

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the matter of the Arbitration Between

Name of Claimants

Steven and Charlene Shoop
Hondo Electric, Inc.

NASD Arbitration
No. 93-03846

v.

Name of Respondents

Capital Analysts, Inc.
Edward P. Williams

REPRESENTATION

For Claimants: Franklin Geerdes, Esq. - Atherton, Allen & Geerdes, Chula Vista, California

For Respondents: Elizabeth A. Sellung, Esq. - Munger, Tolles & Olson, Los Angeles, California

CASE INFORMATION

Statement of Claim filed: September 24, 1993

First Amendment filed: September 28, 1993

Second Amendment filed: December 1, 1993

Claimants' Submission Agreement signed: September 16, 1993

Joint Statement of Answer filed: November 18, 1993

Joint Answer to Second Amendment to Statement of Claim filed: December 29, 1993

Respondents' Submission Agreements signed:

Capital Analysts on October 28, 1993

Edward P. Williams on October 22, 1993

HEARING INFORMATION

Evidentiary hearings lasting nine sessions were held in San Diego, California, on September 20, 21, 22, 23 and 28, 1994.

CASE SUMMARY

Claimants alleged their investments in limited partnerships were not suitable for their investment objectives and financial status at the time of purchase. Claimants also alleged fraud, breach of fiduciary duty, negligent misrepresentation, breach of contract, and tortious breach of the implied covenant of good faith and fair dealing.

Respondents denied the allegations of wrongdoing, and asserted that the investments were made after Respondents presented Claimants with a selection of investments that met their investment objectives and after Claimants' leisurely consideration of risks and rewards. Respondents asserted that all claims are barred by the applicable statutes of limitations.

RELIEF REQUESTED

Claimants requested rescission, damages of \$545,631 plus interest, punitive damages, and costs of arbitration.

Respondents requested dismissal of all claims, and an award of costs of arbitration.

OTHER ISSUES CONSIDERED AND DECIDED

This matter was originally filed in the Superior Court of San Diego County, California, Case No. 667213, and was compelled to arbitration pursuant to an Order of the Court dated August 24, 1993.

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 Capital Analysts is liable for and shall pay to Claimant Steven Shoop the sum of \$50,000 in satisfaction of his individual claims.

2. All other claims asserted, including the claims against Respondent Edward P. Williams and claims for punitive damages, are dismissed in their entirety.
3. The parties shall each bear their respective costs, including attorneys fees.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the NASD shall retain the \$250 non-refundable filing fee paid by Claimant.

Forum fees are assessed as follows:

Total fees:		
Nine (9) hearing sessions @ \$1000/session	=	\$9000
Claimant Steven Shoop's one-half share	=	\$4500
Credit for deposit	=	<u>\$1000</u>
Balance due	=	<u>\$3500</u>
Respondent Capital Analysts' one-half share	=	<u>\$4500</u>

Fees are payable to the NASD, Inc.

ARBITRATORS


Name

James H. Bowersox
Joan B. McGilvray
James D. Knotter

Public / Industry

Public Arbitrator
Industry Arbitrator
Public Arbitrator

Concurring Arbitrators' Signatures


James H. Bowersox

Joan B. McGilvray

Served 10/31/94

DISSENT:

James D. Knotter

Date of Decision: 09-28-94

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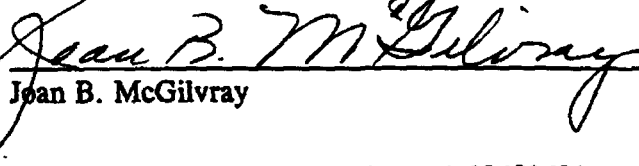
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Public / Industry

Public Arbitrator
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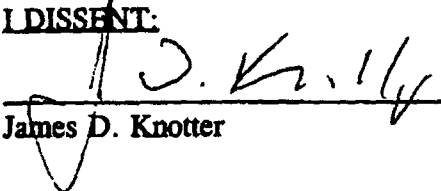
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James D. Knotter	Public Arbitrator

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