

N.A.S.D.R. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS REGULATION, INC.

In the Matter of the Arbitration Between

Name of Claimant

John Sokolski, Jr.

96-00088

Names of Respondents

Richard Underwood and  
Ridgemont Securities, Inc.

REPRESENTATION

Claimant, John Sokolski, Jr. was represented by Stuart R. Berkowitz, Esq. of Platke & Berkowitz, St. Louis, Missouri.

Respondents, Richard Underwood and Ridgemont Securities, Inc. were represented by Gary R. Trebert, Esq. of Palmer & Palmer, P.C., Dallas, Texas and Richard M. Hewitt, Esq. of Richard M. Hewitt, P.C., Irving, Texas.

CASE INFORMATION

The Statement of Claim was filed with the National Association of Securities Dealers Regulation, Inc. ("NASDR") Office of Dispute Resolution on December 26, 1995.

Claimant, John Sokolski, Jr.'s Submission Agreement was signed on December 14, 1995.

A Joint Statement of Answer was filed with the NASDR by Respondents, Richard Underwood and Ridgemont Securities, Inc. on February 20, 1996.

Respondent, Ridgemont Securities, Inc.'s Submission Agreement was signed on February 14, 1996 by Deborah Morones, President and Respondent, Richard Underwood on February 14, 1996.

HEARING INFORMATION

The hearing took place on September 17, 1996 and lasted for two (2) hearing sessions.

The hearing location was Chicago, Illinois.

CASE SUMMARY

Claimant, John Sokolski, Jr. ("Sokolski") alleged in his Statement of Claim that he was an unsophisticated investor with limited savings who was solicited by Respondent, Richard Underwood ("Underwood") in April of 1994 to purchase an oil and gas limited partnership called Bridge-Meek. Sokolski alleged that he was told the investment was neither risky nor speculative, that oil had already been found and that a substantial return was practically guaranteed. Sokolski was also allegedly told that the investment was so safe that it qualified for inclusion as an investment in a retirement fund. According to his claim, Sokolski borrowed \$40,000.00 from his 401(k) retirement fund and invested his money in the Bridge-Meek oil and gas limited partnership. After he invested his funds, Sokolski found out that the investment was not as represented by Underwood but was indeed a highly risky and speculative security and was not a suitable investment for his retirement money.

Underwood and Respondent, Ridgemont Securities, Inc. ("Ridgemont") alleged that Sokolski represented himself as an accredited investor with a net worth in excess of \$1,000,000.00, an executive in the data processing division of True Value Hardware Co. and a sophisticated investor who was a member of the board of

directors of a gold mining company which was going public. Underwood allegedly advised Sokolski of the inherent risk in the investment in Bridge-Meek and Sokolski was furnished with the Bridge-Meek Private Placement Memorandum which contained numerous cautionary statements regarding oil and gas investments. Ridgemont and Underwood denied that the investment was fraudulently misrepresented to Sokolski.

RELIEF REQUESTED

Sokolski requested compensatory damages of \$40,000.00, interest, costs of the arbitration and an unspecified amount of punitive damages.

Ridgemont and Underwood requested dismissal of the claim and that Sokolski be assessed the costs of the arbitration.

OTHER ISSUES CONSIDERED & 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 the NASDR.

At the hearing, Sokolski asked for rescission and for the arbitrators to issue a hold harmless order in favor of Sokolski against any outside creditor of the Bridge-Meek partnership. The arbitrators considered these requests for relief as an amendment to the claim and addressed them in the Award section below.

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. Ridgemont and Underwood are jointly and severally liable for and shall pay to Sokolski, the sum of Twenty five thousand dollars and no cents (\$25,000.00);
2. All other claims, including those for interest, punitive damages, rescission and a hold harmless order against outside creditors of the Bridge-Meek partnership are denied; and,
3. Other than forum fees which are set forth below, the parties shall each bear their respective costs and attorney's fees incurred in this matter.

FORUM FEES

Pursuant to Section 10332c (formerly Section 43c) of the NASDR Code of Arbitration Procedure ("NASDR Code"), the following Forum Fees are assessed. The NASDR shall retain the \$120.00 non-refundable claim filing fee and the \$400.00 hearing session deposit previously deposited with the NASDR by Sokolski. Pursuant to Section 10333 (formerly Section 45) of the NASDR Code, the NASDR shall also retain the \$200.00 surcharge paid by Ridgemont Securities, Inc.

Additional forum fees in the amount of \$400.00 are assessed against Ridgemont Securities, Inc. and Ridgemont Securities, Inc. shall reimburse Sokolski all fees he paid to the NASDR to initiate this arbitration matter.

Forum Fees were calculated at the rate of \$400.00 per hearing session for two (2) hearing sessions. Additional Forum Fees assessed by the arbitrators are payable to the National Association of Securities Dealers Regulation, Inc.

Concurring Arbitrators' Signatures

/s/ Stephen James Nagy  
Stephen James Nagy, Esq.  
Presiding Chairperson  
Public Arbitrator

September 17, 1996  
Dated

/s/ Michael J. Dolesh  
Michael J. Dolesh, Esq.  
Panelist  
Public Arbitrator

September 17, 1996  
Dated

/s/ Scott Goldsher  
Scott Goldsher, Esq.  
Panelist  
Industry Arbitrator

September 17, 1996  
Dated

Date Award Served on the Parties by the NASDR: September 18, 1996