

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Jack C. Dillon

95-01802

Name of Respondent(s)

James Lawrence Montreuil
Amerinational Financial Services, Inc.

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on April 12, 1995 and in an amended claim filed on June 21, 1995, Claimant Jack C. Dillon, through his counsel, Gordon D. Dihle, Esq. of Dihle & Co., Minot, ND, alleged that Respondent Amerinational Financial Services, Inc., through its registered representative, James Lawrence Montreuil, breached its fiduciary duty to Claimant when he made an unauthorized purchase of 500 shares of Casino America, Inc. stock, and further alleged that the Respondents fraudulently margined Claimant's account to cover the unauthorized trade. Claimant Jack C. Dillon further alleged that to his knowledge, he never executed a margin agreement, nor did he authorized margin transactions in his account. The Claimant contended that he was later forced to cover a margin call of \$1,500.00 when the stock dropped in value, and further contended that Respondents liquidated the position and retained proceed for at least 179 of the 500 shares originally placed in his account. The Claimant also contended that he spoke to Respondent Montreuil and informed him that he wanted the Inter Magnetic General Corp. shares he ordered, not the Casino America Securities placed in his account without his consent. Claimant asserted that he has suffered damages due to the Respondents' wrongdoing, and therefore, they should be held liable in this matter.

Respondents Amerinational Financial Services, Inc. and James Lawrence Montreuil, through their representative and counsel, Eric John Witmeyer, Esq., maintained that Casino America stock was recommended to the Claimant, who later contacted them to inquire about requirements to open a margin account and to purchase the stock, but at no time did Claimant discuss purchasing Inter Magnetic General Corporation. The Respondents also maintained that Mr. Montreuil explained the margin requirements and Claimant signed a New Account Form, Margin Agreement and Options Agreement. The Respondents also maintained that on May 18, 1994, Claimant paid for the 500 shares purchased and spoke to Mr. Montreuil shortly after the purchase, expressing no dissatisfaction. Respondents contended that Claimant is attempting to place liability for drops in price upon them, since no complaints were made

until the stock decreased in value. Respondents also contended that they committed no wrongdoing, and therefore, the claims against them should be dismissed.

RELIEF REQUESTED

Claimant Jack C. Dillon requested \$7,690.76 in actual damages.

Respondents Amerinational Financial Services, Inc. and James Lawrence Montreuil requested that the claims of the Claimant be dismissed.

AWARD

Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, James B. Eichberg, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on April 7, 1995, but not signed by the Respondents as required by Sections 12 and 13 of the NASD Code of Arbitration Procedure.

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

1. Respondents Amerinational Financial Services and James Lawrence Montreuil are jointly and severally liable and shall pay to the Claimant Jack C. Dillon \$7,690.76 in actual damages.
2. Respondents Amerinational Financial Services and James Lawrence Montreuil are jointly and severally liable and shall pay to the Claimant Jack C. Dillon simple interest at the rate of 8% per annum from May 23, 1994 until the date of payment of the Award.
3. The actual damages awarded above shall be reduced by the net proceeds that were received or will be received by Claimant Jack C. Dillon from the sale of the remaining shares of American Casino stock.
4. 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 shall be retained by the NASD, Inc.

AFFIRMATION

I, James B. Eichberg, 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.


James B. Eichberg

DATE OF DECISION:

April 29, 1996