

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

E. Gregory Slover

92-03791

Names of Respondents

Oil Investment Associates,
Stanley Tax, Morgan Stacey a/k/a Michelle Stacey,
Barbara McGuire, Production Management Associates, Inc.,
Property Management Associates, Inc. d/b/a
PMA Operating Company

REPRESENTATION

Claimant, E. Gregory Slover appeared pro se.

None of the Respondents appeared at the hearing.

CASE INFORMATION

The Statement of Claim was filed with the National Association of Securities Dealers, Inc ("NASD") on November 6, 1992.

Claimant, E. Gregory Slover's Submission Agreement was signed on October 28, 1992.

No Statements of Answer were filed by or on behalf of any Respondent.

None of the Respondents filed executed Submission Agreements with the NASD.

Claimant, E. Gregory Slover filed an Amended Statement of Claim with the NASD on April 27, 1993.

Respondents, Stanley Tax and PMA Operating Company filed Motions to Decline the Jurisdiction of the NASD on August 3, 1993.

Claimant, E. Gregory Slover filed a response to the Motions to Decline Jurisdiction with the NASD on August 12, 1993.

HEARING INFORMATION

A Pre-Hearing Conference to consider the Motions to Decline the Jurisdiction of the NASD was held between the arbitrators on August 24, 1993 and lasted for one (1) hearing session.

The hearing took place on August 26, 1993 and lasted for two (2) hearing sessions.

The hearing location was Scottsdale, Arizona.

CASE SUMMARY

Claimant, E. Gregory Slover ("Slover") alleged that he invested in a one half unit of the McCrary #1 oil well in Willbarger County, Texas through Respondent, Oil Investment Associates ("OIA"), Respondent, Stanley Tax ("Tax") and Respondent, Morgan Stacey a/k/a Michelle Stacey ("Stacey") on December 13, 1991. In addition, Slover asserted that he purchased one unit in the McCrary #2 oil well through Respondent, Barbara McGuire ("McGuire"), Tax and OIA on June 10, 1992. Slover asserted that the risks involved with oil and gas investing were misrepresented. Specifically, Slover stated that the risks of loss were misrepresented to him by Stacey and McGuire and that McGuire implied that production of oil in the McCrary #2 well was assured. Slover also asserted a breach of contract claim, a claim for violations of the Federal and state securities laws, a breach of fiduciary duty claim and violations of the Arizona and Federal RICO statutes.

In Slover's Amended Statement of Claim he added Respondents Property Management Associates, Inc. and Production Management Associates, Inc. ("hereinafter referred to as PMA Operating Company").

Respondents, Tax and PMA Operating Company filed a Motions to Decline Jurisdiction of the NASD on the basis that neither of these Respondents are or were members of the NASD or associated persons with a member firm of the NASD at any time.

RELIEF REQUESTED

Slover requested rescission of any and all units purchased from Oil Investment Associates and a return of the purchase price in the amount of

\$7600.00 plus interest at the rate of 10% per annum, attorney's fees, costs, treble damages pursuant to the Arizona and Federal RICO Statutes and punitive damages in an amount determined by the arbitration panel.

Tax and PMA Operating Company requested that the claim be dismissed for lack of jurisdiction by the NASD.

None of the other respondents filed any answer with affirmative relief requests made of the panel.

OTHER ISSUES CONSIDERED & DECIDED

The parties who appeared at the hearing 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.

The arbitration panel considered the Motion to Dismiss for lack of Jurisdiction filed by Tax and PMA Operating Company and a request for Stanley Tax and Dennis Hodge on behalf of Production Management Associates, Inc. to appear telephonically at the hearing in a pre-hearing conference on August 25, 1993. The panel denied the Motions to appear telephonically submitted by Tax and Production Management Associates, Inc. The panel ruled that Tax and Property Management Associates, Inc. would have to appear at the hearing scheduled for August 26, 1993.

The panel also denied the Motion to Dismiss the claim for lack of jurisdiction based on the fact that the parties had executed a contract on December 27, 1991 which contained an arbitration clause setting forth that any dispute between the parties would be resolved in arbitration instead of through litigation.

The arbitration clause contained in the contract executed by the parties stated inter alia:

In the event that a dispute arises between the undersigned subscriber and the issuer, or any of its legal representative,(sic) accountants, agents or employees, said dispute arising out of, in connection with or as a result of the subscription hereby made, the undersigned hereby expressly agrees that said dispute shall be resolved through arbitration rather than litigation. The undersigned hereby agrees to submit the dispute to either

the American Arbitration Association or the National Association of Securities Dealers, Inc. for resolution within five (5) days after receiving a written request to do so from the issuer or any of the aforesaid representatives, agents or employees. If the undersigned fails to submit the dispute to arbitration within the specified time period, then the requesting party may designate which association shall arbitrate the dispute and may file any papers necessary to commence arbitration.

The arbitration clause set forth above designated one of the forums for the arbitration of any dispute to be the NASD. The arbitration panel determined that this arbitration clause was valid and bound the parties to arbitrate the dispute. The panel also determined that the breadth of the arbitration clause also bound Stacey and McGuire to arbitrate before the NASD even though they failed to file any answer or otherwise plead in response to the statement of claim. Accordingly the undersigned arbitrators determined that all named respondents would be bound by the panel's determination on all issues submitted.

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. Tax, Stacey, McGuire, Oil Investment Associates, Inc. , Production Management Associates, Inc. and Property Management Associates, Inc., d/b/a PMA Operating Company are jointly and severally liable for and shall pay to Slover, the sum of Seven Thousand Six Hundred Dollars and No Cents (\$7600.00);

2. The above sum is trebled pursuant to the Arizona RICO Statute and therefore the total compensatory damages awarded to Slover shall be Twenty Two Thousand Eight Hundred Dollars and No Cents (\$22,800.00). In making this award of treble damages that panel determined that the evidence presented by Slover and the authority pursuant to the law of Arizona enabled the panel to make such an award;

3. Interest at the rate of 10% per annum shall be awarded on the sum stated in paragraph number 2 above, from and inclusive of August 26, 1993 to and inclusive of the date the award is paid;

4. Tax, Oil Investment Associates, Inc., Property Management Associates

Inc. d/b/a PMA Operating Company are jointly and severally liable for and shall pay to Slover punitive damages in the sum of Twenty Five Thousand Dollars and No Cents (\$25,000.00). In making this award of punitive damages, the panel determined that the evidence presented by Slover and the authority pursuant to the law of Arizona enabled the panel to make such an award;

5. Morgan Stacey a/k/a Michelle Stacey is liable for and shall pay to Slover, punitive damages in the amount of Twelve Thousand Five Hundred Dollars and No Cents (\$12,500.00). In making this award of punitive damages, the panel determined that the evidence presented by Slover and the authority pursuant to the law of Arizona enabled the panel to make such an award;

6. Barbara McGuire is liable for and shall pay to Slover, punitive damages in the amount of Twelve Thousand Five Hundred Dollars and No Cents (\$12,500.00). In making this award of punitive damages, the panel determined that the evidence presented by Slover and the authority pursuant to the law of Arizona enabled the panel to make such an award;

7. Tax, OIA, PMA Operating Company, McGuire and Stacey are jointly and severally liable for and shall pay to Slover the sum of Five Hundred Fifty Two Dollars and Ninety Four Cents (\$552.94) as costs; and,

8. Other than the costs referenced in paragraph 7 above and Forum Fees which are addressed below, the parties shall each bear their own costs, expenses and attorney's fees incurred in this matter.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed. The NASD shall retain the \$120.00 non-refundable claim filing fee and the \$400.00 hearing session deposit previously made with the NASD by Slover.

Tax, Stacey, McGuire, Oil Investment Associates, Inc., Property Management Associates, Inc. and Production Management Associates, Inc. d/b/a PMA Operating Company are jointly and severally responsible to reimburse Slover for these fees and are jointly and severally assessed addition Forum Fees in the amount of \$400.00. Forum Fees were calculated at the rate of \$400.00 per hearing session for two (2) hearing sessions.

Additional Forum Fees assessed to the parties are payable to the National Association of Securities Dealers, Inc.

Concurring Arbitrators' Signatures
Name

<u>/S/ Irving Lowe</u>	<u>October 9, 1993</u>
Irving Lowe, Esq.	Dated
Presiding Chairperson	
Public Arbitrator	

<u>/S/ Louise Wakem</u>	<u>October 11, 1993</u>
Louise Wakem	Dated
Panelist	
Public Arbitrator	

<u>/S/ Marc Faigus</u>	<u>October 11, 1993</u>
Marc Faigus	Dated
Panelist	
Industry Arbitrator	

Date Award Served on the parties by the NASD: October 19, 1993