

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

David L. Lee

94-00918

Name of Respondents

Investacorp, Inc.

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on March 9, 1994, Claimant David L. Lee, who appeared Pro Se, alleged that Respondent Investacorp, Inc. terminated his employment for failing to notify Respondent he was engaging in a primarily passive investment outside of the scope of his employment. Claimant further alleged that this termination violated NASD by-laws. Claimant contended that on the Form U-5 filed by Respondent with the NASD, Respondent indicated that Claimant possibly had participated in a private securities transaction, when Respondent had no reason to think this had taken place. Claimant further contended he paid a \$650.00 deposit when he originally received his Investacorp, Inc. manual, and that on February 13, 1991 he returned it to Respondent but has not had this deposit returned to him. Claimant alleged that Respondent owes him an additional \$1,663.17 relating to his employment with Respondent. Claimant further alleged that the actions of Respondent had an emotional impact on his family and himself. As a result of the above, Claimant contended that he has suffered damages for which the Respondent should be held liable.

Respondent Investacorp, Inc., through its in-house representative Randy K. Nestel, Miami Lakes, Florida, maintained that when Claimant was hired by Respondent he was informed by Respondent's compliance department that if he engaged in any outside activities without first obtaining Respondent's written

authorization, he would be terminated for cause. Respondent further maintained that when Claimant was hired by Respondent he was told to upgrade his securities product mix and keep his options business to a minimum. Respondent contended that Claimant knowingly concealed from Respondent a customer complaint from Walter E. Judge alleging unauthorized trading in an options account and damages of over \$8,000.00, since Claimant knew Mr. Judge would expose Claimant's previously undisclosed outside fund-raising activities pertaining to their mutual involvement in the development of a shopping center. Respondent further contended that only after it learned of the Walter E. Judge complaint was Claimant's relationship with Mr. Judge disclosed by Claimant to Respondent. Respondent maintained that Claimant, in accordance with his contractual agreement and the supervisory rules and procedures of Respondent, knew that he was required, prior to engaging in any activity or business other than securities offered through Respondent, to not only notify Respondent in writing but also obtain written authorization from Respondent prior to engaging in such activity or business. Respondent further maintained that Claimant raised \$200,000.00 without Respondent's knowledge in a private transaction that was not reflected on Respondent's books and records. Respondent contended that due to Claimant's unauthorized and improper fundraising activities, it may potentially be the victim of a frivolous lawsuit seeking restitution because of the failure of Claimant's business dealings. Respondent further contended that Claimant has incorrectly stated the amount of the disputed compensation, and that it has never received a \$600.00 deposit from Claimant for Respondent's manual. As a result of the above, Respondent contended that it should not be held liable in this matter.

RELIEF REQUESTED

Claimant David L. Lee requested \$2,313.17 in actual damages, \$924.16 in interest, treble damages and \$500 representing the filing fee if it is not waived.

Respondent Investacorp, Inc. requested that the Claimant's Statement of Claim be dismissed in its entirety.

AWARD

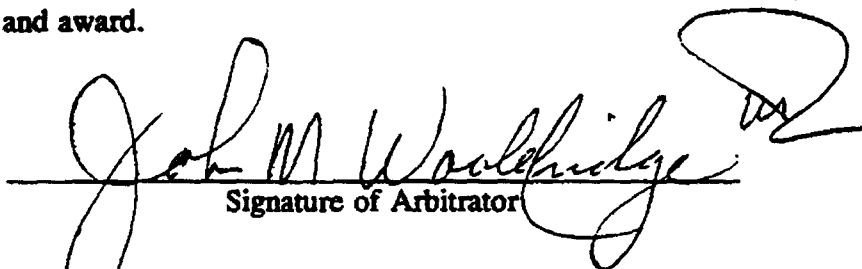
Pursuant to Section 10 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single industry arbitrator, John M. Wooldridge, III, was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on March 7, 1994 and by the Respondent on May 16, 1994.

And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. Respondent Investacorp, Inc. is liable and shall pay to Claimant David L. Lee \$2,313.17 in actual damages.
2. Respondent Investacorp, Inc. is liable and shall pay to Claimant David L. Lee \$1,013.17 in treble damages.
3. Respondent Investacorp, Inc. is liable and shall pay Claimant David L. Lee simple interest at the rate of 10% per annum from January 25, 1991 to July 25, 1994.
4. The parties shall bear their respective costs.
5. Respondent Investacorp, Inc. is liable and shall pay to the National Association of Securities Dealers, Inc. \$575.00 as payment of the filing fee.

AFFIRMATION

I, JOHN M. WOOLDRIDGE, III, do hereby affirm upon my oath of arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.


Signature of Arbitrator

DATE OF DECISION: September 27, 1994