

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Rashid Abdu Inc. Profit Sharing Plan & Trust,
Rashid & Joan Abdu, Trustees
Rashid A. & Joan Abdu

92-01653

Name of Respondents

The Ohio Company
Howard Lewis

REPRESENTATION

For Claimants Rashid Abdu Inc. Profit Sharing Plan & Trust, Rashid & Joan Abdu, Trustees and Rashid A. & Joan Abdu ("Claimants"): Charles E. Dunlap, a sole practitioner.

For Respondents The Ohio Company ("Ohio") and Howard Lewis ("Lewis"): James A. Francis, of Ohio.

CASE INFORMATION

Statement of Claim filed: May 15, 1992.

Claimants' Individual Submission Agreement signed on: April 30, 1992.

Claimants' Submission Agreement as Trustees signed on: June 15, 1992.

Claimant Rashid Abdu Inc.'s corporate acknowledgment executed on: May 28, 1992.

Joint Statement of Answer filed by Respondents on: August 10, 1992.

Respondent Ohio's Submission Agreement signed on: August 6, 1992.

Respondent Lewis' Submission Agreement signed on: August 6, 1992.

HEARING INFORMATION

Hearing Date/Sessions: March 2, 1993/2 sessions.

Hearing Location: NASD, Cleveland, OH.

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CASE SUMMARY

Claimant Rashid A. Abdu ("Abdu") alleged he was uneducated in finance or the stock market and trusted Lewis' judgment in following his investment recommendations. Abdu alleged he met with Lewis after he noticed several of his securities were not performing well and alleged Lewis stated "I have to look after my own interest." Claimant Abdu alleged he studied the investments Lewis had recommended and found several to be speculative and unsuitable for a pension plan and for a person of Abdu's age. Abdu alleged that a C.P.A., John Slatter, commented on several of the securities Lewis had recommended and found them speculative and unsuitable. Claimant Abdu alleged Lewis recommended other speculative securities including CIS High Yield, a limited partnership. Claimant Abdu also alleged that when the pension plan was transferred to Ohio, a fifty (50) share certificate of Beltran Corporation was among the transferred equities. Abdu alleged it never appeared on the monthly statements from Ohio. Finally, Abdu alleged that after he had left Ohio he received the original certificate from Ohio but then learned Beltran Corporation no longer existed.

Respondents alleged Abdu was able to make informed decisions about his investments and understood common stock investments. Respondents alleged Lewis explained these investments and that Abdu agreed with Lewis that growth through equities was appropriate in his account when it opened. Respondents asserted Abdu followed Lewis' advice at times and at other times chose not to. Lewis denied he said "I have to look after my own interest"; however, he did maintain he told Abdu he might be better served by another broker after Abdu refused to follow his advice. Respondents further maintained that no misrepresentations concerning the nature of the stocks were made and that Abdu was aware of the market risks. Respondents asserted Abdu was given details of each investment and approved each trade. Respondents maintained Abdu blamed the overall market decline on Respondents. Respondents maintained the securities were suitable for Claimants' goals and well diversified. Finally, Respondents alleged the Beltran stock was purchased prior to Abdu becoming an Ohio client and was a worthless security and not transferable; therefore it was delivered to Abdu.

Claimant Abdu responded to Respondents' Statement of Answer by realleging he had little experience with the stock market. Abdu alleged he met Lewis through his wife and was impressed with him. Abdu and his partner and their surgical department then turned over the pension fund and research and education funds, respectively, to Lewis' care. Abdu alleged Lewis recommended and bought all the equities of the pension and personal portfolios except for a few stocks Abdu bought on the advice of friends. Abdu further alleged he did not blame the market decline on Respondents, but that if he were a knowledgeable investor he would have

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not sustained the loss in his portfolios. Finally, Abdu alleged the Beltran certificate was transferred to Ohio with his other equities but questioned why Ohio never told him at the time of the transfer it was worthless or why it did not appear on monthly statements or why Ohio sent the certificate to him several years after the account was opened.

RELIEF REQUESTED

Claimant requested: actual damages in the amount of \$81,596.00; the value of fifty (50) shares of Beltran Corporation; and \$100,000.00 in damages for time, inconvenience and lost appreciation of initial capital had it been invested properly.

Respondents requested: the Claimants' claim be denied completely; costs and attorneys' fees.

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 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 the Claimants are denied;
2. All other claims are denied;
3. Each party shall bear its own expenses, including attorneys' fees.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the NASD shall retain the \$200.00 non-refundable filing fee previously deposited by Claimants and the following Forum Fees are assessed.

2 sessions X \$750.00 = \$1,500.00 minus hearing session deposit of \$750.00 = net \$750.00 due.

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Forum fees Assessed Against:

1. Claimants, are hereby liable in the amount of \$750.00; however, in lieu of further payment, the NASD shall retain Claimants \$750.00 hearing session deposit;
2. Respondents are hereby liable, jointly and severally, and shall pay to the NASD the sum of \$750.00.

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

ARBITRATOR SIGNATURE


Carole O. Heyward/Public Arbitrator

Date of Decision: March 29, 1993

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ARBITRATOR SIGNATURE


Barry W. Moses/Industry/Arbitrator

Date of Decision: March 29, 1993

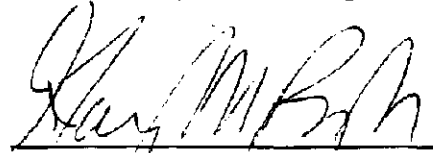
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ARBITRATOR SIGNATURE



Gary M. Bash/Public Arbitrator

Date of Decision: March 29, 1993