

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Jean Sam

92-03342

Name of Respondents

First of Michigan Corporation
Smith Hague & Co.
Lewis Rowady

REPRESENTATION

For Claimant, Jean Sam: Anthony V. Trogan, Jr., Esq. of law firm of Weissman, Trogan, Young, & Schloss P. C.

For Respondents, First Michigan Corporation, Smith Hague & Co. and Lewis Rowady: Michael P. Coakley, Esq. of Miller Canfield Paddock & Stone.

CASE INFORMATION

Statement of Claim filed: September 23, 1992.

First Amended Statement of Claim filed on: April 2, 1993.

Second Amended Statement of Claim filed on: August 17, 1993.

Reply To Answer To Second Amended Statement of Claim filed on: September 28, 1993.

Claimant's Submission Agreement signed on: September 22, 1992.

Joint Statement of Answer filed by Respondents, Smith, Hague & Co., First of Michigan Corporation and Lewis Rowady, in the form of a Motion to Dismiss, or In The Alternative, For a More Definite Statement on: January 7, 1993.

Respondents' Motion To Dismiss, Or, In The Alternative, For A More Definite Statement With Respect To The First Amended Statement of Claim filed on April 16, 1993.

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Respondents' Response to the Claimant's Second Amended Statement of Claim filed on: September 13, 1993.

Respondent, Lewis Rowady's Submission Agreement signed on: March 5, 1993. Respondent, First of Michigan Corporation's Submission Agreement was signed by John G. Martin, President and CEO of First of Michigan Corporation, on: March 9, 1993.

Respondent, Smith, Hague & Co. did not sign a Submission Agreement as First Michigan bought Smith, Hague & Co. prior to the commencement of this action.

HEARING INFORMATION

Pre-Hearing Conference: August 6, 1993

Hearing Dates/Sessions: October 7, 1993 - Two Sessions.
 October 8, 1993 - Two Sessions.

Hearing Location: American Arbitration Association - Southfield, MI.

CASE SUMMARY

Claimant alleged she had little or no knowledge or experience investing in securities. Claimant alleged that in reliance upon her relationship with the Respondents, Claimant entrusted the conduct of her securities investing to Respondents completely after fully disclosing her age, income, financial circumstances and conservative investment goals.

Claimant further alleged that Respondents managed Claimant's account improperly by selecting and recommending speculative securities; excessively trading; convincing Claimant to purchase inappropriate products; recommending unsuitable securities and by effecting trades without Claimant's approval or foreknowledge. Claimant alleged that she purchased an interest in Friendly Village of Indiana Limited Partnership upon the advice of Respondents and alleged that the investment was unsuitable, and was induced through deliberate and negligent misrepresentations and omissions which was in breach of Respondents fiduciary duties to Claimant.

Claimant further alleged Respondents engaged in the practice of recommending the sale of sound securities in favor of the purchase of highly speculative "penny" shares. Claimant alleged that these trades converted Claimant's portfolio from growth and income positions to highly speculative and unsuitable risk stocks.

Claimant alleged that Respondents engaged in highly speculative short term trading for no apparent benefit to Claimant which yielded spectacular commission for Respondents. Claimant alleged that Respondents are liable for misrepresentation and that Respondents breached their fiduciary duty.

Respondents maintained that all short term investments were made pursuant to Claimant's request that the investments be liquid. Respondents further maintained that all transactions in GMC stock were either according to Claimant's choice or pursuant to changes in dividends paid by GMC. Respondents asserted that Claimant's account was profitable. Respondents further asserted that Claimant's Claim was frivolous, and that Claimant's purchase of Friendly Village was through Kamal Shouhayib, not Respondents.

RELIEF REQUESTED

Claimant requested out of pocket loss plus lost opportunity damage in the amount of \$90,000 plus interest at the rate of 12 %. Claimant further requested an award of all costs, attorneys fees, exemplary and punitive damages and RICO damages. Lastly, Claimant requested rescission of all transactions and payment of all monies necessary to make Claimant whole.

Respondents requested that the Panel dismiss the claims with prejudice and in their entirety and award Respondents their costs and attorneys fees.

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 Smith, Hague & Co., First of Michigan Corporation, and Lewis Rowady, are hereby jointly and severally liable and shall pay to the Claimant the amount of Fifty Eight Thousand Dollars and 00/100 (\$58,000.00) plus interest in the amount of Four Thousand Fifty-Six Dollars and 00/100 (\$4,056.00).
- 2) Claimant is directed to assign to Respondents, jointly and severally, all of her right, title and interest in and to the one Unit of limited partnership interest in Friendly Village of Indiana Limited Partnership.

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- 3) Each party shall bear their respective costs of this action, including attorney fees.
- 4) All other claims are hereby denied in their entirety.

FORUM FEES

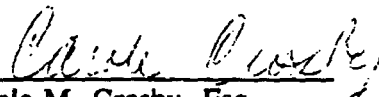
Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed.

\$150.00	Non-refundable filing fee
\$300.00	Pre-hearing conference fee
\$2,000.00	Hearing session fees (4 sessions x \$500.00)

- 1) Total forum fees in the amount of \$2,450.00 are hereby assessed against the Respondents, Smith Hague & Co., First of Michigan Corporation and Lewis Rowady, jointly and severally.
- 2) Respondents are directed to re-imburse to the Claimant, the amount of \$950.00 that the Claimant deposited with the NASD, Inc.
- 3) Respondents are further directed to pay the balance of \$1,500.00 to the NASD, Inc.

Concurring Arbitrator's Signature
Name

Public Chairperson


Carole M. Crosby, Esq.

Executed on:

~~Date of Decision~~

Date of Decision: December 6, 1993

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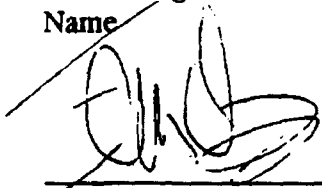
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Concurring Arbitrator's Signature

Name



Francis R. Ortiz, Esq.

Industry Arbitrator

Date of Decision: December 6, 1993

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Concurring Arbitrator's Signature

Name

Public Arbitrator



Francis C. Flood, Esq.

Date of Decision: December 6, 1993