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N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Mark and Susan Johnson

vs.

Award No.
95-00194

Name of Respondents

*U. S. Investments, Inc.
James P. Donahue
Sherry D. Crisco
Edward E. Griffin
Rocky Lynn Griffin

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Securities Dealers, Inc.

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REPRESENTATION

For Claimants, Mark Johnson and Susan Johnson ("Claimants"), Barry J. Kusinitz, Esq. from the law firm of Corrente, Brill & Kusinitz, located in Providence, Rhode Island.

For Respondents, U.S. Investments, Inc., James P. Donahue, Sherry D. Crisco, Edward E. Griffin and Rocky Lynn Griffin, ("Respondents"), Charles M. Hamilton, Esq. from the law firm of French & Hamilton, located in Dallas, Texas.

CASE INFORMATION

Statement of Claim was filed on January 16, 1995.

Claimants' Submission Agreement was signed on January 10, 1995.

Joint Statement of Answer was filed by Respondents on March 13, 1995.

Respondent, U.S. Investments, Inc.'s Submission Agreement was signed on March 9, 1995.

Respondent James P. Donahue's Submission Agreement was signed on March 9, 1995.

Respondent Edward E. Griffin's Submission Agreement was signed on March 9, 1995.

Respondent Rocky Lynn Griffin's Submission Agreement was signed on March 9, 1995.

HEARING INFORMATION

Hearing Dates/Sessions:	March 18, 1996 - 2 sessions
	March 19, 1996 - 2 sessions
	March 20, 1996 - 2 sessions
	March 21, 1996 - 2 sessions
	April 08, 1996 - 2 sessions
	April 09, 1996 - 2 sessions
	May 28, 1996 - 1 session

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Hearing Location: NASD offices located at 260 Franklin Street, Boston, Massachusetts.

CASE SUMMARY

Claimants allege that U.S. Investments made deceptive misrepresentations to them on a number of occasions, as a result of which Claimants invested money in an oil drilling venue. Claimants argue that Respondents made false claims and over-exaggerated the expected outcome of the prospective investments by the Claimants. In addition, Claimants allege that the Respondents lied about the risks involved and the operation costs that relate to drilling an oil well.

Claimants further allege that Donohue improperly induced them to continue increasing his investment in their oil-drilling project.

Respondents allege that Claimant Mark Johnson was a knowledgeable and sophisticated investor, who knowingly purchased speculative investments in hopes of striking it rich. Respondents further contend that Mr. Johnson was provided with information about the risks associated with the investments. In addition, Respondents claimed that Mr. Johnson had opportunities to talk with his broker, visit the site and talk to others involved in the oil-drilling project.

In addition, Respondents asserted Eighteen affirmative defenses.

RELIEF REQUESTED

Claimants requested in their Statement of Claim, a damage amount of \$317,000, which included cash damages, punitive damages, and damages for emotional strain and suffering. Claimants also requested damages of approximately \$123,000 plus interest, punitive damages and attorney's fees.

Respondents requested that the Claimants' claim be dismissed.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed that the Award in this matter may be executed in counterpart copies and 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 arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

- 1) Respondents are liable to the Claimants in the amount of Nineteen Thousand, One Hundred Sixty Dollars and Zero Cents (\$19,160.00). Respondents are directed to pay NASD fees owed by Claimants as indicated in paragraph 1 of the Forum Fees section of this decision. Therefore, Respondents shall satisfy this award by paying directly to Claimants \$17,285.00 and paying the remaining \$1,875.00 to the NASD.
- 2) The claim for interest, punitive damages and attorney's fees are denied.
- 3) All other claims for relief are denied.

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FORUM FEES

Pursuant to Section 43(c) of the *Code of Arbitration Procedure*, the following Forum Fees are assessed.

Non-refundable Filing Fee:	\$200.00
Hearing Session Fees:	\$9,750.00 (13 sessions @ \$750.00 per session)
Postponement Fee:	\$750.00

Total Fees:	\$10,700.00

- 1) Claimants are assessed \$200.00 non-refundable filing fee. Claimants are further assessed **\$4,875.00** in forum fees. Claimants previously paid **\$3,200.00** and owe a balance of **\$1,875.00**
2. Respondents are assessed \$4,875 in forum fees and \$750.00 in postponement fees. Respondents previously paid \$3750 and owe a balance \$1,875.

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

ARBITRATION PANEL

Susan F. Drogin, Esq.	Public Chairperson
William J. McDonald, Esq.	Public Panelist
Theodore R. Turner, Jr.	Industry Panelist

Concurring Arbitrator's Signature


Susan F. Drogin, Esq.

NASD's Date of Decision: July 3, 1996

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Concurring Arbitrator's Signature


Theodore R. Turner, Jr.

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William J. McDonald, Esq.	-	Public Panelist
Theodore R. Turner, Jr.	-	Industry Panelist

Concurring Arbitrator's Signature


William J. McDonald, Esq.

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