

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the matter of the Arbitration Between

Name of Claimant

Inez McBride

NASD Arbitration
No.95-00558

Name of Respondent

Associated Securities Corp.
Robert Scott Securities
Russell Young

REPRESENTATION

For Claimant: Eileen L McGeever, Esq., Rushall & McGeever, Carlsbad, California

For Respondent Associated Securities Corp.: David Markun, Esq., Zelle & Larson, San Francisco, California

For Respondent Russell Young: No appearance

CASE INFORMATION

Statement of Claim filed: February 2, 1995

Claimant's Submission Agreement signed: January 24, 1995

Statement of Answer filed by Associated Securities Corp.: April 28, 1995

Associated Securities Submission Agreement signed: March 14, 1995

Respondent Russell Young did not file a Statement of Answer or an executed Submission Agreement.

HEARING INFORMATION

The evidentiary hearing was held in San Diego, California, as follows:

June 5, 1996 - 2 sessions
June 6, 1996 - 2 sessions

CASE SUMMARY

Claimant alleged fraud, misrepresentation, breach of contract, breach of fiduciary duty, negligence and conspiracy with respect to investments in real estate limited partnerships, equipment leasing investments and bond funds. Claimant alleged that she was and is an unsophisticated investor who was not suitable for the investments recommended and sold to her by Respondents.

Respondent Associated Securities, the only answering Respondent, denied the allegations of the claim, and asserted that the investments were all authorized, approved and ratified by Claimant, that the claim failed to allege which investments were made through Associated Securities, and that all claims are barred by applicable statutes of limitations.

RELIEF REQUESTED

Claimant requested damages of at least \$390,000, interest, punitive damages, costs of arbitration and attorney's fees.

Respondent Associated Securities requested dismissal of all claims.

OTHER ISSUES CONSIDERED AND DECIDED

At hearing, Claimant withdrew the claims against Robert Scott Securities, and it was removed as a Respondent. Russell Young did not enter an appearance, file a Statement of Answer or a Submission Agreement. The arbitration panel determined jurisdiction over him based on a Stipulation Granting Relief from the Automatic Stay to Allow NASD Arbitration in Case No. SA94-12160 JW, In Re. Russell Wayne Young, Debtor, in the United States Bankruptcy Court, Central District of California, Santa Ana Division; the panel also took notice of the service on Russell Young of the pleadings and notices of hearing via certified mail/return receipt requested.

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 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 Associated Securities Corp. and Russell Young are jointly and severally liable for and shall pay to Claimant the sum of \$334,000.

2. Respondent Russell Young is individually liable for and shall pay to Claimant the sum of \$126,000.

3. Claimant is granted rescission of the sale of the following securities, and if not already in the possession of Respondent Associated Securities, they are to be delivered to them forthwith:

- (1) National Bond Funds (now Phoenix Fund)
- (2) Capital Preferred Yield Fund One
- (3) Petroven, Inc. 1990-A and B Programs
- (4) Phoenix Leasing Cash Distribution Fund IV
- (5) Inland Real Estate Investment Corporation
- (6) Bennett California Land Limited Partnership
- (7) CNL Income Fund VII, Ltd.

4. The claim for punitive damages is dismissed.

5. The parties shall bear their respective costs, including attorney's fees.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the NASD shall retain the \$250 non-refundable filing fee paid by Claimant.

All forum fees are assessed to Respondents Associated Securities and Russell Young, jointly and severally as follows:

4 hearing sessions @ \$1000/session	<u>\$4,000</u>
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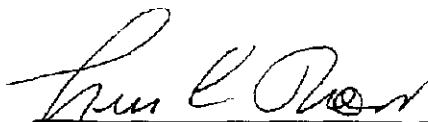
ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
William R. Newsome	Public
Kenneth J. Gross	Public
Lewis C. Brown	Industry

Concurring Arbitrators' Signatures

William R. Newsome

Kenneth J. Gross

A handwritten signature in cursive script, appearing to read "Lewis C. Brown", written over a horizontal line.

Lewis C. Brown

Dated: _____

Date Served: June 28, 1996

William R. Newsome
William R. Newsome

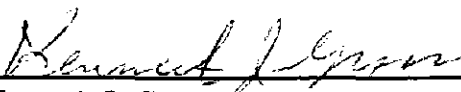
Kenneth J. Gross

Lewis C. Brown

Dated: _____

Date Served: June 28, 1996

William R. Newsome


Kenneth J. Gross

Lewis C. Brown

Dated: June 18, 1996

Date Served: June 28, 1996