

**NATIONAL ASSOCIATION OF SECURITIES DEALERS
AWARD**

In the matter of the Arbitration Between

Sallie E. Martin,

Claimant,

v.

NASD No. 94-01575

Robert Scott Securities, Inc. and
Margaret Peggy Boland,

Respondents.

Representation

For Claimant: Paul Young, Esq. of Securities Arbitration Group, Inc., Marina Del Rey, California

For Respondent Robert Scott Securities (RSS): Nicholas Ellis of RSS, Irvine, California

For Respondent Margaret P. Boland (Boland): Margaret Boland, pro se, Anaheim, California

Case Information

Statement of Claim filed: April 2, 1994

Claimants' Submission Agreement signed: March 30, 1994

Statement of Answer filed by RSS on: August 3, 1994. Although duly served, no Answer was filed by Margaret Boland, but she appeared at the hearing.

Respondents' Submission Agreements signed on: RSS on November 7, 1994. Respondent Margaret Boland did not file a submission agreement but is subject to the jurisdiction of the NASD in accordance with Section 12 of the NASD Code of Arbitration Procedure.

Hearing Information

Prehearing Conference Dates/Sessions: None

Hearing Date/Sessions: April 19, 1995/two, April 20, 1995/two

Hearing Location: Los Angeles, California

Case Summary

Claimant alleged:

Suitability, breach of contract, violations of National Association of Securities Dealers' (NASD) and New York Stock Exchange (NYSE) rules, unauthorized transactions, breach of fiduciary duty, fraud and violation of California Corporate Securities Code in the purchase of the Hill Williams Income Fund IV (HWI) limited partnership. Claimant was a 77 year old retired nursing administrator whose investment objectives were safety of principal and liquidity. She told Respondent Margaret Boland (Boland) about her finances, background, age and that her risk tolerance was zero. HWI is now in bankruptcy.

Respondent Boland did not file an Answer but appeared at the hearing.

Respondent RSS denied all allegations of wrongdoing and alleged:

Claimant was knowledgeable in making her own investment decisions based on her investment history and the account data form. She was suitable for HWI and had a history of purchasing limited partnerships and real estate deed programs. Her portfolio was diversified by placing 50% of her capital in a fully liquid mutual fund, which has performed well. The investment in HWI did not work out because of economic factors in California real estate, not because of any wrongdoing by Respondent.

Relief Requested

Claimant requested:

1. Compensatory damages of \$40,000;
2. Interest of \$6,400, amended to a higher figure at the hearing;
3. Punitive damages of not less than \$92,800;
4. Filing fee and hearing deposit of \$950.

Other Issues Considered and Decided

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. Respondents are jointly and severally liable for and shall pay Claimant \$38,500 in

compensatory damages;

2. Respondents are jointly and severally liable for and shall pay Claimant \$9,240 in interest;

3. Respondent Robert Scott Securities is liable for and shall pay Claimant \$2,800 in sanctions for failure to comply with a discovery order;

4. Respondent Margaret Boland is liable for and shall pay Claimant \$300 in sanctions for failure to comply with a discovery order;

5. All other claims, including the claim for punitive damages, are dismissed;

6. The parties shall each bear their respective attorney's fees;

7. The parties shall each bear their respective costs.

Other Costs

None.

Forum Fees

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed: The National Association of Securities Dealers, Inc., shall refund the \$750 hearing session deposit and \$200 filing fee previously paid by the claimant. Forum fees are assessed against:

Respondents, jointly and severally, for \$3,000, plus the \$200 filing fee refunded to Claimant,

calculated as follows: four hearing sessions at \$750/hearing session, equals \$3,000, plus the \$200 filing fee refunded to Claimant.

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

Arbitration Panel

<i>Name</i>	<i>Public/Industry</i>
Laurie Butler	Public
Irwin Lasky	Public
Jeffrey Skogsbergh	Industry

Concurring Arbitrators' Signatures


Laurie Butler

Irwin Lasky

Jeffrey Skogsbergh

Date of Decision:

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Served 5/11/95

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