

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Thomas J. Shanklin & Julia C. Shanklin, JTROS;
Thomas J. Shanklin, custodian for Jacqueline M.
Shanklin under the Idaho Unif Gift to Minors Act;
Thomas J. Shanklin, custodian for Elizabeth S.
Shanklin under the Idaho Unif Gift to Minors Act;
Julia Shanklin, custodian for Jacqueline M.
Shanklin under the Idaho Unif Gift to Minors Act;
Julia Shanklin, custodian for Elizabeth S. Shanklin
under the Idaho Unif Gift to Minors Act; IRA fbo
Thomas J. Shanklin DLJSC as custodian; and
Julia C. Shanklin

vs.

92-00668

Name of Respondents

Black and Company, Inc.
Catlin L. Wolfard

REPRESENTATION

For Claimants: Douglas J. Aarnestad, Esq., Hogue, Speck & Aarnestad, P.A.,
Ketchum, Idaho

For Respondents: Barnes Ellis, Esq., Steel Rives Boley Jones & Grey,
Portland, Oregon

CASE INFORMATION

Statement of Claim filed: February 25, 1992

Claimants' Submission Agreements signed on: March 25, 1992

Joint Statement of Answer filed by Respondents: May 18, 1992

Respondents' Submission Agreements signed on: April 21, 1992

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HEARING INFORMATION

Prehearing Conference Date/Sessions: October 13, 1992 (one session)

Hearing Dates/Sessions: October 19, 1992 (two sessions)
October 20, 1992 (two sessions)

Hearing Location: Salt Lake City, Utah

CASE SUMMARY

Claimants alleged that Respondents violated the National Association of Securities Dealers, Inc. (NASD) Rules of Fair Practice by "churning," or engaging in excessive and/or unsuitable trading, including option and margin trading, principally in Compaq Computer Corporation and Sequent Computer Systems, Inc. investments. Claimants further alleged unauthorized trades, misrepresentations/omissions and failure to supervise.

Respondents denied the allegations contained in the Overview, Chronology, Summary and Damages sections of Claimants' Statement of Claim. Respondents asserted that Claimants are experienced, intelligent investors with substantial net worth, in good health, with good earning ability and that Claimants made clear to Respondents that they were seeking investment positions in their accounts that would yield substantial growth.

RELIEF REQUESTED

Claimants requested:

1. Damages in the amount of \$173,000.00 on the joint account of Thomas J. Shanklin and Julia C. Shanklin;
2. Damages in the amount of \$117,000.00 on the Julia Shanklin account;
3. Damages in the amount of \$80,000.00 on the Jacqueline Shanklin custodial account;
4. Damages in the amount of \$17,500.00 on the Elizabeth Shanklin custodial account;
5. Damages in the amount of \$7,000.00 on the IRA for Thomas J. Shanklin;
6. Punitive damages in the amount of \$100,000.00;
7. Attorney's fees and costs; and
8. Such other relief as the arbitrators deem just and equitable.

OTHER ISSUES CONSIDERED & DECIDED

Prior to the hearing a majority of the undersigned arbitrators considered the written and oral positions of the parties' counsel with respect to Respondents' Motion for Change of Venue. The arbitrators denied the Motion.

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 originals 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 claims of Thomas J. Shanklin and Julia C. Shanklin, joint tenants, and of Julia Shanklin, are denied, the arbitrators having concluded that the evidence fails to establish a cause of action for churning or unauthorized trading.

2. Respondents Black and Company, Inc. and Catlin L. Wolfard are jointly and severally liable for and shall pay to Thomas J. Shanklin and Julia C. Shanklin, custodians for Jacqueline M. Shanklin, the sum of \$37,978.52, the arbitrators having concluded that the trading in said account was unsuitable, in disregard of the trust and fiduciary duties of Respondents, and in disregard of the duties of Black and Company, Inc. to supervise.

3. Respondents Black and Company, Inc. and Catlin L. Wolfard are jointly and severally liable for and shall pay to Thomas J. Shanklin and Julia C. Shanklin, custodians for Elizabeth S. Shanklin, the sum of \$3,163.00, the arbitrators having concluded that the trading in said account was unsuitable and that Black and Company, Inc. failed to properly supervise said account.

4. The claims of IRA for Thomas J. Shanklin are denied, the arbitrators having concluded that Claimants have failed to establish a claim for damages.

5. Claimants' claim for punitive damages is denied.

6. The parties shall each bear their respective costs including attorney's fees.

OTHER COSTS

None.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following forum fees are assessed: The NASD shall refund the \$750.00 hearing session deposit previously deposited by the Claimants. Forum fees assessed against:

Respondents Black and Company, Inc. and Catlin L. Wolfard, jointly and severally, in the amount of \$3,300.00 calculated as follows: Four hearing sessions times \$750.00/session plus one prehearing session times \$300.00/session.

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

ARBITRATION PANEL

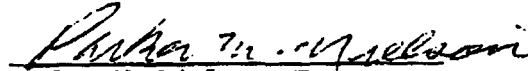
Public/Industry

Public Arbitrator

Public Arbitrator

Industry Arbitrator

Concurring Arbitrators' Signature


Parker M. Nielson, Esq.

Date of Decision: _____

Date Served: 12/22/92