

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Martin A. Berger
DSG, Inc. Profit Sharing Trust
Ron R. McDonald
Phyllis Weiser

93-01045

Name of Respondent(s)

Raymond, James & Associates, Inc.
Robert Dressler
Francis S. Godbold
Thomas A. James
Jeffrey P. Julien
Ronald L. Miller
Robert McKown, Jr.

REPRESENTATION

For Claimants: Robert H. McKnight, Esq., of the law firm of Land, McKnight and Cohen, Atlanta, GA.

For Respondents: Burton W. Wiand, Esq. of the law firm of Fowler, White, Gillen, Boggs, Villareal and Banker, P.A., Clearwater, FL.

CASE INFORMATION

Statement of Claim filed: March 18, 1993.

Claimant Martin A. Berger's Submission Agreement signed on: March 27, 1993.

Claimant Phyllis Weiser's Submission Agreement signed on: March 29, 1993.

Claimant Ron R. McDonald's Submission Agreement signed on: May 14, 1993.

Claimant DSG, Inc. Profit Sharing Trust's Submission Agreement signed on: March 14, 1996.

Respondents' Joint Statement of Answer submitted in letter form dated September 16, 1993 plus a letter dated January 11, 1994.

Respondent Raymond James and Associates, Inc.'s Submission Agreement ("Raymond James:") signed on: March 14, 1996.

The Respondents Robert Dressler, Francis S. Godbold, Thomas A. James, Jeffrey P. Julien, Ronald L. Miller and Robert McKown, Jr. did not execute Submission Agreements as required pursuant to Section 25 of the Code of Arbitration Procedure.

HEARING INFORMATION

Pre-Hearing Conference: September 8, 1994 - One Session (3 arbitrators)
October 19, 1994 - One Session (1 arbitrator)
October 25, 1994 - One Session (1 arbitrator)

Hearing Dates/Sessions: March 14, 1996 - Two Sessions.
March 15, 1996 - Two Sessions.

Hearing Location: NASD offices located in Atlanta, GA.

CASE SUMMARY

Claimants alleged in Count One of the Statement of Claim that the Respondents' actions were in violation of §12(2) of the Securities Act, 15 U.S.C. §771(2). Claimants alleged in Count Two of the Statement of Claim that the Respondents' actions were in violation of O.C.G.A. §10-5-12(a) (2) and O.C.G.A. §10-5-12(d). Claimants alleged in Count Three that Respondent Raymond James and Associates, Inc. neglected their obligations with respect to monitoring and supervising the activities of the Respondents. Claimants alleged in Count Four that the Respondents made various untrue statements of material fact and omissions of material facts and the Claimants are entitled to punitive damages in order to deter Raymond James and Associates, Inc. from repeating their unlawful activities and to compensate Claimants for Respondents' bad faith. Claimants alleged in Count Five that the Respondents breached the fiduciary duty owed to the Claimants.

Claimants alleged in March of 1987, Raymond James offered for sale, through a prospectus dated March 18, 1987, security interests in a limited partnership known as Family Group, a newly organized Delaware limited partnership and Family Group became the sole limited partner of another newly organized Delaware limited partnership named Family Group Broadcasting Operating, L.P. (hereinafter the "Operating Partnership") and none of the Claimants purchased limited partnership interests in Family Group before the last week of March of 1987, and bring this proceeding in a timely fashion.

Claimants next alleged during the sale of the securities to Claimants, Raymond James and its agents made the following material statements in the prospectus, and elsewhere:

- (a) The "General Partners" will manage and control the business and affairs of the Partnership (Family Group) and supervise the management of the Stations for the Partnership.
- (b) Ian N. Wheeler (hereinafter "Wheeler") and Frank S. Detillio, "who will be primarily responsible for Partnership investments and operations have substantial experience in the evaluation, acquisition, and operation of television and radio stations."

Claimants alleged these representations were materially false and were made by Raymond James and its agents intentionally or recklessly for the purpose of misleading Claimants and these representations were materially false in that Wheeler lacked management skills and financial wherewithal to carry out his obligations as a general partner. Further, the general partners other than Wheeler and Frank S. Detillio failed to manage and control the business affairs of Family Group until after Wheeler had inflicted severe and irreversible damage on the business of Family Group through dishonesty and mismanagement.

Claimants next alleged the general partners of Family Group and Raymond James had fiduciary duties and obligations to conduct the affairs of Family Group and the Operating Partnership in the best interests of those entities, including the safekeeping and use of all funds and other assets and certain general partners received substantial fees in payment to compensate them for the performance of their duties and obligations on behalf of Family Group and Claimants.

Claimants next alleged Robert Dressler, Francis Godbold, Thomas James, Jeffrey Julien, Robert McKown, Jr. and Ronald Miller, all acting on behalf of Raymond James were reckless and negligent in the conduct of their duties to Family Group and to Claimants.

Claimants next alleged they did not exercise sufficient supervision of Wheeler and they abandoned their roles as general partners with Wheeler and let him run Family Group without creating adequate records and with a lack of internal controls and they recklessly failed to exercise due diligence in carrying out their duties on behalf of Family Group and Claimants.

Claimants next alleged Robert Dressler, Francis Godbold, Thomas James, Jeffrey Julien, Robert McKown, Jr. and Ronald Miller, acting on behalf of their principal, Raymond James, are equally jointly and severally liable to Family Group and Claimants for the dishonesty and mismanagement of Wheeler.

Claimants next alleged despite requests and demands by Claimants for repayment of their money which Raymond James persuaded them to invest in Family Group, each of the Respondents has failed and refused to take responsibility for their actions or to compensate Claimants for their losses.

Respondents maintained this matter was commenced by the Claimants on or after May 14, 1993 and the Claimants state causes of action based upon the following: Federal Securities Act violation, State Securities Act violation, negligent supervision, fraud and breach of fiduciary duty. Respondents maintained all of these causes of action are based on the Claimants' purchase of Family Group Broadcasting Limited Partnership units and the Claimants' Statement of Claim discusses the time frame for the Claimants' purchase of Family Group Broadcasting units and states that "[n]one of the Claimants purchased limited partnership interests in Family Group before the last week of March of 1987, and bring this proceeding in a timely fashion." Respondents maintained none of the Claimants' claims allege any continuing actions on the part of the Respondents upon which liability could be based after the initial purchase of the limited partnership units.

Respondents maintained by its own terms, the claim filed by the Claimants asserts claims which are excluded from eligibility for arbitration by Section 15 and as indicated in the claim, none of the Claimants purchased Family Group units before the last week of March, 1987 and under these circumstances, it appears that the units were purchased during the last week of March, 1987. thus, all Claimants purchased Family Group units outside of the six (6) year eligibility requirement.

Respondents next maintained the individual Respondents do not submit to NASD jurisdiction because there is no agreement between them and the Claimants authorizing arbitration before the NASD.

Respondents next maintained Raymond James was not a partner in the Family Group Broadcasting L.P. and had no management role therein. Respondents next maintained Raymond James conducted thorough due diligence and uncovered no information that in any way indicated that Raymond James could or should have known of any of the problems that were to later develop and the Partnership Agreement and prospectus make it clear that Raymond James was to have no role in connection with the continuing operations of the partnership. Respondents next maintained there is no evidence of any breach of duty

on behalf of any individual Respondent and the Claimants cannot assert that the individual Respondents were acting on behalf of Raymond James in regard to partnership management because the prospectus put them on notice that Raymond James' involvement with Family Group ended with the offering and the individual Respondents' activities or responsibilities regarding the Family Group were not within the scope of their duties for Raymond James.

OTHER ISSUES CONSIDERED AND DECIDED

1. Prior to the commencement of the hearing on the merits the Claimants dismissed Count One of the Statement of Claim.
2. RJ Telecommunications and R.J. Financial which were originally named as parties in the Statement of Claim were not made part of this arbitration as the NASD did not have jurisdiction over these entities.

RELIEF REQUESTED

Claimants requested damages against Respondents jointly and severally in the sum of at least \$36,400.00 plus \$37,000.00 in punitive damages plus interest at the legal rate from at least March 25, 1987 plus the costs of this arbitration proceeding and the investigations which Respondents' activities have involved Claimants, including reasonable attorneys' fees and such other and further relief as the panel deems just and proper.

Respondents requested a dismissal of all claims against them plus an award of attorneys' fees plus sanctions against the Claimants.

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. All claims by all Claimants be and hereby are dismissed in all respects. The decision to dismiss all claims is not based upon the Respondents' Motions to Dismiss pursuant to Section 15 of the Code of Arbitration Procedure or a lack of jurisdiction over the individual Respondents.
2. The Claimants' request for punitive damages is dismissed.
3. Each party shall bear their respective costs including attorneys' fees.

FORUM FEES

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

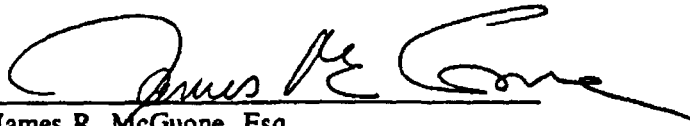
claim filing fee:	\$ 150.00
Pre-hearing conference fees:	
\$300.00 + \$300.00 + \$500.00 (3 arbitrators) =	\$1,100.00
hearing sessions fees: 4 sessions x \$500.00 =	\$2,000.00
Total fees:	\$3,250.00

The undersigned arbitrators have determined that the Respondents shall be liable jointly and severally for the balance of the fees dues to the NASD.

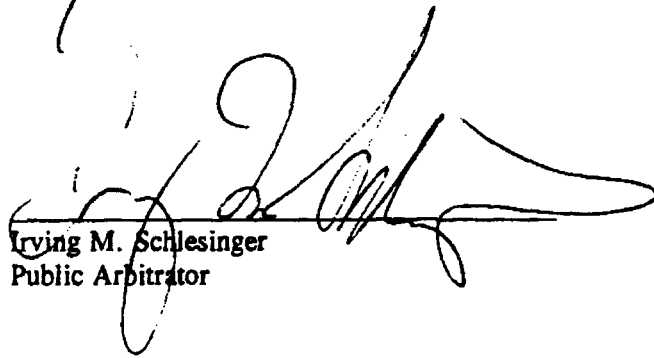
1. The Respondents shall pay \$3,250.00 less Claimants' payment (\$650.00) = net \$2,600.00 due.

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

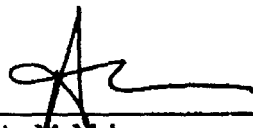
ARBITRATORS' SIGNATURE



James R. McGuone, Esq.
Public Arbitrator



Irving M. Schlesinger
Public Arbitrator



William A. McMahon
Industry Arbitrator

NASD Date of Decision: April 26, 1996