

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Richard G. Anderson and Ann T. Anderson, as Individuals and
as Trustees under the Richard and Ann Anderson Charitable Trust

93-04787

Name of Respondents

Thomas James Associates, Inc. and
Shirley A. McKinney

Representation of Parties

Claimants, Richard Anderson and Ann Anderson, as Individuals and as Trustees under the Richard and Ann Anderson Charitable Trust ("Claimants") were represented at the hearing by Thomas P. Ward, Esq. of McBride Baker & Coles, Chicago, Illinois.

Respondents, Thomas James Associates, Inc. ("Thomas James") and Shirley McKinney ("McKinney") were represented at the hearing by Stephen C. Voris, Esq. of Burke, Warren & MacKay, P.C., Chicago, Illinois.

Case Information

The Statement of Claim was filed on November 17, 1993. Claimants, Ann and Richard Anderson's Joint Submission Agreement was signed on November 12, 1993. Claimants, Ann and Richard Anderson's Joint Submission Agreement as Trustees was signed on January 26, 1994.

The Joint Statement of Answer was filed on or about April 1, 1994. Respondent Thomas James & Associates, Inc.'s Submission Agreement was signed on February 18, 1994. Respondent Shirley McKinney's Submission Agreement was signed on February 25, 1994.

Hearing Information

The hearing was held on January 11, 1995 for two (2) sessions, January 12, 1995 for two (2) sessions, January 13, 1995 for two (2) sessions, and February 28, 1995 for three (3) sessions in Chicago, Illinois for a total of nine (9) hearing sessions.

Case Summary

Claimants alleged in their Statement of Claim that Respondents are liable for violations of Illinois Securities Law, material misrepresentation and omission of facts, and gross violation of trust and confidence. Claimants alleged that their allegations set forth in their claim stem from their investment in FNMA I/O Strips and U.S. Treasury zero-coupon bonds which were recommended by respondents.

Respondents stated in their joint Statement of Answer to the claim that claimants were fully informed of the FNMA and zero-coupon bonds. Respondents also stated that claimants were asked questions to determine their objectives and suitability for the product. Respondents stated that Claimants understood the product and wanted to invest.

Relief Requested

Claimants requested compensatory damages in the amount of \$3,000,000.00, plus costs together with reasonable attorney's fees and expenses.

Respondents requested that the claim be dismissed.

Other Issues Considered and Decided

The parties present at the hearing have agreed that the Award in this matter may be executed by 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 original remains 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. The Statement of Claim is denied and dismissed;
2. Each of the parties shall bear their own costs and expenses, including attorney's fees, other than those specifically enumerated under Forum Fees below.

Forum Fees

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

nine hearing sessions x \$1000 = \$9000 minus \$1000 = net \$8000 due to the NASD.

Pursuant to Section 43(c) of the Code of Arbitration, the NASD shall retain the nonrefundable filing fee in the amount of \$250, and shall retain the hearing session deposit in the amount of \$1000 previously paid to the NASD by the Claimants.

The additional forum fees in the amount of \$8000 are assessed against Claimants in the sum of \$3500 and against Respondents, jointly and severally in the sum of \$4500.

The additional forum fees assessed by the panel are payable to the National Association of Securities Dealers, Inc.

By The Arbitration Panel:

Dated:

3/28/95

s/s Jacques Heilingoetter
Jacques Heilingoetter, Esq.
Presiding, Public Arbitrator

3/31/95

s/s Frona Daskal
Frona Daskal, Esq.
Public Arbitrator

3/30/95

s/s Kelley Beach
Kelley Beach
Industry Arbitrator

Date Award Served By The NASD: 4/7/95