

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the matter of the Arbitration Between

Name of Claimant(s)

Michael and Donna Hornbuckle
The Hornbuckle Family Trust of
April 15, 1991

NASD Arbitration
No. 93-03592

Name of Respondent(s)

Wertheim Schroder & Co., Inc.
Stanley Cameron

REPRESENTATION

For Claimants: David R. Merrihugh, Esq., Agoura Hills, California

For Respondent Wertheim Schroder & Co., Inc.: Timothy N. Will,
Esq., Keesal, Young & Logan, Long Beach, California

For Respondent Stanley Cameron: Stanley Cameron, Sinir Valley,
California

CASE INFORMATION

Statement of Claim filed: September 10, 1993

Claimants' Submission Agreements signed as follows:

Michael and Donna Hornbuckle, Individually: August 31, 1993

Michael and Donna Hornbuckle, Trustees: November 22, 1993

Statement of Answer filed by Respondent Wertheim Schroder & Co.,
Inc.: January 26, 1994

Respondent Wertheim Schroder & Co., Inc.'s Submission Agreement
signed: February 22, 1994

Respondent Stanley Cameron did not file a Statement of Answer and Submission Agreement. However, he appeared at the hearing and is subject to National Association of Securities Dealers, Inc. (NASD) jurisdiction in accordance with Section 12 of the NASD Code of Arbitration Procedure.

HEARING INFORMATION

Pre-Hearing Conference Date(s)/Session(s): None

Hearing Date(s)/Session(s): September 27, 1994 (two sessions)
September 28, 1994 (one session)

Hearing Location: Los Angeles, California

CASE SUMMARY

Claimants alleged that Stanley Cameron, an employee of Wertheim Schroder & Co., Inc. (Wertheim), mishandled and misappropriated monies which Claimants entrusted to Cameron. Claimants further alleged that Wertheim has failed to account to Claimants concerning discrepancies in Claimants' account with Wertheim. Claimants further alleged that Wertheim was the principal and employer of Cameron at all times; that Cameron was acting as an investment advisor to Claimants, even though Recess, Inc. was an investment in which Cameron had a direct interest; and that Wertheim is liable for Cameron's activities during the time in which Cameron was acting as an investment advisor. Claimants further alleged that Wertheim failed to properly supervise and monitor Cameron's activities resulting in Claimants' losses.

Respondent Wertheim specifically denied each and every allegation of wrongdoing and liability set forth and/or implied in Claimants' Statement of Claim and denied that it is liable to Claimants for damages in any amount. Wertheim alleged that Claimants seek to hold Wertheim liable for an investment which they knew had nothing to do with Wertheim or their Wertheim account. Wertheim further alleged that Mr. Hornbuckle purchased shares in Recess, Inc., a start-up company, completely away from Wertheim, through Respondent Cameron, who also happened to be the Claimants' friend and broker at Wertheim and alleged that Mr. Hornbuckle paid for the Recess, Inc. shares with a check made payable directly to Recess, Inc. and to Respondent Cameron. Wertheim further alleged

that Respondent Cameron's sale of Recess, Inc. shares to Mr. Hornbuckle was outside the control of Wertheim, outside the course and scope of Cameron's Wertheim employment, and was conducted without Wertheim's knowledge or consent. Wertheim also asserted affirmative defenses.

RELIEF REQUESTED

Claimants requested:

1. Damages in the sum of \$50,000.00;
2. Interest;
3. General damages for emotional distress;
4. Punitive damages;
5. Attorney's fees; and
6. An accounting concerning the discrepancy in Claimants' account with Wertheim Schroder.

Wertheim requested that it be dismissed entirely from this action, with costs, attorneys' fees, and such other and further relief as the panel shall deem proper to be awarded to Wertheim.

OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed that the Award in this matter may be executed in either 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, 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. All claims by Claimants against Wertheim Schroder & Co., Inc. are dismissed.
2. Respondent Stanley Cameron is solely liable for and shall pay to Claimants the sum of \$37,500.00, in satisfaction of Claimants' claims.

3. Claimants' claim for punitive damages is dismissed.

4. The parties shall each bear their respective costs including attorney's fees.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed: The NASD shall retain the \$500.00 hearing session deposit previously deposited by the Claimants. Forum fees are to be split between the parties and are calculated as follows:

Three hearing sessions @ \$500.00/session	=	\$1,500.00
Total fees assessed	=	\$1,500.00
Claimants' share (50%)	=	\$ 750.00
Credit for hearing deposit	=	\$ 500.00
Balance due	=	\$ 250.00
Respondents' share, jointly and severally (50%)	=	\$ 750.00
Balance due	=	\$ 750.00

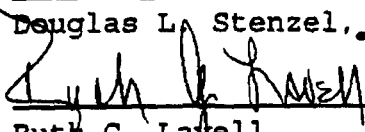
Fees are payable to the National Association of Securities Dealers, Inc.

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
Douglas L. Stenzel, Esq.	Public Arbitrator
Ruth G. Lavell	Public Arbitrator
Donald L. Lisle	Industry Arbitrator

Concurring Arbitrators' Signatures

Douglas L. Stenzel, Esq.



Ruth G. Lavell

Donald L. Lisle

Date of Decision: _____

Date Served: 11-15-94

3. Claimants' claim for punitive damages is dismissed.

4. The parties shall each bear their respective costs including attorney's fees.

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Claimants' share (50%)	=	\$ 750.00
Credit for hearing deposit	=	\$ 500.00
Balance due	=	\$ 250.00

Respondents' share, jointly and severally (50%)	=	\$ 750.00
Balance due	=	\$ 750.00

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Ruth G. Lavell	Public Arbitrator
Donald L. Lisle	Industry Arbitrator

Concurring Arbitrators' Signatures

Douglas L. Stenzel, Esq.

Ruth G. Lavell

Donald L. Lisle

Date of Decision: 11/8/94

Date Served: 11-15-94

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Ruth G. Lavell	Public Arbitrator
Donald L. Lisle	Industry Arbitrator

Concurring Arbitrators' Signatures



Douglas L. Stenzel, Esq.

Ruth G. Lavell

Donald L. Lisle

Date of Decision: Nov. 9, 1994

Date Served: 11-15-94