

NASD REGULATION AWARD

In the Matter of the Arbitration Between

Name of Claimant

Steven Rosner

95-01750

Name of Respondents

Paulson Investment Company Inc.
Investors Associates, Inc.

REPRESENTATION

For Claimant Steven Rosner ("Claimant") appeared Robert J. Poulson Jr. Esq. located in New York, New York.

For Respondent Investors Associates Inc. ("IAI") appeared Lawrence Gelber Esq. in-house-counsel.

For Respondent Paulson Investment Company Inc. ("PIC") appeared Courtney W. Wiswall Esq. of the law firm Tonkon, Torp, Galen, Marmaduke & Booth located in Portland, Oregon.

CASE INFORMATION

The Statement of Claim was filed on April 5, 1995. Claimant's Submission Agreement was signed on June 14, 1995.

A Statement of Answer was filed by Respondent IAI on July 26, 1995. Respondent IAI's Submission Agreement was signed on June 5, 1995.

A Statement of Answer was filed by Respondent PIC on July 6, 1995. Respondent PIC's Submission Agreement was signed on June 6, 1995.

HEARING INFORMATION

Hearing dates/sessions:	March 18, 1997	-	Two Sessions
	March 19, 1997	-	One Session

The hearings were held at the offices of NASD Regulation, Inc., located at New York, New York.

CASE SUMMARY

Claimant, a private investor, alleged that, on May 23, 1994, after being solicited by IAI, through its employee and agent, Andrew Dorman, ("Dorman") he purchased \$150,000.00 worth of debentures issued by TSS, Ltd. ("TSS"). Claimant asserted that IAI was the placement agent and investment banker for TSS securities. Claimant further asserted that IAI violated Section 12 of the Securities Act of 1933 ("the Act") by not registering the securities and, pursuant to Section 15 of the Act, IAI was a controlling person. Claimant also asserted that the sale of the debentures violated Connecticut law because they were not registered. Claimant contended that IAI and TSS represented that the money raised by the debentures would be used as working capital for three months after which PIC would complete a public offering of TSS and the proceeds would be used to repay the debentures. Claimant further contended that these representations were false because PIC did not proceed with the public offering and the money raised from the debentures was used to pay TSS's pre-existing legal fees and previously incurred indebtedness. Claimant also contended that in July 1994, TSS discontinued its business operations and made an assignment of its assets to a creditor and was effectively bankrupt.

IAI denied the allegations contained in the Statement of Claim and contended that it did not violate any state or federal securities laws in its offering and sale of the debentures. IAI argued, as affirmative defenses, that the Statement of Claim fails to state a claim upon which relief may be granted, Claimant assumed the risk of his transactions and Claimant failed to mitigate his damages.

RELIEF REQUESTED

Claimant requested \$150,000.00 and interest at 8% together with reasonable attorney's fees.

IAI requested that the Statement of Claim be denied in its entirety, that it be awarded costs, attorneys' fees of at least \$5,000.00 and for such other relief as is just.

OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed that the Award in this matter may be executed in 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 NASD Regulation, Inc.

Respondent, Paulson Investment Company Inc., settled with the Claimant before the commencement of the arbitration hearing.

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. Claimant's claims are dismissed in their entirety.
2. All requests for attorney fees are denied.
3. All other requests for relief are denied.

FORUM FEES

Pursuant to Rule 10332 of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation, Inc. shall retain the \$200.00 non-refundable filing fee previously deposited by the Claimant and have assessed the following forum fees:

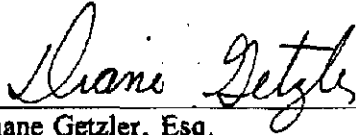
3 Hearing Sessions x \$750.00 = \$2250.00

The arbitrators determined that Claimant shall bear one-half the cost of arbitration and that respondent IAI shall bear one-half the cost of arbitration.

Claimant, Steven Rosner, be and hereby is liable and shall pay to NASD Regulation, Inc. the sum of \$1,125.00 representing one-half of the total amount of forum fees less the \$750.00 dollars previously deposited with NASD Regulation, Inc., net \$375.00 due.

Respondent, Investors Associates Inc., be and hereby is liable and shall pay to NASD Regulation, Inc. the sum of \$1,125.00 representing one-half of the forum fees assessed.
Fees are payable to NASD Regulation, Inc.

ARBITRATORS' SIGNATURES



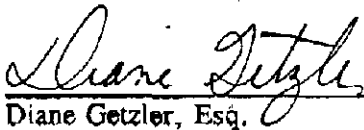
Diane Getzler, Esq.
Public Chairperson

Date of Decision 5/13/97

Donald J. Rasweiler
Industry Panelist

Malcolm P. Maples, Jr.
Public Panelist

I, Diane Getzler, Esq., do hereby affirm, pursuant to article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.


Diane Getzler, Esq.

5/13/97

I, Donald J. Rasweiler, do hereby affirm, pursuant to article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

Donald J. Rasweiler

I, Malcolm P. Maples, Jr., do hereby affirm, pursuant to article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

Malcolm P. Maples, Jr.

ARBITRATORS' SIGNATURES

Diane Getzler, Esq.
Public Chairperson

Donald J. Rasweiler
Industry Panelist

Date of Decision 5/13/97

Malcolm P. Maples, Jr.
Public Panelist

I, Diane Getzler, Esq., do hereby affirm, pursuant to article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

Diane Getzler, Esq.

I, Donald J. Rasweiler, do hereby affirm, pursuant to article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

Donald J. Rasweiler

5/13/97


I, Malcolm P. Maples, Jr., do hereby affirm, pursuant to article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

Malcolm P. Maples, Jr.

ARBITRATORS' SIGNATURES

Diane Getzler, Esq.
Public Chairperson

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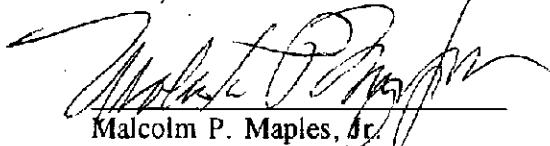
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Donald J. Rasweiler

I, Malcolm P. Maples, Jr., do hereby affirm, pursuant to article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.



Malcolm P. Maples, Jr.