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NASD AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Charles A. and Judith L. Stevens

93-03661

Name of Respondents

X Interfinancial Corporation
Jeremy J. Black
Women Securities International Corp.
Consolidated Investment Services, Inc.

REPRESENTATION

Charles A. and Judith L. Stevens ("Claimants") were represented by Cameron W. Tyler, Esq., Boulder, Colorado.

Interfinancial Corporation ("Interfinancial") and Jeremy Black ("Black") were represented by Robert W. Hutchinson, Esq., Denver, Colorado.

Women Securities International Corporation ("Women") did not answer the Statement of Claim or appear at the hearing.

Consolidated Investment Services, Inc. ("Consolidated") was represented by James A. Halpin, Esq., Boulder, Colorado.

CASE INFORMATION

The Statement of Claim was filed on or about September 17, 1993. Submission Agreement of Claimants Charles A. and Judith L. Stevens was signed on September 9, 1993.

Statement of Answer was filed by Respondent Consolidated Investment Services, Inc. on or about December 3, 1993. Submission Agreement of Respondent Consolidated Investment Services, Inc. was signed on December 3, 1993 by Norman P. Rounds.

Statement of Answer was filed by Respondents Interfinancial Corporation and Jeremy Black or about December 7, 1993. Submission Agreement of Respondent Interfinancial Corporation was

signed on December 6, 1993 by Eugene E. Duhamel and Derek R. Kent. Submission Agreement of Respondent Jeremy Black was signed on December 3, 1993.

HEARING INFORMATION

The hearing was held on Monday, November 7, 1994 for two (2) sessions, Tuesday, November 8, 1994 for two (2) sessions in Denver, Colorado, and Friday, November 11, 1994 for one (1) session conducted telephonically by agreement of the parties for a total of five (5) sessions.

CASE SUMMARY

Claimants alleged Respondents engaged in violations of Colorado and Federal Securities laws, breached their fiduciary duty, engaged in negligent misrepresentation, negligently supervised the activities of Jeremy Black, engaged in negligence per se, engaged in fraud, breached their contract with the Claimants, and engaged in outrageous conduct. Claimants specifically allege that Respondent Black made misrepresentations to the Claimants in order to place their funds into unsuitable investments. Black assured Claimants they had no risk of losing any of their investment, yet placed their funds in a financially troubled mortgage fund. After the fund began to decline in value, Black continuously made misrepresentations to the Claimants regarding its prospects, causing Claimants to incur further losses.

Respondent Consolidated Investment Services, Inc. denied the allegations set forth in the Statement of Claim. Respondent Consolidated Investment Services, Inc. specifically stated that Claimants fail to state a claim upon which relief may be granted, that Respondent did not act with the intent to deceive or harm, Claimants' damages are a result of their own conduct, comparative negligence, Claimants received the benefit of their bargain, Respondents did not know and in the course of reasonable care could not have known of any alleged untruths or omissions, Respondents did not breach any standard of care and acted in good faith at all relevant times. Respondent also state that Claimants' allegations are frivolous entitling Respondents to costs and attorney's fees.

Respondents Interfinancial Corporation and Jeremy Black denied the allegations set forth in the Statement of Claim. Respondents Interfinancial and Black specifically stated that Claimants maintained control over their own account and were made fully aware of the risks involved and the status their investments. Respondents also informed that the declining interest rates and their own excessive withdrawals were causing a negative impact on their income. Respondents further allege the following affirmative defenses: failure to state a claim; Respondents had reasonable ground to believe all investments made by Claimants were suitable; Claimants knew or should have know of the risks associated with the investments made; the reduction in value of the portfolio was not caused by ant fault, breach or alleged omission or misrepresentation by Respondents; Claimants failed to mitigate their damages; Black was properly supervised by Respondents who had no notice of any negligence.

RELIEF REQUESTED

Claimants requested an award in an amount sufficient to compensate them for their actual

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damages, lost profits, disgorgement of Respondents' commissions, punitive damages, pre- and post-judgment interest, costs, attorneys' fees, and such other and further relief as the panel deems proper and just.

Respondent Consolidated Investment Services, Inc. requested that the claims asserted against it be denied in its entirety and that it be awarded its costs and attorney's fees.

Respondents Interfinancial Corporation and Jeremy Black requested a determination in their favor and against Claimants, and for whatever other relief that is proper.

OTHER ISSUES CONSIDERED & DECIDED

Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned arbitrators have determined that Respondent Women Securities International Corporation had not been properly served with the Statement of Claim pursuant to Section 13 and Section 25 of the NASD Code of Arbitration Procedure (the "Code"). The undersigned arbitrator also determined that Respondent Women Securities International Corporation had not received due notice of the hearing as required under Section 26 of the Code and that arbitration of the matter would proceed pursuant to Section 29 of the Code against those Respondents other than Women Securities International Corporation.

Respondents Interfinancial Corporation and Jeremy Black asserted a Motion to Dismiss or in the alternative for Summary Judgment. After considering the submissions of the parties, the undersigned arbitrators advised the parties that they were taking the Motion under advisement. After hearing the evidence presented on behalf of the parties present, the panel has decided to deny the Motion.

The parties have agreed that a handwritten, signed Award may be entered. In 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. Respondents Consolidated Investments Services, Inc., Jeremy Black and Interfinancial Corporation shall be and hereby are jointly and severally liable for and shall pay to the

Claimants Charles A. and Judith L. Stevens the sum of **Ten Thousand forty six dollars and eight cents (\$10,046.08)**.

2. Interest at the rate of 8% per annum is awarded on the above stated sum from and inclusive of September 17, 1993 to and inclusive of the date this award is paid in full.
3. Each party shall bear its own costs, expenses and attorneys' fees incurred in this matter not specifically enumerated herein.

FORUM FEES

Forum fees are calculated at the rate of \$750 per hearing session and \$300 for each prehearing conference, if any. There were five (5) sessions x \$750 = \$3750 in forum fees. Pursuant to Section a hearing session is any meeting between the parties and the arbitrator(s), including a prehearing conference with an arbitrator, which lasts four (4) hours or less.

Pursuant to Section 43(c) of the NASD Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. ("NASD") shall retain the non-refundable filing fee in the amount of \$200 and shall retain as forum fees the hearing session deposit in the amount of \$750 previously deposited with the NASD by the Claimants. Claimant shall be and hereby are liable for and shall pay to the NASD the sum of \$187.50. Respondents Consolidated Investment Services, Inc., Jeremy

Black and Interfinancial Corporation shall be and hereby are liable for and shall pay to the NASD sum of \$937.50 each as their share of the balance due for forum fees. Fees are payable to the National Association of Securities Dealers, Inc.

s/s William H. Long, Esq.
William H. Long, Esq.
Public Arbitrator, Presiding Chair

November 28, 1994

s/s Gregory D. Thomas, Esq.
Gregory D. Thomas, Esq.
Public Arbitrator

November 27, 1994

s/s Susan M. Huffman
Susan M. Huffman
Industry Arbitrator

November 28, 1994