

**N.A.S.D. AWARD**

**NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.**

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**In the Matter of the Arbitration Between**

**Name of Claimants**

Frances Marinoni  
Rita D. Marinoni  
Patricia Morley

and

92-01313

**Name of Respondents**

R.A. Johnson & Company, Inc.  
Charles Suzuki  
Derek Uyeno  
Chris C. Johnson  
Claire Singleton  
Ronald A. Johnson

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**REPRESENTATION OF PARTIES**

Frances Marinoni, Rita D. Marinoni & Patricia Morley ("Claimants") were represented by Eric G. Lipoff, Esq. of Raring & Lipoff, Costa Mesa, California.

R.A. Johnson & Company, Inc., Charles Suzuki, Derek Uyeno, Chris C. Johnson, Claire Singleton, and Ronald A. Johnson ("Respondents") were represented by John P. Mullin, Esq. of Anderson & Karrenberg, Salt Lake City, Utah.

**CASE INFORMATION**

The Statement of Claim was filed on or about April 14, 1992. Submission Agreement of Claimants Frances Marinoni, Rita D. Marinoni & Patricia Morley was signed on April 9, 1992.

Statement of Answer was filed by Respondents, R.A. Johnson & Company, Inc., Charles Suzuki, Derek Uyeno, Chris C. Johnson, Claire Singleton, and Ronald A. Johnson on or about August 24, 1992. Submission Agreement of Respondent Charles Suzuki was signed on August 12, 1992. Submission Agreement of Respondent Derek Uyeno was signed on August 14, 1992.

### **HEARING INFORMATION**

A pre-hearing conference was held on Monday, March 8, 1993 for one (1) session.

The hearing was held on Tuesday, March 9, 1993 for two (2) sessions, Wednesday, March 10, 1993 for two (2) sessions, Thursday, March 11, 1993 for three (3) sessions, Friday, March 12, 1993 for two (2) sessions and Monday, September 13, 1993 for three (3) sessions in Denver, Colorado for a total of twelve (12) hearing and one (1) pre-hearing sessions.

### **CASE SUMMARY**

Claimants alleged that Respondents made material misrepresentations about R.A. Johnson in addition to material misrepresentations with respect to their purchase of shares of Mizlou stock and warrants. Claimants further alleged that the misrepresentations constituted violations of N.A.S.D. Rules of Fair Practice. The alleged misrepresentations included that Mizlou was a stable company that had been in business for over 25 years; that Mizlou had always operated in the black; that Mizlou had no debt; that the investment in Mizlou could only go up; and that Respondents Uyeno and Suzuki had substantial investments in Mizlou themselves.

The allegations of making material misrepresentations were denied by the Respondents. Respondents stated that the Claimants all purchased their stock in Mizlou fully aware of the risks they were taking. Respondents also stated that the Claimants initiated the contact between them and that all made their decision to purchase the stock based upon the touting of the stock by Chris Morley.

### **RELIEF REQUESTED**

Claimants requested recovery of the following damages: out of pocket losses for Rita Marinoni in the amount of \$46,751.00, Frances Marinoni in the amount of \$48,790.00, and Patricia Morley in the amount of \$77,924.00; lost profits for Rita Marinoni in the amount of \$58,655.00, Frances Marinoni in the amount of at least \$50,000.00, and an unstated amount for Patricia Morley; interest from the date funds were deposited into the Claimant's accounts; reasonable attorney's fees; costs; punitive damages in an amount to punish Respondents for the intentional wrongful conduct; unstated damages for emotional distress suffered by Claimants; and for such other relief as the Arbitration Panel deems proper.

Respondents requested that the claims asserted in this matter be dismissed in their entirety and that they be awarded their costs and attorney's fees expended in this matter.

### **OTHER ISSUES CONSIDERED & DECIDED**

Respondents R.A. Johnson & Company, Inc., Chris C. Johnson, Claire Singleton, and Ronald A. Johnson did not file with the N.A.S.D. properly executed submissions to arbitration but are required to submit to arbitration pursuant to §12 of the N.A.S.D. Code of Arbitration Procedure (the "Code") and having answered the claim, appeared and testified at the hearing are bound by the determination of the arbitration panel on all issues submitted. The Uniform Submission Agreements executed by Ronald A. Johnson, individually and on behalf of R.A. Johnson & Company, Inc. were not dated. Respondents Chris C. Johnson and Claire Singleton did not file submission agreements.

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 N.A.S.D.

### **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. Respondents R.A. Johnson & Co., Ronald A. Johnson, and Derek Uyeno shall be and hereby are jointly and severally liable for and shall pay to the Claimant Frances V. Marinoni the sum of *Forty eight thousand seven hundred ninety dollars* (\$48,790.00).
2. Interest at the rate of 5% per annum is awarded on the above stated sum from and inclusive of August 10, 1989 to and inclusive of the date this award is paid.
3. There is no award of damages for the claims asserted by Claimants Rita Marinoni and Patricia Morley.
4. All claims asserted in this matter against Respondents Charles Suzuki, Chris C. Johnson and Claire Singleton shall be and hereby are dismissed with prejudice.
5. Each party shall bear its own costs, expenses, and attorney's fees incurred in this matter not specifically enumerated herein.

### **FORUM FEES**

Pursuant to §43(c) of the N.A.S.D. Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. ("N.A.S.D.") shall retain the non-refundable filing fee in the amount of \$200.00 and shall retain as forum fees the hearing session deposit in the amount of \$750.00 previously deposited with the N.A.S.D. by the Claimant. Claimants shall pay to the N.A.S.D.

the sum of \$3,750.00 and Respondents R.A. Johnson & Co., Ronald A. Johnson, and Derek Uyeno shall be and hereby are jointly and severally liable for and shall pay to the N.A.S.D. the sum of \$4,500.00 as additional forum fees.

Forum fees are calculated at the rate of \$750.00 per hearing session and \$300.00 for each prehearing conference, if any. Fees are payable to the National Association of Securities Dealers, Inc.

Dated:

s/ Daniel C. Himelspace, Esq.  
Daniel C. Himelspace, Esq.  
Arbitrator, Presiding Chair

October 27, 1993

s/ Vincent P. Fitzgerald, CPA  
Vincent P. Fitzgerald, CPA  
Public Arbitrator

October 27, 1993

s/ Richard T. Huebner, Esq.  
Richard T. Huebner, Esq.  
Industry Arbitrator

October 25, 1993