty was the underwriter of the bonds and First Trust Company was the trustee. Kletstad alleged that he was subjected to fraudulent sales practices, misleading statements and false statements in the offering prospectus. Kletstad further alleged that the investment was unsuitable for

him, and that the sale was fraudulent and violated state law.

Respondent Daugherty denied that they are obligated or liable in any way to Kletstad and alleged that they were in full compliance with applicable law, rules and regulations and denied that they violated any rule, regulation, law, or statute. Daugherty further alleged that Kletstad had not stated his claims with particularity as required by the NASD, and that it was therefore impossible for Daugherty to respond with particularity. Daugherty further alleged that Kletstad's claim was barred by the applicable statute of limitations because he filed the claim over six years after his alleged purchase.

RELIEF REQUESTED

Claimant requested \$20,000.00 as their original principle, plus interest, and costs.

Respondent denied the allegations set forth in the claim.

OTHER ISSUES CONSIDERED & DECIDED

Respondent Daugherty filed a Motion For the Claimant To File a More Specific Statement of Claim and a Request for a prehearing conference, with the NASD. The Claimant never filed a response. A telephonic prehearing conference call was scheduled with Claimant's representative, counsel for Respondent, and all three panel members. After the conference the arbitrators ordered that, "Claimant should file a more particular statement of claim on or before November 27, 1992 which was to include a specific theory of liability and damages." Claimant never complied with the panel's order.

At the hearing and before the Claimant's presentation of his case, the Respondent filed a Motion To Dismiss the claim and Motion To Bar Claimant's Witnesses and Exhibits. The Respondent's Motion To Dismiss was based on the fact that (1) Claimant failed to comply with the panel's order for the Claimant to File a More Specific Statement of Claim, (2) failed to respond to discovery requests, and (3) on applicable statute of limitations.

The arbitrators heard testimony and evidence on the motion immediately after it was asserted. After hearing the parties' arguments on the motion, and after deliberating, the arbitrators dismissed the claim pursuant to Section 16 of the Code of Arbitration Procedure wherein it states:

"At any time during the course of an arbitration, the arbitrators may either upon their own initiative or at the request of a party dismiss the proceeding and refer the parties to the remedies provided by applicable law."

AWARD

After considering the pleadings, the testimony and the evidence presented, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. The claimant's Statement of claim is denied and dismissed in its entirety pursuant to Section 16 of the Code of Arbitration Procedure (See Other Issues above);

2. Each of the parties shall bear their own costs and expenses incurred, other than forum fees which are specifically enumerated below.

FORUM FEES

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

2 sessions X \$400 = \$800 minus hearing session deposit of \$400 = \$400, plus \$300 for the prehearing conference session = \$700 due.

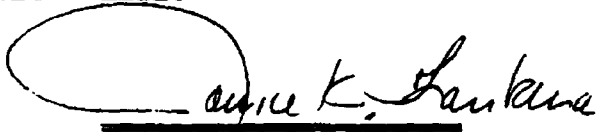
The NASD shall retain the non-refundable filing fee in the amount of \$100 and shall retain the \$400 hearing session deposit previously deposited by the Claimant. Additional Forum fees Assessed Against: Respondent Daugherty Dawkins in the amount of \$550 and against the Claimants in the amount of \$150.

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

By The Arbitration Panel:

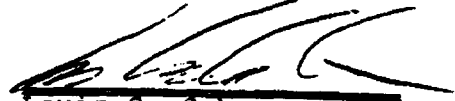
Dated:

January 7, 1993



Janice K. Frankman, Esq.
Chairperson
Public Arbitrator

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January 11, 1993


Louis S. Schoen
Public Arbitrator

January 12, 1993


Barry V. Seale
Industry Arbitrator

Date Award Served By The NASD: 12/23/92