

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant

Paul G. Michael

95-01653

Name of Respondent

L. C. Wegard & Co., Inc.

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CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on April 4, 1995, Claimant, Paul G. Michael, who appeared Pro Se, alleged that Respondent, L. C. Wegard & Co., Inc., made misrepresentations and sold him unsuitable securities. Claimant further alleged that during November of 1992, he received an unsolicited call from Stephen Rusek ("Rusek"), a representative of the Respondent, who told him that certain carefully researched stocks should at least double in a short period of time. Claimant contended that he explained to Rusek that he was retired and only invested in Bonds and Mutual Bond Funds as he needed supplemental income. Claimant further contended that pursuant to Rusek's representations, he purchased 1,000 shares of Sanyo Industries on November 19, 1992 at \$2.00 a share, 1,000 shares of Linkon Corp. on January 21, 1993 at \$5.50 a share and 1,000 shares of Primedex Health Systems on January 5, 1993 at \$4.50 a share. Claimant alleged that he explained to Rusek that he was relying on his judgement and to immediately sell the stocks if they showed any weakness. Claimant further alleged that the value of his stocks subsequently declined steeply. As a result of the above, Claimant alleged that he has suffered a loss for which Respondent should be held liable.

Respondent, L. C. Wegard & Co., Inc., through its in-house representative, William B. Erb, located in New York, NY, maintained that Claimant represented himself to be an investor with experience in the financial markets and made informed decisions about each security that he purchased. Respondent further maintained that the Claimant's stated intention for opening his account was speculation, due to the fact that his conservative investment needs were already met. Respondent contended that Claimant understood and accepted the risks of his investments and the securities recommended to Claimant were suitable for him. Respondent further contended that the securities were represented fairly and properly and no misrepresentations or omissions were made. As a result of the above, Respondent maintained that it should not be held liable.

**RELIEF REQUESTED**

Claimant, Paul G. Michael, requested \$10,000.00 in actual damages.

Respondent, L. C. Wegard & Co., Inc., requested that the claims of the Claimant be dismissed.

**AWARD**

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Kevin R. McDermott, Esq. was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant, Paul G. Michael, on October 11, 1994, and by the Respondent, L. C. Wegard & Co., Inc., on June 26, 1995.

And, the Arbitrator, having considered the proof of the parties, has decided and determined in full the final resolution of the issues submitted for determination as follows:

1. The claims of the Claimant, Paul G. Michael, against the Respondent, L. C. Wegard & Co., Inc., are dismissed in their entirety.
2. The parties shall bear their respective costs.
3. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant, Paul G. Michael, shall be retained by the NASD, Inc.

**AFFIRMATION**


STATE OF Ohio

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ss:

COUNTY OF Franklin

I, Kevin R McDermott, do hereby affirm upon my oath as arbitrator that I am  
the individual described herein and who executed this instrument, which is my oath and award.

  
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Signature of Arbitrator

DATE OF DECISION: November 16, 1995