

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

Name of Claimants

William E. Brookhauser
Virginia Brookhauser

No. 93-01891

Name of Respondent

R.G. Dickenson & Co.
n/k/a Dickenson & Co.

REPRESENTATION OF PARTIES

For Claimants: Bruce Pearson of Fargo, North Dakota.

For Respondent: Catherine Gnatek, Esq., of Dorsey & Whitney,
Minneapolis, Minnesota.

CASE INFORMATION

Statement of Claim filed on or about May 10, 1993.

Claimants' Submission Agreement signed on April 9, 1993.

Respondent's Statement of Answer filed on or about July 29, 1993.

Respondent's Submission Agreement signed on July 27, 1993.

HEARING INFORMATION

Hearing dates: February 10, 1994. Two (2) sessions.
February 11, 1994. Two (2) sessions.

Hearing Location: Kansas City, Missouri.

CASE SUMMARY

Claimants, William E. and Virginia Brookhauser ("Claimants") alleged that Respondent, R. G. Dickenson & Co. n/k/a Dickenson & Co. ("Respondent") failed, under Rule 10b5 of the Securities Act, to perform adequate due diligence, made misleading statements,

omitted material facts, and breached their fiduciary responsibility. The allegations arose out of purchase of a partnership interest in Signal Natural Gas Partners 1990 ("SNGP"), a limited partnership.

Respondents denied the allegations contained in the Statement of Claim. In addition, Respondent set forth the following affirmative defenses:

1. Claimant may not recover under the Statement of Claim because it fails to state a claim upon which relief may be granted.
2. Claimant's actions or inaction bar them from recovery by reason of the doctrine of waiver.
3. Claimant's actions or inaction bar them from recovery by reason of the doctrine of estoppel.
4. Claimant has suffered no damages as a result of any alleged wrongful actions or inaction on the part of the Respondent.
5. Claimant's claims are barred or reduced by reason of their own negligence and failure to exercise such diligence with respect to their investments as would be expected of a reasonable person under the same circumstances.
6. Claimant's losses, if any, were caused or contributed to by the acts of Signal and its personnel over whom Respondent did not have control and for whom Respondent is not responsible.
7. Bruce Pearson lacks standing or legal authority to bring this action or to represent Claimant.

RELIEF REQUESTED

Claimant requested recovery of the following: Return of principal in the amount of \$25,000.00; interest at the rate of seven (7%) percent per annum; filing fees in the amount of \$500.00; and representative costs in the amount of \$2,500.00.

Respondent requested that all of Claimant's claims and alleged damages against Respondent be dismissed and that Bruce Pearson reimburse Respondent for all its reasonable fees and expenses.

OTHER ISSUES CONSIDERED & DECIDED

On January 4, 1994, the undersigned Chairman granted Respondent's Motion to Compel Production of Documents requested in its October 1, 1993, Request for Production of Documents and Information, under Section 32(c) of the Code of Arbitration Procedure (the "Code"). As of February 3, 1994, Claimants had not complied with the Order.

On February 3, 1994, Respondent filed a Motion for Sanctions against the Claimant for their failure to comply with the Chairman's Order. On February 3, 1994, Bruce Pearson responded that, "Selected portions of the tax returns on the Brookhausers" would be produced. The arbitrators took up the request for sanctions with the final determination of this matter.

The parties have agreed that the Award in this matter may be executed by 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(s) remain on file with the NASD.

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. Respondent, Dickenson & Co.'s Motion for Sanctions is granted. Claimants, William E. and Virginia Brookhauser are liable for and shall pay to the Respondent, Dickenson & Co. the sum of \$1,272.50 for attorneys' fees requested pursuant to the motion.
2. Respondent, Dickenson & Co. is liable for, and shall pay to claimants, William E. and Virginia Brookhauser the sum of \$12,750.00, plus interest at the rate of seven (7%) percent from the date of award until paid, as satisfaction of their claims made herein.
3. Claimants' claim for representative fees is denied and dismissed with prejudice.

OTHER COSTS

Each party shall bear its own costs and expenses of this arbitration, including attorneys' fees and representative costs, except as expressly provide for in this award.

FORUM FEES

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

4 hearing sessions x \$400.00 = \$1,600.00

Pursuant to Section 43(c) of the Code, the NASD shall retain the nonrefundable filing fee in the amount of \$100.00, and shall REFUND the hearing session deposit in the amount of \$400.00 previously

paid to the NASD by the Claimant.

Additional forum fees in the amount of \$1,600.00 are assessed against the Respondent.

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

CONCURRING ARBITRATORS

Dated:

Name:

March 10, 1994

Bernard D. Craig/s/
Bernard D. Craig
Presiding Chair
Public Arbitrator

March 10, 1994

Richard P. McGaughey/s/
Richard R. McGaughey
Industry Arbitrator

March 10, 1994

William L. Beedles/s/
William L. Beedles
Public Arbitrator

Date of Service by the NASD: 5-16-94