

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant

Marnett Corp.

vs.

Case #

92-03841

Name of Respondents

Fanny Montgomery

Charles Ung

Edwin E. Perry

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**REPRESENTATION**

Claimant, Marnett Corp. ("Claimant"), was not represented by counsel.

For Respondent(s), Janney Montgomery Scott, Inc.. ("JMS"), Charles Ung ("Ung"), and Edwin E. Perry ("Perry"), Frank Salera, Esq. from the firm JMS.

**CASE INFORMATION**

Statement of Claim filed was filed on November 12, 1992.

Claimant's Submission Agreement was signed on December 8, 1992.

Joint Statement of Answer was filed by JMS, UNG and Perry (collectively "Respondents") on February 23, 1993.

JMS's Submission Agreement was signed on December 22, 1993.

Ung's Submission Agreement was signed on February 12, 1993.

Perry's Submission Agreement was signed on February 12, 1993.

**HEARING INFORMATION**

Hearing Date/Hearing Session: October 5, 1993 - One Session.

Hearing Location: National Association of Securities Dealers, Inc. office located at 260 Franklin Street, Boston, Massachusetts.

### CASE SUMMARY

Bennett Berman ("Berman") as treasurer for Claimant alleges that Ung recommended that 2,200 warrants in RYKA Inc. be purchased for Claimant's account. When Berman questioned Ung about the nature of a warrant, Berman alleges that Ung said that Claimant would have over two years to exercise the warrants and that Claimant would probably sell the warrants prior to that time period for a profit. Berman states that based upon these representations, the warrants were purchased but four months later Claimant was informed that it had until September 11, 1992 to exercise the warrants for stocks at \$12.00 per warrant. Berman further alleges that had he been told that Claimant would have to exercise the warrants earlier, he would not have purchased the warrants because he is a conservative investor who has invested in utilities and municipal bonds. Berman alleges that the warrants were redeemed for \$.25 and a loss of \$2,984.231 was sustained.

Respondents deny the allegations contained in the Statement of Claim. Respondents contend that Berman is a sophisticated investor who informed Ung that he was well-versed in warrants and that he purchased Reynolds warrants before. Respondents state that Berman indicated speculation as an investment objective on his new account application. Respondents maintain that had Claimant sold the warrants when Ung suggested, he would have made a profit.

### RELIEF REQUESTED

Claimant requests an award of \$2,984.21.

Respondents request that the Statement of Claim be dismissed in its entirety and that all costs be assessed against Claimant.

### 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) Respondents are jointly and severally liable to Claimant and shall pay Claimant TWO THOUSAND NINE HUNDRED AND EIGHTY FOUR DOLLARS AND TWENTY-ONE CENTS (\$2,984.21).

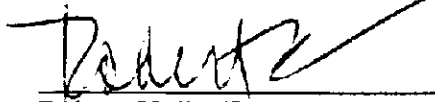
**FORUM FEES**

Pursuant to Section 43c of the *Code of Arbitration Procedure*, the following forum fees are assessed and shall be borne equally by the parties.

Non-refundable Filing Fee:	\$50.00
Hearing Session Fees:	\$100.00 for one hearing session at \$100.00 per session

1. Claimant is assessed \$75.00. Claimant deposited \$150.00 and is entitled to a refund of \$75.00.
2. Respondents are assessed \$75.00 and shall satisfy this assessment by reimbursing Claimant \$75.00.

Sole Public Arbitrator's Signature

  
Robert Volk, Esq.

Executed on:

~~Date of Decision~~

11/1/93

Date of Decision: November 5, 1993