

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

Name of Claimant

Paul E. Johnston

No. 93-02769

Name of Respondent

Princeton American Equities, Inc.
a/k/a Princeton American Equities Corporation
Cary Wayne DePriest

REPRESENTATION OF PARTIES

For Claimant: Michael Salcido, Esq., Scottsdale, Arizona.

Respondents appeared on their own behalf.

CASE INFORMATION

Statement of Claim filed on or about: July 14, 1993.

Claimant's Submission Agreement signed: July 6, 1993.

Joint Statement of Answer filed by Respondents on or about: September 8, 1993.

Respondent Cary Wayne DePriest's Submission Agreement signed on: September 1, 1993.

Respondent Princeton American Equities, Inc.'s Submission Agreement signed on September 2, 1993.

HEARING INFORMATION

Hearing date: January 20, 1994. One (1) session.

Hearing Location: Scottsdale, Arizona

CASE SUMMARY

Claimant, Paul E. Johnston ("Claimant") alleged that Respondents, Princeton American Equities, Inc. and Cary Wayne DePriest ("Respondents"): violated A.R.S. Section 44-1841, as well as other state statutes that may apply for the sale of unregistered securities to the Claimant; violated A.R.S. Section 44-1991, as well as other state statutes that may apply for securities fraud; violated A.R.S. Section 13-2310 for engaging in a scheme or artifice to defraud; and violated A.R.S. Section 13-2301(D)(4). Claimant also made the following allegations: Fraud; negligent misrepresentation; breach of fiduciary duty; breach of contract; negligence; and negligent supervision and/or failure to supervise. The allegations arose around the recommendation and purchase of Canacal Texas, Inc.

Respondents denied the allegations contained in the statement of claim, asserting that neither Respondent had made a sale of any kind to the Claimant, nor acted as a broker-dealer in a certain stock purchase entered into by the Claimant.

RELIEF REQUESTED

Claimant requested the following award against the Respondents:

1. Compensatory damages of at least \$12,000.00;
2. Trebling the amount specified in No. 1 above, pursuant to A.R.S. Section 13-2314;
3. Punitive damages in an amount to be determined at the hearing in this matter;
4. Claimant's costs and attorney's fees incurred herein, including all NASD expert witness fees, pursuant to A.R.S. Sections 12-341.01, 13-2314, and 44-2001; and
5. Pre and post judgement interest as allowed by law;
6. Such other and further relief as is deemed just and proper.

Respondents requested dismissal of Claimant's Statement of Claim and Demand for Arbitration and the relief therefrom of the payment of any compensation, treble damages, punitive damages, Claimant's costs and attorney's fees and pre and post judgement interest, or any other kind or nature of compensation, damages or fees as requested in the Claimant's Statement of Claim.

OTHER ISSUES CONSIDERED & DECIDED

Respondents did not file with the NASD properly executed submissions to arbitration but are required to submit to arbitration pursuant to Section 12 of the Code and having answered the claim, appeared and testified at the hearing and therefore are bound by the determination of the panel on all issues submitted.

The parties have agreed that the Award in this matter may be executed by counterparty 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 the post-hearing submissions, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents, Princeton American Equities Corporation, a/k/a Princeton American Equities, Inc. and Cary Wayne DePriest are jointly and severally liable for, and shall pay to Claimant, Paul E. Johnston the following as satisfaction of his claims herein: The amount invested on August 31, 1992 (\$12,500.00); prejudgment interest through December 31, 1993 at 10% per year (\$1,666.67); NASD filing fees and hearing session deposit (\$650.00).

OTHER COSTS

Respondents, Princeton American Equities Corporation and Cary Wayne DePriest are jointly and severally liable for, and shall pay to Claimant, Paul E. Johnston the sum of \$10,000.00 as an award of punitive damages, and also an amount not to exceed \$5,000.00 as an award of attorney's fees. The authority for the award of punitive damages and attorney's fees can be found in the Arizona Revised Statutes as set forth by Claimant at the hearing of this matter.

Except as set forth more fully above, each party shall pay its own costs associated with this arbitration.

FORUM FEES

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

$$1 \text{ hearing session} \times \$500.00 = \$500.00$$

Pursuant to Section 43(c) of the Code, the NASD shall retain the nonrefundable filing fee the amount of \$150.00, and shall RETAIN the hearing session deposit in the amount of

\$500.00 previously paid to the NASD by the Claimant.

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

CONCURRING ARBITRATORS

Dated:

Name:

January 28, 1994

James Duke Cameron/s/
Hon. James Duke Cameron
Presiding Chair
Public Arbitrator

January 26, 1994

Dave Dove/s/
Dave Dove
Industry Arbitrator

January 24, 1994

John V. Marlon/s/
John V. Marian
Public Arbitrator

Date of Service by the NASD: 2-2-94