

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Toluca Pacific Securities, Corporation

vs.

NASD No. 93-2548

Name of Respondents

William M. Arverson

REPRESENTATION

For Claimant: *Sheldon Jaffe, Esq.*

For Respondents: *Keith Hollis, Esq., Greenbaum & Parentz, Newport Beach, CA*

CASE INFORMATION

Statement of Claim filed: *June 29, 1993*

Claimant's Submission Agreement signed: *June 23, 1990.*

Statement of Answer filed by Respondents on: *September 21, 1993*

Respondents' Submission Agreements signed on: *September 21, 1993*

HEARING INFORMATION

Prehearing Conference(s) Date(s)/(Sessions): *None*

Hearing Date/(Sessions): *May 24, 1994 / one, July 25, 1994 / two*

Hearing Location: *Beverly Hills, CA*

CASE SUMMARY

Claimant alleged:

Respondent William M. Alverson (hereinafter, Alverson) was a registered representative associated with claimant Teuca Pacific Securities Corporation (hereinafter, TPS) and domiciled in the Claimant's branch office in Burbank, CA. Pursuant to an agreement with TPS, respondent is obligated for all customer debit balances and charges incurred by the claimant on his behalf.

At the time of his termination from TPS, Alverson was indebted to the claimant in the amount of \$48,282.30, consisting of customer write-offs, registration fees, errors and omissions and corporate fees. Subsequent to Alverson's termination, TPS and Alverson were subject to two arbitration claims made by customers of respondent. These claims resulted in judgments against Alverson and TPS in the amount of \$110,629.96

Respondent alleged:

The customer write-off was due to a crash in the price of ENPQ. Shortly before this trade was made, several massive write-offs had already occurred in ENPQ at TPS. Peter Blowitz, another director of TPS, and Steven Friedman, a TPS broker, made misrepresentations to respondent as to the stock and company.

The two arbitration claims that resulted in judgments against TFS occurred because of Peter Blount's fraudulent and questionable trading activities in EN Phillips Co. Peter Blount did not comply with all applicable securities laws or the rules and regulations of the National Association of Securities Dealers and the Securities and Exchange Commission.

RELIEF REQUESTED

Claimant requested:

1. *Compensatory damages of \$160,762.²⁶;*
2. *Interest ; and*
3. *Costs*

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 is liable and shall pay claimant the sum of \$48,991.98
2. The parties shall each bear their respective attorney's fees;
3. The parties shall each bear their respective costs.

OTHER COSTS

None.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following forum fees are assessed: The National Association of Securities Dealers, Inc. shall retain the \$750 hearing session deposit previously deposited by the claimant. Forum fees assessed against:

*Claimant for \$1,125, minus \$150 already paid as a hearing deposit,
leaving a balance of \$375, and
Respondent for \$1,125*

calculated as follows: \emptyset prehearing sessions at \$ \emptyset / prehearing session, plus three hearing sessions at \$ 750/hearing session, equals \$ 2,250, minus \$ 750 already paid by the claimant as a hearing deposit.

Fees are payable to the National Association of Securities Dealers.

ARBITRATION PANEL

Name

Philip Saltz
Ronald Witter
Robert Taylor


Public/Industry

Industry
Industry
Industry

Concurring Arbitrators' Signature



Philip Saltz



Ronald Witter



Robert Taylor

Date of Decision: