

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Names of Claimants

Isminy Cagos Family Living Trust
Isminy Cagos

96-01829

Names of Respondents

NAP Financial Corporation
Aragon Financial Services Inc.
Signal Securities Inc.
Thomas Cannon
Sunpoint Securities Inc.
William M. Perry
Van Roberson Lewis, III

REPRESENTATION

For Claimants: Jeffrey P. Coleman, Esq., Clearwater, Florida.

For Respondent NAP Financial Corporation ("NAP"): John Hagen of NAP.

For Respondents Aragon Financial Services, Inc. ("Aragon") and Signal Securities, Inc. ("Signal"): William Nortman, Esq. of the law firm of Nortman, Bloom & Warfman, P.A., Miami, Florida.

For Respondent Thomas Cannon: F. Robert Slotkin, Esq. of the law firm of Wilson, Strickland & Benson, P.C. until November 7, 1996. Thereafter Mr Cannon appeared pro se.

For Respondents Sunpoint Securities, Inc. ("Sunpoint"), William M. Perry ("Perry") and Van Roberson Lewis ("Lewis"): Todd Stone, Esq. of the law firm of Atlas Pearlman, Trop & Borkson, P.A., Fort Lauderdale, Florida.

CASE INFORMATION

Statement of Claim filed: April 29, 1996.

Claimants' Amendment to Statement of Claim to Add William M. Perry as a Respondent filed.

Claimants' Amendment to Statement of Claim to Add Van Roberson Lewis, II as a Respondent filed.

Claimant's Submission Agreement signed on: March 29, 1996.

Statement of Answer filed by Respondent Thomas Cannon on: October 7, 1996.

Respondent Thomas Cannon's Submission Agreement signed on: October 3, 1996.

Respondents Aragon, NAP, Signal, Perry and Lewis did not file Statements of Answer or submit executed Submission Agreements.

Answer and Counterclaims of Sanpoint Securities, Inc. dated July 23, 1996.

Respondent Sunpoint did not file an executed Submission Agreement.

HEARING INFORMATION

One telephonic pre-hearing conference was conducted with the arbitration panel on August 18, 1997.

CASE SUMMARY

Claimants alleged that Ms. Cagos was led to believe through fraudulent and/or negligent misrepresentations, that the advice she was receiving was in her best interests and for her best interests and that her investments, as per her requests, would be financially sound and conservative. Claimants alleged that in reality, the purchases of extremely risky limited partnerships were only the beginning of an ongoing tragedy, marked throughout with deceit and false promises.

Respondent Thomas Cannon maintained that he did not recommend to Claimants or purchase on behalf of Claimants any unsuitable investments, did not exceed his authority in trading on behalf of Claimants, did not excessively trade or "churn" Claimants' accounts, did not make fraudulent or negligent misrepresentations of any type to Claimants, did not breach any fiduciary duty to Claimants, did not violate any NASD or NYSE rules in dealing with Claimants or engage in any negligence or gross negligence or misconduct of any type in dealing with Claimants.

Respondent Sunpoint maintained that all material facts were disclosed through the prospectus and/or private placement memorandum; Sunpoint had no fiduciary duty with respect to any of the transactions set forth in the Statement of Claim; the rules of the NASD and other self-regulatory organizations do not provide a private cause of action; some or all of the claims are precluded by the applicable statutes of limitations; and, there is no duty on the part of a broker-dealer to resell an investment after it is discovered that the investment is worth less than initially anticipated.

Respondent Sunpoint asserted a counterclaim alleging that the claims are totally lacking in merit and Florida law requires that an award of reasonable attorneys' fees be made to Respondent Sunpoint.

RELIEF REQUESTED

Claimant requested damages, jointly and severally, against the Respondents as follows: compensatory damages in the sum of \$44,671.86, inclusive of interest; costs, expenses and disbursements; the filing fee paid to NASD Regulation, Inc. and all forum fees advanced; and, such other and further relief as the arbitration panel deemed just and proper.

Respondent Thomas Cannon requested that he be relieved from paying Claimants any damages, including any alleged actual damages, interest, costs of arbitration or attorneys' fees. Respondent Thomas Cannon requested that all references to this arbitration be expunged from his CRD record. Respondent Thomas Cannon further requested that he be awarded any and all other and further relief that the panel deemed

just and proper.

Respondent Sunpoint Securities, Inc. requested that each of the claims asserted against it be dismissed with prejudice, and that the panel enter in its favor an award for reasonable attorneys' fees and costs against the Claimants.

OTHER ISSUES CONSIDERED & DECIDED

Prior to the commencement of the evidentiary hearing, NASD Regulation, Inc. was informed that the Claimants had dismissed this matter with prejudice.

AWARD

After considering the pleadings and the Motion to Expunge, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

The Motion to Expunge all references to this arbitration from the CRD record of Respondent Thomas Cannon is granted.

FORUM FEES

Pursuant to Rule 10332 of the Code of Arbitration Procedure, NASD Regulation, Inc. shall retain the \$120.00 claim filing fee and the \$400.00 hearing session deposit previously paid by the Claimants to NASD Regulation, Inc.

Fees are payable to National Association of Securities Dealers Regulation, Inc.

Concurring Arbitrators' Signatures

Name

Public/Industry

/S/

Thomas E. Greef

Public

/S/

Gordon R. Bowker

Public

/S/

Thomas R. Carlsen

Industry

Date of Decision: December 11, 1997

#

Job : 156
Date: 4/8/2002
Time: 2:08:35 PM