

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Robert M. and Alice S. Paulson

vs.

NASD #93-2287

Name of Respondents

Westmark Securities Corp. and
Catto Capital Group, Inc.

REPRESENTATION

For Claimant: Robert Paulson, pro se

For Respondent Westmark Securities: Ronald Catto

For Respondent Catto Capital: Did not appear or submit to jurisdiction because not NASD members.

CASE INFORMATION

Statement of Claim filed: June 9, 1993

Claimants' Submission Agreement signed: June 4, 1993

Statement of Answer filed by Respondent Westmark Securities on: August 5, 1993

Respondents' Submission Agreements signed on: Westmark Securities on August 5, 1993.

Respondent did not file a Submission Agreement or an Answer and did not appear at the hearing because it stated it is not subject to National Association of Securities Dealers, Inc. (NASD) jurisdiction.

HEARING INFORMATION

Hearing Date / Sessions: February 18, 1994 - Two sessions

Hearing Location: Los Angeles, California

CASE SUMMARY

Claimant alleged misrepresentation and fraud in the sale of limited partnerships Util. Income Partner IV, Util. Income Partners VI and Pacific Rim Energy Partners '91. These investments were represented as a secured investment. The prospectus for one stated that upon the close of the partnership, the general partner would invest in and transfer title to the partnership of a zero coupon type U.S. Treasury Bill to insure the return of the original subscriptions upon the termination date of the partnership. Prospective partners were led to believe these Treasury Bills were being acquired at once and were security.

Respondent Westmark Securities Corporation (Westmark) alleged that the annual return of investment was set forth by the partnership's financial forecast and projection of cash flow. No one investor was ever promised a specified return. It was never stated that the partners would receive zero coupon U.S. Treasury Bills. The proposed plan of one of the partnerships was to acquire natural gas stripping equipment and place the units on an oil and gas lease containing one or more oil and gas wells capable of generating a certain amount of natural gas per day. No partnership was to be a secured investment.

Claimant is a retired accountant with sufficient sophistication to understand the risk factors of the partnerships, as fully described in the offering memorandum. Claimant acknowledged when he subscribed to the partnerships that he was able to bear and understand the economic risk of the investment.

RELIEF REQUESTED

Claimant requested:

1. Compensatory damages of \$20,000;
2. Interest;
3. Costs;
4. Punitive damages.

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.

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 Westmark Securities Corporation, only, is liable for and shall pay claimants \$18,000;
2. All other claims, including the one for punitive damages, are dismissed;
3. The parties shall each bear their respective attorney's fees;
4. The parties shall each bear their respective costs.

FORUM FEES

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

Total Fees:

Two sessions @ \$400 / session = \$800.00

Respondent's Share:

Two sessions @ \$400 / session = \$800.00

The National Association of Securities Dealers, Inc. shall refund the \$400 hearing session deposit previously deposited by the Claimant.

Fees are payable to the National Association of Securities Dealers.

ARBITRATION PANEL

Name

Gerald Koris

John Shelton

Sondra Taggart

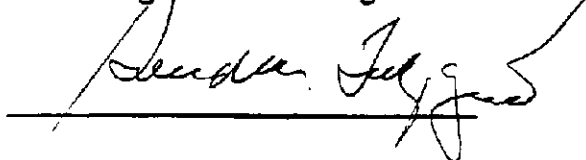
Public/Industry

Public Chairperson

Public Panelist

Industry Panelist

Concurring Arbitrators' Signature



Date Served: 03/21/94