

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the matter of the Arbitration Between

Name of Claimant

Previously Owned Partnerships Income Fund II

NASD Arbitration
No. 93-01066

Name of Respondent

Liquidity Fund Investment Corp.

REPRESENTATION

For Claimant: Mr. Charles E. Patterson - Previously Owned Partnerships - Lafayette, California.

For Respondent: Darryl P. Rains, Esq. - Morrison & Foerster - San Francisco, California.

CASE INFORMATION

Statement of Claim filed: March 19, 1993

Claimant's Submission Agreement signed: April 30, 1993

Statement of Answer filed by Respondent: June 23, 1993

Respondent's Submission Agreement signed: June 21, 1993

HEARING INFORMATION

Pre-Hearing Conference Date / Session: None

Hearing Date / Sessions: November 18, 1993 - Two Sessions

Hearing Location: San Francisco, California

CASE SUMMARY

In December 1991, an affiliate of Claimant, MacKenzie Patterson Trading Fund II (MPTF-2) purchased 3,346 units of a limited partnership interest in Troy Investment Fund (Troy) from Respondent. Subsequently, MPTF-2 assigned the Troy units to Claimant. Claimant alleged that at the time MPTF-2 purchased the Troy units, Respondent knew, ;but omitted to inform MPTF-2 of material facts regarding the Troy partnership and its ownership of Troy units. Had MPTF-2 known of those material facts it would not have purchased the Troy units from Respondent.

Respondent Liquidity Fund Investment Corporation (LFIC) denies each allegation in that LFIC was not aware of the alleged facts Claimant claims were undisclosed at the time of the transaction. Moreover, LFIC had no duty to inform claimant of any such facts.

RELIEF REQUESTED

Claimant seeks rescission of the transaction at issue, and interest in the sum of \$61,466.02.

Respondent seeks dismissal of the claim in its entirety plus costs and attorneys' fees.

OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed that the Award in this matter may be executed in either 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 original remains on file with the NASD.

At the hearing, the parties stipulated to proceeding with only two panelists.

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. Each and every claim of Claimant, Previously Owned Partnership Income Fund II against Respondent, Liquidity Fund Investment Corp. is dismissed.
2. The parties shall each bear their respective costs and fees, including attorneys' fees.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed:

Total fees:

Two hearing sessions @ \$500 / ea. - \$1,000.00

Claimant's one-half share:

The NASD shall retain Claimant's \$500.00 hearing session deposit as an assessment of one-half of the total fees.

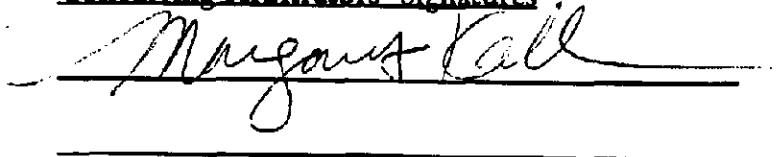
Respondent's one-half share:

Respondent is assessed \$500.00 representing one-half of the total fees assessed.
Fees are payable to the National Association of Securities Dealers, Inc.

ARBITRATORS

| <u>Name</u> | <u>Public / Industry</u> |
|-------------------|--------------------------|
| Margaret Kallman | Public Chairperson |
| Frank Weaver | Industry Panelist |

Concurring Arbitrators' Signatures



Date Served: 12/31/93