

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

**NATIONAL ASSOCIATION OF SECURITIES DEALERS**

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**In the Matter of the Arbitration Between**

**Name of Claimant**

Leslie McKay

92-02887

**Name of Respondents**

Princeton Financial Group, Inc.  
David Harris

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**REPRESENTATION**

For Claimant, Leslie McKay ("Claimant"), William G. Bauer, Esq., from the law firm of Woods, Oviatt, Gilman, Sturman & Clarke.

For Respondent, David Harris ("Harris"), Laura J. Wilson, Esq. from the law firm of Harris Beach & Wilcox.

Respondent Princeton Financial Group, Inc. ("Princeton Financial"), was not represented by counsel.

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**CASE INFORMATION**

Statement of Claim was filed on August 26, 1992.

Claimant's Submission Agreement was signed on August 22, 1992.

Harris' Statement of Answer was filed on October 7, 1992.

Harris' Submission Agreement was signed on October 2, 1992.

Princeton Financial did not file a Statement of Answer.

Princeton Financial did not sign a Submission Agreement.

### **HEARING INFORMATION**

Hearing Date/Hearing Sessions: March 12, 1993 - 2 sessions.

Hearing Location: National Association of Securities Dealers, Inc.'s offices located at 33 Whitehall Street, New York City, New York.

### **CASE SUMMARY**

Claimant alleges that he received a dozen telephone calls from Harris who worked for Princeton Princeton Financial, met with Harris once and subsequently purchased 3,000 shares of Share Data Company common stock ("SHRD") at a price of  $2\frac{3}{16}$  per share. The total expense of this investment was \$6,562.50. Claimant alleges that he received calls from Harris daily for the following three weeks urging him to buy more shares of SHRD. Claimant alleges that he purchased 1,400 additional shares of SHRD at  $4\frac{1}{16}$  per share on the following month, totaling \$6,037.50. Claimant alleges that upon making the above investments, he agreed with Harris and Princeton Financial that the stock would be automatically sold if the price dropped  $\frac{1}{8}$  to  $\frac{1}{8}$  per share. Claimant states that he purchased an additional \$7,593.75 in SHRD the following month and that the same agreement to sell automatically was made with regard to this purchase. Claimant alleges that he subsequently informed Harris to sell the shares and Harris urged him to purchase additional shares. Claimant states that he purchased additional shares totaling \$3,687.00 and, the price of the SHRD subsequently dropped in increments larger than  $\frac{1}{8}$  to  $\frac{1}{8}$  per share. Claimant further alleges that Harris and Princeton Financial both failed to honor the existing agreement to automatically sell despite the huge drop in SHRD price.

Harris maintains that he was in regular contact with Claimant and that at no time did Claimant request a liquidation of the SHRD holdings. Harris further maintains that Claimant made the decision not to sell when the share price fell. Harris denies that any such agreement to automatically sell SHRD existed. Harris maintains that Claimant is a sophisticated investor who purchased other stock through Harris and Princeton Financial and referred customers to Harris at various times.

Respondent Princeton Financial did not file a Statement of Answer nor appeared at the hearing to defend the allegations.

### **RELIEF REQUESTED**

Claimant requests an award of \$46,400.00 which represents the price he would have received had Harris and Princeton Financial adhered to the  $\frac{1}{8}$  to  $\frac{1}{8}$  stop loss agreement. Claimant additionally requests that interest, earnings and appreciation be awarded to him.

Respondent Harris requests that Claimant's claim be denied in its entirety.

**OTHER ISSUES CONSIDERED & DECIDED**

The parties have agreed to receive conformed copies of the Award while the original remains on file with the NASD.

The arbitrators determined that Princeton Financial was properly served and properly given notice of the hearing and decided to proceed with the hearing in the absence of Princeton Financial in accordance with Section 24 of the Arbitration Procedure.

**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 claim against Harris is hereby dismissed in its entirety.
2. The claim against Princeton Financial granted in the amount of twenty-four thousand six hundred and eighty-three dollars and seventy-five cents (\$24,683.75). Princeton Financial is hereby ordered to pay Claimant \$24,683.75.
3. Princeton Financial is further liable to Claimant for costs in the amount of five hundred and twenty dollars as stated in the Forum Fees section of this decision.

**FORUM FEES**

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following Forum Fees are assessed against Princeton Financial.

Non-refundable Filing Fee: \$120.00

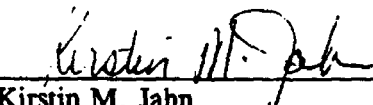
Hearing Session Fees: \$400.00 X 2 sessions = \$800.00

1. Claimant deposited \$520.00 and is entitled to a refund.
2. Princeton Financial Group shall pay the NASD the sum of \$400.00 and reimburse Claimant \$510.00.

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

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**CONCURRING ARBITRATOR SIGNATURE**

  
Kirstin M. Jahn

Industry Arbitrator

Date of Decision: July 8, 1993

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STATE OF *New York*  
COUNTY OF *Cayuga*

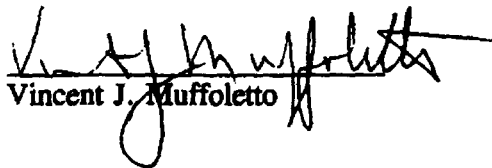
S.S.:

On this *24<sup>th</sup>* day of *May*, 1993, before me personally appeared  
Kirstin ~~Kristin~~ M. Jahn known to me to be the individual described in and who executed the foregoing  
instrument and be duly acknowledged to me that he/she executed the same

*Ron Laster*  
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**CONCURRING ARBITRATOR SIGNATURE**

  
Vincent J. Muffoletto

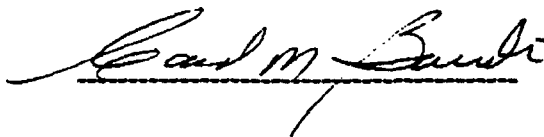
Public Arbitrator

Date of Decision: July 8, 1993

STATE OF *New York*  
COUNTY OF *Erie*

S.S.:

On this *2<sup>nd</sup>* day of *July*, 1993, before me personally appeared  
Vincent J. Muffoletto known to me to be the individual described in and who executed the  
foregoing instrument and be duly acknowledged to me that he/she executed the same

  
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CAROL M. BARRILE  
Notary Public, State of New York  
Qualified in the County of *9th*  
My Commission Expires Jan. 31, 1994

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**CONCURRING ARBITRATOR SIGNATURE**

A handwritten signature in cursive script, appearing to read "John P. DeLuca".

John P. DeLuca

Public Arbitrator

Date of Decision: July 8, 1993

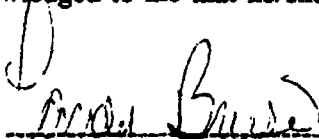


STATE OF New York

S.S.:

COUNTY OF ERIE

On this 2<sup>nd</sup> day of July, 1993, before me personally appeared John P. Deluca known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he/she executed the same



CANDY BRUSCO  
Notary Public State of New York  
Qualified in Erie Co. No. 01481987804  
My Commission Expires June 18, 94