

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

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

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In the Matter of the Arbitration Between

Name of Claimant

Addison Securities, Inc.  
Bruce Zucker  
John Stein

and

92-02051

Name of Respondent

Seymour Bloom

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**REPRESENTATION OF PARTIES**

Addison Securities, Inc., Bruce Zucker, and John Stein ("Claimants") were represented by Will S. Montgomery, Esq. of Jenkins & Gilchrist, Dallas, Texas.

Seymour Bloom ("Respondent") was represented by Gerald P. Urbach, Esq. of Ungerman Hill, P.C., Dallas, Texas.

**CASE INFORMATION**

The Statement of Claim was filed on or about June 19, 1992. Amended Statement of Claim was filed on or about December 16, 1992. Submission Agreement of Claimant Addison Securities, Inc. was signed on June 17, 1992 by John Stein. Submission Agreement of Claimant Bruce Zucker was signed on June 17, 1992. Submission Agreement of Claimant John Stein was signed on June 17, 1992.

Answer to Amended Statement of Claim and Counterclaim was filed by Respondent on or about June 16, 1993.

**HEARING INFORMATION**

The hearing was held on Monday, July 12, 1993 for two (2) sessions, Tuesday, July 13, 1993 for two (2) sessions, Wednesday, July 14, 1993 for two (2) sessions, Friday, August 13, 1993 for one (1) session, and Monday, September 27, 1993 for two (2) sessions in Dallas, Texas for a total of nine (9) sessions.

### **CASE SUMMARY**

Claimants alleged that Respondent was the subject of a series of customer complaints alleging unauthorized trading and churning of customer's accounts. Claimants stated that when he was confronted with the accusations, he could not offer a plausible defense for his actions and was given an option to voluntarily resign. Claimants alleged that Respondent chose to voluntarily resign. Claimants further alleged that Respondent is in default on certain repayment obligations to Addison Securities, Inc. for a note in the face amount of \$10,000.00, advances in the amount of \$3,500.00, credit card charges in the amount of \$2,355.24, and that Bloom has gone into businesses seeking credit and indicating that he would repay those obligations through his association with Addison Securities, Inc.

Respondent denied the allegations set forth in the Amended Statement of Claim. Respondent stated that he did not voluntarily resign from Addison Securities, Inc.; that he remains a 1/3 shareholder of Addison Securities, Inc.; and denied any allegations of misdeeds with respect to customer complaints.

### **RELIEF REQUESTED**

Claimants requested that the panel make a declaratory finding that Bloom's resignation was voluntary; Addison's right to offset \$25,000.00, and a declaration that no additional monies are due to Bloom; and that Addison properly removed Bloom as a shareholder, director and officer and that Bloom has no further equity interest in Addison. Claimants also requested that Bloom be enjoined from holding himself out as a Principal of Addison and for such further relief that the Panel should deem appropriate.

Respondent requested that the Panel determine that the Shareholders Agreement be enforced, that all relief sought by the Claimants be denied and that he be awarded such other relief which the Panel deems appropriate. Respondent further requested that his stock be purchased for its value as determined by the Shareholder's Agreement and without alleged offsets; that he recover all of his attorney's fees and costs; and that he recover general damages for the conduct of Zucker, Stein, and Addison and for such other relief as the Panel deem appropriate.

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

Respondent Seymour Bloom did not file with the N.A.S.D. a properly executed submission to arbitration but is required to submit to arbitration pursuant to §8 of the N.A.S.D. Code of Arbitration Procedure (the "Code") and having answered the claim, appeared and testified at the hearing is bound by the determination of the arbitration panel on all issues submitted.

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. That Seymour Bloom no longer has an equity interest in Addison Securities, Inc.
2. Neither party is entitled to any monetary award.
3. Each party shall bear its own costs, expenses (including expert witness fees), and attorney's fees incurred in this matter not specifically enumerated herein.

### **FORUM FEES**

Pursuant to §44(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 \$500.00 and shall retain as forum fees the hearing session deposit in the amount of \$600.00 previously deposited with the N.A.S.D. by the Claimants. Claimant Addison Securities, Inc. shall pay to the N.A.S.D. the additional sum of \$4,800.00 as forum fees. Respondent Seymour Bloom shall also pay to the N.A.S.D. the sum of \$500.00 as the non-refundable filing fee on his Counterclaim. Forum fees are calculated at the rate of \$600.00 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/ Lisa R. Browning, Esq.

Lisa R. Browning, Esq.

Industry Arbitrator, Presiding Chair

November 19, 1993

s/ G. Dale McKissick

G. Dale McKissick

Industry Arbitrator

November 6, 1993

s/ David L. Baker

David L. Baker

Industry Arbitrator

November 6, 1993