

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant

Equity Homes, Inc. Profit Sharing Plan

92-02788

Name of Respondents

Ferris, Baker Watts Incorporated  
Dexter M. Davis

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REPRESENTATION

For Claimant Equity Homes, Inc. Profit Sharing Plan ("Claimant"): James J. Doyle, III,  
Attorney at Law

For Respondents Ferris Baker Watts, Inc. and Dexter M. Davis (jointly referred to as  
"Respondents"): Theodore W. Urban, General Counsel of Ferris, Baker Watts, Inc.

CASE INFORMATION

Statement of Claim filed: August 18, 1992.

Claimant's Submission Agreement signed on: August 10, 1992.

Joint Statement of Answer filed by Respondents Dexter M. Davis and Ferris, Baker Watts,  
Inc. on: October 15, 1992.

Respondent, Dexter M. Davis's Submission Agreement signed on: October 9, 1992.

Respondent, Ferris, Baker Watts, Inc.'s Submission Agreement signed on: October 12, 1992.

HEARING INFORMATION

Hearing Date/Sessions: June 1, 1993/<sup>Two</sup>~~One~~ sessions

Hearing Location: Omni Inner located in Baltimore, Maryland.

### **CASE SUMMARY**

Claimant alleges that Respondent Dexter M. Davis ("Davis") recommended that Claimant purchase common stock of Centocor, Inc. ("Centocor") and agreed to monitor the stock on a daily basis and to sell the shares, without further direction from Claimant, upon a 10% decline in value. Claimant further alleges that the price of Centocor subsequently dropped in excess of 10% and that Respondents Davis and Ferris, Baker and Watts, Inc. ("FBW") are liable for failing to execute the sell order and misrepresenting that Claimant's losses would be limited to 10%.

Respondent Davis maintains that he agreed to notify Claimant upon a 10% decline in the value of Centocor stock, but Respondents deny that any of Respondent FBW's representatives accepted any discretion to sell Centocor or made any representations that Claimant's losses could be limited to 10%. Respondents further maintain that Claimant was informed that the price of Centocor had declined in excess of 10% by Respondent Davis, the monthly customer statement and from Claimant's own research and that Claimant's acquiescence was therefore a ratification of Respondents' inaction. Respondents further maintain that Respondent Davis called Claimant to ascertain whether they desired to continue to hold Centocor and that his calls were not returned until two days later when the price had declined further.

### **RELIEF REQUESTED**

Claimant requests an award in the amount of \$9,050, plus interest and costs, including attorneys' fees.

Respondents request that the claim be dismissed in its entirety.

### **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:

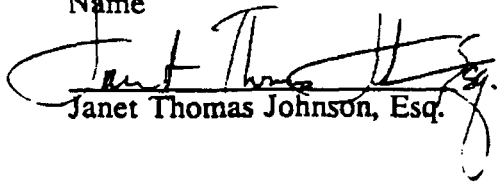
- a) That Respondents Dexter M. Davis and Ferris, Baker Watts, Inc. are hereby jointly and severally liable and shall pay to Claimant the sum of \$9,050
- b) The claim for interest is hereby dismissed.
- c) Each party shall bear their respective costs, including attorneys' fees.

### **FORUM FEES**

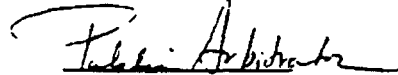
Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fee(s) are assessed.

Claimant's hearing session deposit of \$200 shall be retained to cover the cost of the hearing session.

Concurring Arbitrator's Signature  
Name

  
Janet Thomas Johnson, Esq.

Public/Industry



Date of Decision: July 20, 1993