

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the matter of the Arbitration Between

Name of Claimant

Ginny Matthews

v.

NASD Arbitration
No. 94-2113

Name of Respondents

Corporate Benefit Securities, Inc., Robert B. Coe, William Brad Stout,
William Edward McClendon, Leonard Kahn, Russell Alan Smith, Jon Joseph Hanousek,
Weldon A. Gibson, Steven L. Peeler, and Jonathan Peter Bobolia.

REPRESENTATION

For Claimant:

William F Davis, Esq.
Law Offices of William F. Davis
Pacific Palisades, California

For Respondents Other than Coe:

Matthew R. Rutherford, Esq.
Law Offices of Matthew Rutherford
San Diego, California

CASE INFORMATION

Statement of Claim filed:

June 7, 1994, amended January 17,
1995, and September 7, 1995

Claimant's Submission Agreement signed:

May 13, 1994

Statement of Answer filed by Respondents:

October 20, 1994

Respondent Corporate Benefit Securities, Inc.'s
Submission Agreement signed:

October 12, 1994

Respondent Robert Coe's Submission Agreement Signed: October 13, 1994

HEARING INFORMATION

Pre-Hearing Conference Date / Session: May 17, 1995 (1 session)
May 18, 1995 (1 session)
May 19, 1995 (1 session)
June 19, 1995 (1 session)
August 23, 1995 (1 session)
May 30, 1996 (1 session)
October 18, 1996 (1 session)

Hearing Dates / Sessions: June 4, 1996 (2 sessions)
June 5, 1996 (2 sessions)
October 24, 1996 (2 sessions)
October 25, 1996 (2 sessions)
October 26, 1996 (2 sessions)

Hearing Location: Los Angeles, California

CASE SUMMARY

Claimant alleged that in May, 1993, she opened an account with Corporate Benefit Securities, Inc., through its registered representative Robert Coe, with whom claimant alleged she became emotionally involved. Claimant alleged that her account was improperly handled by Coe, as it contained securities inconsistent with her expressed investment objectives, was excessively traded and was a margin account. Claimant asserted that she was unfamiliar with investments generally, and alleged that Corporate Benefit Securities and Respondent Stout failed to adequately supervise Coe and that the other individual Respondents were vicariously liable for Corporate Benefit Securities' acts or omissions by reason of their positions with Corporate Benefit Securities, Inc.

Respondents denied liability and raised numerous affirmative defenses.

Counsel for the parties represented that prior to the first day of hearing Claimant and Respondent Coe entered into a settlement by which Coe paid Claimant \$20,000.00, which amount all parties agreed should be applied to any award in favor of Claimant in this Arbitration. On the last day of hearings, attorneys for Claimant and Respondents Gibson, Kahn, and Smith advised the Arbitrators that their respective clients had entered into an agreement, not involving the payment of money, under which Claimant would dismiss those individual respondents. Claimant also withdrew her claim for punitive damages against all respondents except Corporate Benefit Securities, Inc.

RELIEF REQUESTED

Claimant requested in her claim (as amended) compensatory damages of \$136,047.00 (which request the arbitrators allowed Claimant, over objection of Respondents, to increase to "over \$200,000.00" during the hearing), return of commissions paid, interest, punitive damages in an unspecified amount, and attorney fees of \$87,500.00 and costs.

OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed that the Award in this matter may be executed in either 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.

The claim against Respondent Stout was stayed by order of the United States Bankruptcy Court.

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 Corporate Benefit Securities, Inc. is liable for and shall pay the sum of \$33,314.75 to Claimant (which amount has been reduced from \$53,314.75 by reason of the agreement made by the parties' counsel on the record that the \$20,000.00 purportedly paid by Respondent Coe is to reduce any award to Claimant).
2. Respondents McClendon, Hanousek, Peeler, and Bobolia are not liable to Claimant in any amount.
3. Each party shall bear its, his or her own attorney fees and costs of arbitration.
4. If claimant has not filed with the NASD a dismissal with respect to Gibson, Kahn, and Smith by the date of this Award, this Award will be deemed to include a determination that none of such three Respondents is liable to Claimant.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed against the parties equally as follows:

Five full-panel Pre-Hearing Conferences @ \$750.00/Session:	=	\$ 3,750.00
Two one-panel member Pre-hearing Conferences @ 300.00/Session	=	\$ 600.00
<u>Eleven hearing sessions @ 750.00/session</u>	<u>=</u>	<u>\$ 8,250.00</u>
Total fees assessed	=	\$12,600.00
 Claimant's One-Half Share:	=	\$ 6,300.00
<u>Credit for Hearing less deposit</u>	<u>=</u>	<u>\$ 750.00</u>
Claimant's Balance Due	=	\$ 5,550.00
 <u>Respondents' joint and several One-Half Share</u>	<u>=</u>	<u>\$ 6,300.00</u>
Respondents' Balance Due	=	\$ 6,300.00

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

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
John McShane	Industry Arbitrator
Thornton Allen	Public Arbitrator
Kenneth Owen	Public Arbitrator

Concurring Arbitrators' Signatures



John McShane

Thornton Allen

Kenneth Owen

Date of Decision: 10-26-96

Date of Service: _____

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
John McShane	Industry Arbitrator
Thornton Allen	Public Arbitrator
Kenneth Owen	Public Arbitrator

Concurring Arbitrators' Signatures

John McShane

Thornton Allen
Thornton Allen

Kenneth Owen

Date of Decision: _____

Date of Service: _____

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
John McShane	Industry Arbitrator
Thornton Allen	Public Arbitrator
Kenneth Owen	Public Arbitrator

Concurring Arbitrators' Signatures

John McShane

Thornton Allen



Kenneth Owen

Date of Decision: 11/19/96

Date of Service: 11/19/96