

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Names of Claimants

Lawrence Olson, individually and as trustee of
his IRA and living trust and Bonita Olson
individually and as trustee of her IRA and
living trust

93-02930

Names of Respondents

Vanderbilt Capital Corporation
WFG Securities Corporation
John P. Lockrey
Wilnard L. Selbak
Arthur A. Laatsch, Jr.

REPRESENTATION

For Claimants Lawrence Olson and Bonita Olson: Russell L. Forkey, Esq., Deerfield Beach, Florida.

For Respondents WFG Securities ("WFG") and John Lockrey ("Lockrey"): Terry F. Peppard, Esq., Madison, Wisconsin.

For Respondents, Arthur A. Laatsch, Jr. ("Laatsch"): John R. Dorgan, Esq. of Frommelt & Eide, Ltd., Minneapolis, MN.

For Respondents, Vanderbilt Capital Corporation ("Vanderbilt") and Wilnard L. Selbak ("Selbak"): See "Other Issues".

CASE INFORMATION

Statement of Claim filed: 7/23/93.

Claimants' Submission Agreement signed on: 7/22/93.

Respondents' WFG's and Lockrey's joint Statement of Answer filed: 9/16/93.

Respondent, WFG's, Submission Agreement signed on: 9/16/93.

Respondent, Lockrey's Submission Agreement signed on: 9/16/93.

Respondent, Laatsch's Statement of Answer filed: 10/1/93.

Respondent, Laatsch's Submission Agreement signed on: 9/30/93.

Respondents, Vanderbilt's and Selbak's joint Statement of Answer filed: 9/30/93.

Respondent, Vanderbilt's Submission Agreement signed on: 11/17/93 by Wilnard Selbak on behalf of the firm.

Respondent, Selbak's Submission Agreement signed on: 9/29/93.

HEARING INFORMATION

Pre-Hearing Conference lasting one session was conducted via telephone conference call on 9/19/94 with the Panel.

Hearing Dates/Sessions: 1/10/95-two (2) sessions.
 1/11/95-two (2) sessions.
 1/12/95-two (2) sessions.
 1/13/95-two (2) sessions.

Hearing Location: Fort Lauderdale, Florida.

CASE SUMMARY

Claimants alleged that the limited partnerships purchased for their account by Respondents were unsuitable in quality and constituted an over-concentration of their assets in those investments. Claimants further stated that Respondents' actions constituted fraud, deceit, negligence, breach of fiduciary duties, breach of contract, violation of Florida Statute 517.12 and as it relates to all Respondents, except Laatsch, negligent supervision. Claimants sought rescission of the limited partnership investments as well as damages for non-registration of certain of the Respondents.

Respondents, WFG and Lockrey denied all allegations of wrongdoing contained in the statement of Claim and stated that suitability of the disputed transaction for Claimants was established by the parameters of the nationally registered offering as shown on the face of the prospectus and by the financial circumstances of Claimants as shown in their personal income tax returns for the year ended immediately before they made the investment. Respondents, WFG and Lockrey also stated that Claimants have abandoned their supervision claim; that WFG and Lockrey had and enforced throughout the time in question a supervisory system reasonably designed to prevent and detect violations of applicable rules in compliance with existing law and industry standards; that Florida stockbroker registration rules did not apply to the disputed transaction because, as Claimants had admitted in writing, that transaction was consummated, not in Florida, but in the state of Minnesota, where Laatsch both maintained his office and was at all times properly registered.

Respondent, Laatsch, stated that Claimants were and are trustees of two Trusts that purchased various types of investments that had been introduced to them by him during his employment at Vanderbilt and WFG Securities; that Claimants were provided with all applicable prospectuses, offering memoranda and other disclosure information; that at the time they first met him, Claimants had a net worth in excess of \$750,000.00; that prior to their dealings with him, Claimants had had approximately twenty (20) years of previous investment experience in similar types of investments, including limited partnerships, oil and gas partnership, new stock offerings, etc; that several years after making the investments Claimants instituted this action alleging that the investments were not suitable for the Trusts. Respondent, Laatsch,

contended that the evidence at the hearing in this matter showed that the complained-of investments were clearly suitable for the trusts, as shown by specific language in the Trust Agreements themselves and by the Claimants' previous investment experience; that Claimants failed to meet their burden of providing any of the elements of a suitability claim; that the disclosures provided in the prospectuses and offering memoranda fully disclosed all material risks to the Claimants. Laatsch further stated that Claimants failed to meet their burden of proving damages and that the applicable Florida statutes of limitation barred all of Claimants' claims.

RELIEF REQUESTED

Claimants requested damages and/or rescission in the amount of \$350,000.00, punitive damages of \$100,000.00, interest, costs, attorneys' fees and such other and further relief as the panel deems appropriate.

Respondents, WFG and Lockrey, requested that all claims against them be dismissed and that they be awarded the full costs and expenses they have endured in the defense of this claim, including reasonable attorneys' fees and costs.

Respondent, Laatsch, requested that Claimants take nothing by their Claims and that their Statement of Claim be dismissed in its entirety or at the least, that the Claims as they relate to Laatsch be dismissed and that Laatsch be dismissed from this action.

OTHER ISSUES CONSIDERED & DECIDED

1. The NASD was informed that Claimants settled with Respondents, Vanderbilt and Selbak, prior to the hearing.
2. 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 and post hearing submissions, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents, WFG and Lockrey, are found not liable and, therefore, all claims against them are hereby dismissed.
2. Respondent, Laatsch, is found liable and shall pay to the Claimants the amount of \$45,000.00 inclusive of interest.
3. Claimant shall pay attorneys fees to Respondents, WFG and Lockrey, in the amount of \$10,000.00.

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4. Claimants' requests for attorneys' fees, costs and punitive damages are hereby denied.
5. All other claims are denied.

OTHER COSTS

Other than the Forum Fees addressed below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the Panel has assessed Forum fees in the amount of \$6,300.00 (eight (8) hearing sessions X \$750.00 + One (1) pre-hearing conference X \$300.00).

1. Claimants are hereby assessed forum fees in the amount of \$3,150.00 for which the NASD shall retain the \$750.00 previously paid by Claimants in partial satisfaction thereof leaving a balance due to the NASD by Claimants in the amount of \$2,400.00.
2. Respondent, Laatsch, is hereby assessed forum fees in the amount of \$3,150.00 payable to the NASD, Inc.
3. The NASD shall retain the non-refundable filing fee of \$200.00 paid by the Claimants.

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

ARBITRATION PANEL

Concurring Arbitrators' Signatures

Name	Public/Industry
/s/	
Lewis J. Levey, Esq.	Public/Chairman
/s/	
E. Leonard Pacun	Public/Panelist
/s/	
Lionel P. Greenbaum	Industry/Panelist

Date of Decision: April 4, 1995