

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Douglas G. Allan, III

95-03487

Name of Respondents

Joe D. Kinlaw
Kinlaw Securities Corp.

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on July 19, 1995, Claimant Douglas G. Allan III, who appeared Pro Se, alleged that Respondents Joe D. Kinlaw ("Kinlaw") and Kinlaw Securities Corp. ("KSC"), sold him an investment which was not suitable. Claimant further alleged that on or about July 15, 1989, he was contacted by Randol Bradshaw ("Bradshaw"), a representative of KSC, who was seeking investors for Kinlaw Oil Corporation's South Suggs #1 "B" Partnership Program (the "Partnership"). Claimant contended that he explained to Bradshaw that he was a junior enlisted military man, did not meet any of the financial or net worth qualifications listed on the receipt and suitability statement, and was not educated on or interested in a complicated investment. Claimant further contended that Bradshaw represented the Partnership as a low risk "offset" project which could provide monthly income for years to come and presented the suitability issues as a "required formality". Claimant alleged that he purchased a one-half unit interest for \$4,500.00, plus \$3,000.00 for completion costs. Claimant further alleged that the well was plugged during April, 1991, and the only proceeds he received was \$120.67 for salvage value. As a result of the above, Claimant alleged that he has suffered a loss for which the Respondents should be held liable.

Respondents Joe D. Kinlaw and Kinlaw Securities Corp., who appeared Pro Se, maintained that the Receipt and Suitability Statement initialed by Claimant states that he had a net worth of "not less than \$100,000.00. Respondents further maintained that Claimant's investment was based upon his representations to Respondents that he had sufficient net worth to be able to afford a \$9,000 investment. As a result of the above, Respondents maintained that they should not be held liable.

RELIEF REQUESTED

Claimant Douglas G. Allan III, requested \$7,500.00 in actual damages.

Respondents Joe D. Kinlaw and Kinlaw Securities Corp., requested that the claims of the Claimant be dismissed.

AWARD

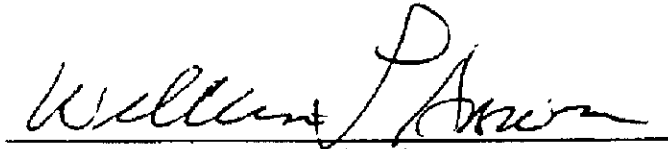
Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, William L. Hawes, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant Douglas G. Allan III, on July 17, 1995, and not by Respondents Joe D. Kinlaw and Kinlaw Securities Corp., 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. The claims of the Claimant, Douglas G. Allan III, against the Respondents, Joe D. Kinlaw and Kinlaw Securities Corp., 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 Douglas G. Allan III, shall be retained by the NASD, Inc. Respondents Joe D. Kinlaw and Kinlaw Securities Corp., shall pay to the Claimant Douglas G. Allan III \$75.00 as reimbursement of one-half of the filing fee.

AFFIRMATION

I, **WILLIAM L. HAWES**, 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.



Signature of Arbitrator

DATE OF DECISION: January 22, 1996