

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Arnold Davidson, Arnold Davidson IRA, Arnold Davidson IRT, Jean Davidson, Jean Davidson IRT, Waltham Pharmacy, Inc. and Waltham Pharmacy, Inc. Profit Sharing Trust

92-04300

Name of Respondents

Roney & Co.
Marc S. Adels

REPRESENTATION

For Claimants: Joseph Spiegel, Esq., a sole practitioner.

For Respondents Roney & Co. ("Roney") and Marc S. Adels ("Adels"): Steven Ribiat, Esq., of Honigman Miller et al.

CASE INFORMATION

Statement of Claim filed: December 24, 1992.

Amended Statement of Claim filed: November 17, 1993.

Claimants' Submission Agreement signed on: December 17, 1992.

Joint Statement of Answer by Respondents and Request for a More Particularized Statement of Claim dated: May 3, 1993.

As required, pursuant to Section 25 of the Code of Arbitration Procedure, ("Code") Respondents did not file executed Submission Agreements.

HEARING INFORMATION

Hearing Date/Sessions: November 19, 1993/3 sessions
Hearing Location: Southfield, MI

CASE SUMMARY

Claimants alleged Jean Davidson's ("J. Davidson") health began to decline in

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1987; Arnold Davidson ("A. Davidson") sold his business during the period of 1989-1990; the Davidson family home was destroyed by fire in July 1990; and J. Davidson was institutionalized in November 1992 and required full time care.

Claimants alleged from 1989 - 1991 Respondent Adels recommended and caused to be purchased by them volatile, high risk, unsuitable stocks and/or limited partnerships including, International Move Group and Jordex Resources. Claimants alleged that for the most part the securities were not suitable for an ERISA plan or for a person about to retire and facing economic hardship arising out of a family member's illness. Claimants alleged there was no attempt to properly diversify the funds in relatively secure investments. Claimants alleged Adels never called for approval of a number of the purchases and that had he called he knew J. Davidson could not understand what was happening and that A. Davidson was preoccupied with business and personal matters. Claimants further asserted A. Davidson trusted Adels and that Adels was aware of the personal and business problems and took unfair advantage of Claimants.

Claimants further alleged many of the purchases were not carried on Roney account statements; the transactions marked "delivered" and the certificates sent to either Roney or Claimants who held them in safe keeping. Claimants alleged the statements were hard to read; many of the securities were transferred from one account to another; some transfers were noted as "transfer to Davidson" without indicating as to the account number or whether this was transferred to a specific person; and, therefore, it was near impossible for Claimants to track what was occurring in their accounts.

Claimants alleged Adels was instructed to cease the ERISA account in 1991 when the Profit Sharing Plan was terminated and failed to do so; and that A. Davidson agreed to take worthless securities when the Profit Sharing Plan was terminated so his employees would not suffer a loss.

Claimants alleged that when the account were transferred to a new firm in 1992, A. Davidson discovered for the first time a number of transactions, some which are still not properly accounted for by Roney, and when A. Davidson requested an accounting, Roney stonewalled and did not have certain documents required to be maintained by the SEC. Finally, Claimants alleged Respondents have engaged in a pattern of racketeering activity which victimized Claimants and also other clients of Respondents.

Respondents alleged each of Claimants' accounts was a non-discretionary account; and that no transactions were executed by Adels without the prior approval and

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authorization of the Davidsons. Respondents asserted Claimants' portfolio was diversified; Claimants made their investment decisions on a fully informed basis; and that each of Claimants' investments was consistent with their investment objectives as expressed in their account opening documents. Respondents asserted Claimants' RICO allegations were a specious application of the statute and should be dismissed.

RELIEF REQUESTED

Claimants requested: actual damages in the amount of \$450,000.00; rescission of all fraudulent transactions pursuant to Section 29(b) of the Exchange Act, 15 U.S.C. Section 78c(c); interest; treble damages and attorneys' fees pursuant to RICO; exemplary damages; costs; expenses and attorneys' fees.

Respondents requested: Claimants' claims be dismissed.

OTHER ISSUES CONSIDERED & DECIDED

The parties 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.

1. The arbitrators have determined that pursuant to the NASD bylaws, Respondents are bound by this panel's rulings and determinations.

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. Claimants's claims against Respondents are denied;
2. Claimants' claims against Respondents for exemplary damages are denied;
3. Claimants' claims against Respondents for treble damages pursuant to RICO are denied;
4. Claimants' claims against Respondents for rescission are denied;
5. Each party shall bear its own costs, including attorneys' fees.

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FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the NASD shall retain Claimants' \$250.00 non-refundable filing fee and the following Forum Fees are assessed.

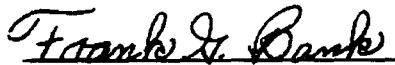
3 sessions X \$1,000.00 = net \$3,000.00 due.

Forum fees Assessed Against:

1. Claimants are hereby liable in the amount of \$1,500.00; however, the NASD shall retain the \$1,000.00 hearing session deposit previously deposited by Claimants; therefore, the amount due and owing to the NASD equals \$500.00;
2. Respondents are hereby liable, jointly and severally, and shall pay to the NASD the sum of \$1,500.00.

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

Arbitrator Signature



Frank G. Bank/Industry Arbitrator

Date of Decision: December 31, 1993

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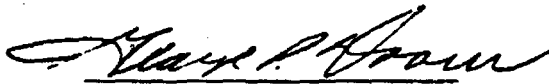
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Arbitrator Signature



George P. Doom/Public Arbitrator

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Arbitrator Signature



Martin J. Brosnan/Public Arbitrator

Date of Decision: December 31, 1993