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N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Anna Breen, ind/tee.

93-02100

Name of Respondents

World Invest Corporation
Financial Network Investment Corporation
James Edwards
Chester Kyle
Henry Tegler, Jr.
Glen Horecky

REPRESENTATION

For Claimant: Anna Breen ("Breen"), Russell L. Forkey, Esq. of Deerfield Beach, FL 33441.

For Respondents: World Invest Corporation ("WIC") and Henry Tegler ("Tegler"): William Summer Scott, Esq., of World Invest Corp. of Miami, FL.

Respondent, James Edwards ("Edwards"): pro se.

Respondent, Glen Horecky ("Horecky"): pro se.

Respondent, Chester Kyle, Jr. ("Kyle") did not appear (see "Other Issues").

Respondent, Financial Network Investment Corporation ("FNIC"): (see "Other Issues").

CASE INFORMATION

Statement of Claim filed: 5/25/93

Claimant's Submission Agreement signed on: 05/18/93

Respondents' WIC & Tegler's joint Statement of Answer filed on: 7/15/93

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Respondent, FNIC's Statement of Answer filed on: 8/13/93

Respondent, Edwards' Statement of Answer filed on: 8/2/93

Respondent, Horecky's Statement of Answer filed on: 8/3/93

Respondent, Kyle's Statement of Answer filed on: 9/12/93

Respondents' Submission Agreements signed on: 8/29/94 by William S. Scott on behalf of WIC; on 9/9/93 by John S. Simmers on behalf of FNIC; by Tegler on 7/29/93; by Edwards on 7/28/93; by Horecky on 7/29/93 and by Kyle on 9/15/93.

HEARING INFORMATION

On August 29, 30, and 31, 1994, in Ft. Lauderdale, Florida, hearings lasting six (6) sessions were conducted.

CASE SUMMARY

Claimants, alleged that the Respondents, World Invest Corporation, James Edwards, Chester Kyle, Jr. and Glen Horecky, executed unauthorized transactions in her account and made unsuitable purchases therein through the assistance of an unlicensed account executive; and, that Respondents' actions constitute a fraud, negligence, breach of fiduciary duties, breach of contract negligent supervision by Global and Tegler, and violation of Section 517.12, Florida Statutes.

Respondents WIC and Tegler denied all allegations of wrongdoing contained in the Statement of Claim and alleged that: Claimant was not a totally unsophisticated investor that she was familiar with illiquid, private placements; she has purchased oil and gas and other similar high risk investments in the past; Her annual income from investments is approximately \$40,000 which exceeds what she needs to maintain her lifestyle; that prior to when Mrs. Breen bought the stock at issue, she had been told by Kyle that Mr. Edwards was not registered with World Invest; she relied upon Horecky who told her that Edwards did not have to be registered to sell securities; that there are no facts in the record which justify the reliance by Mrs. Breen upon WIC; that to the contrary, the affidavit dated September 16th, 1992, signed by Claimant and delivered to the State of Florida specifically states Mrs. Breen relied upon Edwards; Mrs. Breen was the customer of Mr. Edwards at K.W. Brown; Claimant left World Invest to follow Mr. Edwards to Financial Network Investment Corporation; Claimant purchased

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the SRI stock in reliance entirely upon the presentation of Mr. Edwards, as a consultant, to SRI. Respondent, WIC and Tegler further alleged that WIC had no notice or knowledge that the attempted treasury note purchase was never intended to be paid for by Mrs. Breen and that the loss was ratified by her upon receipt of her statement.

Respondent, Edwards, denied allegations of wrongdoing contained in the Statement of Claim maintained that he never recommended a security to Claimant, and that Respondent, Kyle solicited all securities that were sold or bought in Claimant's account with World Invest. Edwards further stated that Claimant's investment objectives were more aggressive than she is indicating.

Respondent, Horecky, denied allegations of wrongdoing contained in the Statement of Claim and stated that he had nothing to do with any of the allegations nor did he have any responsibility even if it were found that other Respondents were guilty of wrongdoing.

Respondent, Kyle, in his Statement of Answer dated September 12, 1993, denied all allegations of wrongdoing contained in the Statement of Claim and stated that he put his name as the broker of record because Edwards' license was still pending in the state of Florida and that the purchase of one million dollars of 7 3/4 treasury bond as stated in the Claim was made as a result of a bond trader at WIC misunderstanding his instructions. Kyle stated that he tried for several months to get the credit due Claimant for the purchase without success and that Claimant was aware of same. Kyle maintained that Claimant was a friend.

RELIEF REQUESTED

Claimant requested recession and/or damages of \$30,000.00, interest, costs, punitive damages of \$10,000.00, attorneys' fees and such other relief as the panel deems appropriate.

Respondents requested dismissal of the Claim.

OTHER ISSUES CONSIDERED & DECIDED

1. On August 1, 1994, the NASD was advised that Claimant had settled with Respondent FNIC.
2. Respondent, Kyle, although he signed a submission agreement and submitted a Statement of Answer, did not appear at the hearing. Based upon the evidence submitted in Arbitrator's Exhibit #1 this panel found that proper notice existed as well as jurisdiction pursuant to Section 12 (a) of the Code of

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Arbitration Procedure over Respondent, Kyle. Pursuant to Section 29 of the Code of Arbitration Procedure and based upon evidence in Arbitrator's Exhibit No. 1, this arbitration panel proceeded with the hearing in Kyle's absence.

3. 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 original(s) remain on file with the NASD.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing and post hearing submissions (if any), the undersigned arbitrator(s) have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents, W.I.C., Tegler, Edwards and Horecky, are found not liable and, therefore, all claims against them are hereby dismissed.
2. Respondent, Kyle, is found liable and shall pay to the Claimant the amount of \$2,000, plus interest at the (legal) rate of 12% per annum from 5/15/92 to the date of payment of this award.
3. Claimant's requests for punitive damages and attorneys' fees are hereby denied.

OTHER COSTS

The parties shall bear their own costs and expenses incurred in connection with this proceeding including attorneys' fees.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the Panel has assessed forum fees in the amount of \$2,400 (\$400 x 6 sessions).

1. Claimant is hereby assessed \$800.00 for which the NASD shall retain the \$400 previously deposited in partial satisfaction thereof leaving a balance due to the NASD in the amount of \$400.00.
2. Respondents, WIC & Tegler, are hereby assessed \$800.00, jointly and severally, payable to the NASD, Inc.

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3. Respondent, Edwards, is hereby assessed \$266.66, payable to the NASD, Inc.

4. Respondent, Horecky, is hereby assessed \$266.66, payable to the NASD, Inc.

5. Respondent, Kyle, is hereby assessed \$266.68, payable to the NASD, Inc.

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

ARBITRATION PANEL

Concurring Arbitrators' Signatures

Name	Public/Industry
<u>/s/</u>	
<u>Stephen G. Melcer, Esq.</u>	Public/Chairman
<u>/s/</u>	
<u>Andrew Bartfay</u>	Industry/Panelist
<u>/s/</u>	
<u>Gary Landau, Esq.</u>	Public/Panelist

Date of Decision: September 27, 1994