

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Maria Pavlides

92-02138

Name of Respondents

Julie R. Hupp
Derand/Pennington/Bass, Inc.

REPRESENTATION

Claimant Maria Pavlides ("Claimant") represented herself.

Respondent Julie R. Hupp ("Hupp") was represented by Steven R. Becker of the law firm of Semmes, Bowen & Semmes.

Respondent Derand/Pennington/Bass, Inc. ("Derand") was represented by B. Eric Sivertsen, Sr. Vice President of Derand/Pennington/Bass, Inc.

CASE INFORMATION

Statement of Claim filed on: June 25, 1992

Claimant's Submission Agreement signed on: June 9, 1992

Statement of Answer filed by Respondent Hupp on: September 2, 1992

Hupp's Submission Agreement signed on: August 28, 1992

Statement of Answer filed by Respondent Derand on: August 31, 1992

Derand's Submission Agreement signed on: August 28, 1992

HEARING INFORMATION

Hearing Date/Session: February 18, 1993 - one session

Hearing Location: NASD Executive Offices, Washington, D.C.

CASE SUMMARY

Claimant alleged that Hupp sold Claimant two bonds to invest in, International Elder Care, Inc. ("IEC") and Perpetual Savings Bank ("Perpetual") and that Hupp knew or should have known that these bonds were unsuitable for Claimant. Claimant, that among other things, alleged that Hupp made material misstatements of fact to induce the Claimant to invest in IEC and Perpetual bonds. Claimant alleged that Hupp told Claimant that IEC was an excellent and safe investment and that the Perpetual bonds would be preferable to Chevy Chase bonds. Claimant alleged that Respondents engaged in common law fraud, violated Section 10 of the Securities Exchange Act and Rule 10b-5 through their sale and promotion of IEC bonds. Claimant alleged Respondents had an obligation to Claimant to reasonably research the bonds they touted before recommending them to Claimant. Claimant alleged that Respondents negligent conduct in the sale of Perpetual bonds and negligent and fraudulent conduct in the sale of IEC caused claimant to suffer financial damage.

Hupp maintained that she properly handled Claimant's account, that she provided Claimant with information on the IEC bonds and that it was Claimant's decision to purchase these bonds. Hupp maintained that the purchase of Perpetual was unsolicited and that it was Claimant's decision to make this investment and that she can not be held accountable for losses incurred by customers on unsolicited trades. Hupp maintained that Claimant sought investments that provided a high yield and that Claimant knew that high yield bonds carried greater risks

Both Respondents Derand and Hupp denied all allegations of wrongdoing asserted by Claimant and maintained that the bonds Claimant invested in were suitable for her and were in the spectrum of what Claimant was looking for - high yield, short term bonds. Respondents maintained that Claimant was advised of the risks related to the investments and offered her alternatives which contained less relative risks than other investments they Claimant owned. Respondents maintained that they performed appropriate due diligence with regard to the two investments in question and denied that they committed fraud. Respondents maintained that all material information was conveyed to Claimant and that no material misstatements were made. Respondents maintained that Claimant was advised of the risks associated with her investments and that she was never told that her investments were safe. Respondents maintained that they tried to increase Claimant's diversity and safety through their investment recommendations.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$10,000; and, punitive damages in the amount of \$15,000.

Hupp requested that Claimant's claim be dismissed with prejudice.

Derand requested that Claimant's claim be dismissed with prejudice.

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.

That the Panel confirmed at the commencement of the hearing that Derand Corporation of America's Motion to be Dismissed as a party respondent had been granted by the NASD.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. That Claimant's claims for compensatory and punitive damages are dismissed in their entirety.
2. That the parties shall bear their respective costs including attorneys fees.

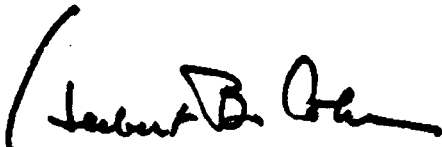
FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following Forum Fee(s) are assessed:

That Claimant's hearing session deposit of \$400 is retained to cover the cost of the one hearing session conducted in these matter.

Concurring Arbitrator's Signature
Name

Public/Industry



Herbert B. Cohn, Esq.
Chairman

Public Arbitrator

Date of Decision: March 30, 1993

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Maureen Power Wilkerson, Esq.

Public Arbitrator

3/24/93

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Public/Industry


Bryan P. Fusini

Industry Arbitrator

Date of Decision: March 30, 1993