

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

---

In the Matter of the Arbitration Between

Name of Claimant

Brent Dowdle

96-01717

Name of Respondent

Corporate Securities Group, Inc.

---

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on April 19, 1996 Claimant Brent Dowdle ("Claimant"), who appeared Pro Se, alleged that Respondent Corporate Securities Group, Inc. ("Corporate Securities") engaged in fraudulent sales activity. Claimant further alleged beginning in April of 1994, Respondent's representative, Inayet Sheriff ("Sheriff") phoned him on numerous occasions claiming that he was a very successful stockbroker who made profits in certain securities. Claimant contended that based on these phone contacts, he opened an account and over the next twelve months invested in seven securities; Encore Computer Corporation, Blue Chip Computerware, Inc., President Riverboat Casinos, Inc., Greenstone Industries, Inc., AGP & Company, Sky Scientific, Inc. and Digital Solutions, all which lost money. Claimant further contended that Sheriff claimed that he would sustain profits of 100%-200% in six different security transactions. Claimant further contended that over a twelve month period he paid Sheriff and Corporate Securities approximately \$3,495.75 in commissions and fees and sustained a capital loss of approximately \$10,652.00. Claimant asserted that he believed that Corporate Securities was negligent in the supervision of Mr. Sheriff's conduct and investment practices. Claimant further maintained that due to the wrongdoing of the Respondent, he has suffered damages for which the Respondent should be held liable.

Respondent Corporate Securities Group, Inc. through its representative and in-house counsel, Gregory Tendrich, Esq., maintained that it does not operate through the services of full-time employees, rather, it operates through brokers who are independent business men and women known as independent contractors. Respondent further maintained that Sheriff was an independent contractor affiliated with it from October, 1993, to December of 1994. Respondent also maintained that Claimant provided Sheriff with investor profile information stating that he was a loan officer, 29 years old, liquid net worth estimated at \$50,000.00, net worth estimated at \$80,000.00 and desired growth and speculation. Respondent further contended that Claimant did not challenge the accuracy of this information and had traded for nearly one and one-half years prior to filing this claim. Respondent also contended that Claimant approved all trades in the account and that such trades were in compliance with his stated investment goals. Respondent asserted that no misleading statements were made to Claimant, and that as a result of the above, it should not be held liable.

**RELIEF REQUESTED**

Claimant Brent Dowdle requested \$10,000.00 in actual damages plus \$5,000.00 in legal fees and expenses.

Respondent Corporate Securities Group, Inc. requested that the claims of the Claimant be dismissed.

**AWARD**

Pursuant to Section 10302 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, William Edmund Burke, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on May 6, 1996 and by the Respondent on June 24, 1996.

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 Respondent Corporate Securities Group, Inc. is liable and shall pay to Claimant Brent Dowdle \$10,000.00 in actual damages.
2. The Respondent Corporate Securities Group, Inc. is liable and shall pay to Claimant Brent Dowdle interest at the rate of 8% per annum from May 22, 1995 to the date of the award.
3. The Respondent Corporate Securities Group, Inc. is liable and shall pay to Claimant Brent Dowdle \$5,000.00 in costs.
4. 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. Respondent Corporate Securities Group, Inc. is liable and shall pay to Claimant Brent Dowdle \$150.00 as reimbursement of the filing fee.
5. All other relief requests are denied.

**AFFIRMATION**

I, William Edmund Burke, Esq., 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: December 5, 1996