

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Steven L. Worley
Kathryn A. Worley

vs.

92-01673

Name of Respondents

Paulson Investment Co., Inc.
Danton Wagner

REPRESENTATION

For Claimants: Kim T. Buckley, Esq., Esler, Stephens & Buckley, Portland
Oregon

For Respondents: David B. Wiles, Esq., Weiss, Jensen, Ellis & Botteri,
Portland, Oregon

CASE INFORMATION

Statement of Claim filed: May 15, 1992

Claimants' Submission Agreements signed on: April 10, 1992

Joint Statement of Answer filed by Respondents: July 10, 1992

Respondents' Submission Agreements signed as follows:

Paulson Investment Co., Inc: July 2, 1992

Danton Wagner: July 1, 1992

HEARING INFORMATION

Prehearing Conference(s) Date(s) Sessions: None

Hearing Date/Sessions: November 10, 1992 (two sessions)

Hearing Location: Portland, Oregon

CASE SUMMARY

Claimants alleged that Respondents violated the Oregon Securities Law and the National Association of Securities Dealers, Inc. (NASD) Rules of Fair Practice when they recommended and sold on margin unsuitable stock and stock options. Claimants also alleged that Respondents were negligent in their recommendations and that Paulson Investment Co., Inc. was negligent when it failed to supervise Danton Wagner.

Respondents denied Claimants' allegations of wrongdoing and asserted affirmative defenses.

RELIEF REQUESTED

Claimants requested:

1. Damages in the amount of \$32,210.21, together with interest, as amended at hearing;
2. Reasonable attorney fees; and
3. Claimants' costs and disbursements incurred in this case.

Respondents requested dismissal of Claimants' Statement of Claim and for Respondents' costs and disbursements.

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. Respondents are jointly and severally liable for and shall pay to Claimants the sum of \$25,000.00.
2. Claimants' claim for interest is denied.
3. 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 as determined by the undersigned arbitrators: The NASD shall refund the \$500.00 hearing session deposit previously deposited by the Claimants. Forum fees assessed against:

Respondents, jointly and severally, in the amount of \$800.00, calculated as follows: Two hearing sessions times \$400.00/session.

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

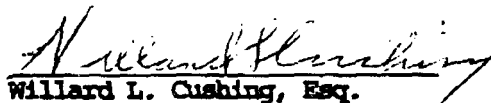
ARBITRATION PANEL

Public/Industry

Sq.

Public Arbitrator
Public Arbitrator
Industry Arbitrator

Concurring Arbitrators' Signature


Willard L. Cushing, Esq.

Date of Decision: 12/5/92