

NASD AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Charles A. Thurman,
Claimant,

and

No. 95-00536

Southhampton Preferred Equities, Inc.,
Respondent.

REPRESENTATION OF PARTIES

Charles A. Thurman ("**Claimant**") appeared on his own behalf.

Southhampton Preferred Equities, Inc. ("**Respondent**") failed to appear at the hearing.

CASE INFORMATION

Claimant's Statement of Claim was filed on or about February 1, 1995. Claimant's Submission Agreement was signed on December 5, 1994. Claimant's Amended Statement of Claim was filed on or about September 1, 1995.

Respondent has failed to file an Answer to the Statement of Claim or Amended Statement of Claim.

HEARING INFORMATION

The hearing was held on November 7, 1995 for one (1) session, in St. Louis, Missouri.

CASE SUMMARY

Claimant contended that Respondent sold him unsuitable investments that were neither authorized by law or suitable for his financial situation. Claimant further contended that Respondent sold him unit of a fraudulent Limited Partnership, P.H. Preferred Holdings Corp. (the "Unit"), for \$10,000.00, and 6,000 shares of an unregistered stock, P.H. Preferred Holdings Corp ("PHC") for \$39,00.00. Claimant also contended that: Respondent abused the trust and confidence of its clients by permitting and encouraging investments that were not authorized by the law; Respondent made misrepresentations to Claimant about the Unit and PHC; Respondent failed to disclose the criminal background of the General Partner of the Unit, Robert Israel Moses; and Respondent failed to

disclose Peter Paul Alexandrini's, Respondent's employee that sold him PHC, being barred from selling securities by the Securities and Exchange Commission.

RELIEF REQUESTED

Claimant, in his Statement of Claim, requested an award against Respondent in the total amount of \$500,000.00. The total relief requested consisted of \$160,000.00 in compensatory damages, and \$340,000.00 in punitive damages.

OTHER ISSUES CONSIDERED & DECIDED

Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned arbitrators have determined that Respondent Southhampton Preferred Equities, Inc. has been properly served with the Statement of Claim pursuant to §13 and §25 of the NASD Code of Arbitration Procedure (the "Code"). The undersigned arbitrators have also determined that Respondent Southhampton Preferred Equities, Inc. had received due notice of the hearing as required under §26 of the Code and that arbitration of the matter would proceed pursuant to §29 of the Code.

On or about March 27, 1995, Southhampton Preferred Equities, Inc. filed a request to be dismissed from this arbitration based on a lack of jurisdiction. After review of all submissions regarding the request, the Director of Arbitration, citing §§1 and 8 of the Code, required Southhampton Preferred Equities, Inc. to submit to arbitration as they were a member firm of the NASD at the time of the request as well as at the time when the dispute giving rise to this arbitration arose.

On or about April 21, 1995 and August of 1995, Claimant made a Motion to Bar Answers and Defenses pursuant to §25 of the Code. Respondent failed to respond to the motion. A ruling was never entered on the Motion to Bar.

The parties present at the hearing have agreed that a handwritten, signed Award may be entered. 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:

A scheme to defraud the Claimant existed in this case in that there was no intent by Southhampton Preferred Equities, Inc. to enter into the purchase and sale of legitimate securities, and that there was no intent by Southhampton Preferred Equities, Inc. to enter into a legitimate business transaction concerning the sale of securities of a company that did not exist. Therefore, Southhampton Preferred Equities, Inc. is liable for, and shall pay to the Claimant, Charles A. Thurman, the sum of : \$49,000.00 as satisfaction of his claim for compensatory damages; interest from the date of purchase; and \$500,000.00 as satisfaction of his claim for punitive damages.

Each party shall bear its own costs and expenses, including attorneys' fees, associated with this arbitration.

FORUM FEES

Forum fees are calculated at the rate of \$750.00 per hearing session and \$300.00 for each prehearing conference, if any. There was one (1) regular session x \$750.00 = \$750.00 in forum fees. Pursuant to §43(b) a hearing session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with an arbitrator, which lasts four (4) hours or less.

Pursuant to §43(c) of the Code, the NASD shall **retain** the non-refundable filing fee in the amount of \$200.00 previously deposited with the NASD by the Claimant .

Forum fees in the amount of \$750.00 are assessed against Southhampton Preferred Equities, Inc..

Pursuant to §45 of the Code, Southhampton Preferred Equities, Inc. is liable for and shall pay to the NASD the sum of \$350.00 assessed against it for the member surcharge.

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

Dated:

Gerald Cohen
Gerald Cohen
Public Arbitrator, Presiding Chair

s/s

December 4, 1995

Walter A. Beckers
Walter A. Beckers
Industry Arbitrator

s/s

December 4, 1995

Bryan Goetz
Bryan Goetz
Public Arbitrator

s/s

December 4, 1995