

AWARD
NASD Regulation, Inc.

In the Matter of the Arbitration Between

Name of Claimants

Yan Yong and Daranee Prakalapakorn and
Ness City Medical PA Defined Benefit Trust

vs.

96-01860

Name of Respondents

Raymond, James & Associates, Inc.
Harold T. Pearce
Investment Management & Research, Inc.
Estate of David King

REPRESENTATION

Claimants Yan Yong and Daranee Prakalapakorn and the Ness City Medical PA Defined Benefit Trust ("Claimants") were represented by Matthew R. Rutherford, Esq., San Diego, California.

Respondents Raymond, James & Associates, Inc. ("RJA"), Harold T. Pearce ("Pearce") and Investment Management & Research, Inc. ("IMR") were represented by Paul Matecki, Esq., Raymond James & Associates, Inc., St. Petersburg, Florida.

The Estate of David King ("King") did not appear.

CASE INFORMATION

Claimants' Statement of Claim was filed April 30, 1996.
Claimants' Amended Statement of Claim was filed January 11, 1999.
Claimants' Uniform Submission Agreement was executed October 22, 1996.

The Motion to Dismiss in Lieu of a Statement of Answer was filed by Respondents RJA, Pearce and IMR on January 13, 1997.

Respondents RJA, Pearce and IMR did not submit executed agreements to arbitrate.

The Estate of David King did not file a Statement of Answer nor an executed agreement to arbitrate.

HEARING INFORMATION

Hearing Dates/Sessions: January 11, 1999/two sessions
 January 12, 1999/one session
 April 29, 1999/two sessions
 April 30, 1999/one session

Hearing Location: NASD Headquarters
 Washington, D.C.

CASE SUMMARY

Claimants alleged that David King and Harold Pearce, as independent securities contractors through IMR and RJA (collectively "Respondents"), fraudulently induced them to authorize unsuitable securities utilizing misrepresentations and omissions of material fact. In addition, Claimants alleged that Respondents also engaged in unauthorized transactions in Claimants' accounts. Claimants asserted that these activities resulted in a breach of Respondent's fiduciary duty by exposing Claimants to high risk investments without informing them of the risks involved. Claimants contended that Respondents' conduct violated the rules of the securities industry. Claimants also alleged that Respondents RJA and IMR failed to adequately supervise David King and Harold Pearce.

Respondents RJA, IMR and Pearce denied the allegations of wrong-doing as asserted in the Statement of Claims. Respondents RJA, IMR and Pearce maintained that Claimants were sophisticated, well educated professionals with experience in managing financial matters. In addition, Respondents RJA, IMR and Pearce maintained that Claimants owned and managed properties and thus understood such financial matters. Respondents RJA, IMR and Pearce contended that although Claimants now deny understanding what David King was recommending, Claimants fully understood and authorized all transactions. RJA also maintained that Respondents David King and Harold Pearce were adequately and appropriately supervised at all times and that no violations of securities laws or regulations occurred.

The Estate for Respondent King did not submit an answer or respond to the claims.

RELIEF REQUESTED

Claimants requested \$106,157.18 in damages as well as \$200,000.00 in punitive damages and the costs and expenses of this arbitration.

Respondents RJA, IMR and Pearce asked that the claims be dismissed in their entirety.

The Estate for Respondent King did not request relief.

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 NASD.

Upon review of the file and the representations made on behalf of the Claimants, the undersigned arbitrators have determined that the Estate of Respondent David King has been properly served with the Statement of Claim pursuant to Rule 10302 and Rule 10314 of the NASD Code of Arbitration Procedure (the "Code"). The undersigned arbitrators also determined that the Estate of Respondent King received due notice of the hearing as required under Rule 10315 of the Code and that arbitration of the matter would proceed pursuant to Rule 10318 of the Code.

Respondents RJA, IMR, Pearce and King did not file with the NASD Regulation, Inc. Office of Dispute Resolution ("NASD") properly executed submissions to arbitration but are required to submit to arbitration pursuant to Rule 10301 of the Code and having responded to the claim, appeared and testified at the hearing, are bound by the determination of the panel on all issues submitted.

The panel considered and accepted Claimants' Amended Statement of Claim which withdrew from consideration direct damages for nine limited partnerships based on an Order Issuing Preliminary and Permanent Injunction entered on September 17, 1997 by the United States District Court for the District of Kansas in *Raymond James & Associates, Inc. v. Yan Yong Prakalapakorn, et al*, Case Number 97-2330-JWL, which Order prohibits Claimants from seeking damages for specific investments and trades which were made through Respondents prior to April 29, 1990.

The panel considered Respondents' Motion to Dismiss and Claimants' Response thereto, and on May 19, 1997, issued a ruling deferring the Motion until the hearing on the merits. Following the hearing on the merits, the panel dismissed all claims against Harold Pearce, but denied the Motion as to RJA and IMR.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrators decided in full and final resolution of the issues submitted for determination as follows:

1. That Respondents RJA, IMR and the Estate of David King are jointly and severally liable to and shall pay to Claimants \$58,600.00; and
2. That Claimants' request for punitive damages is denied; and
3. That each party shall bear their own costs and expenses, including attorneys' fees, with the exception of forum fees as specified below; and
4. That any and all relief not specifically addressed herein is denied.

OTHER COSTS

Pursuant to Rule 10333 of the Code, Respondents RJA and IMR are each assessed a member surcharge of \$500.00, which has been paid.

FORUM FEES

Pursuant to Rule 10332(b) of the Code, a hearing session is defined as any meeting between the arbitrators and the parties, including a prehearing conference, which lasts four (4) hours or less. Therefore, Pursuant to Rule 10332(c) of the Code, the following forum fees are assessed:

6 hearing sessions x \$1,000.00 = \$6,000.00

The forum fees are assessed to Claimants, jointly and severally, in the amount of \$3,000.00 (fifty percent) and to Respondents RJA, IMR and the Estate of David King, jointly and severally, in the amount of \$3,000.00 (fifty percent).

Claimants shall receive credit for the \$1,000.00 hearing session deposit previously submitted to the NASD, leaving Claimants with a forum fee assessment due of \$2,000.00.

Respondents RJA, IMR and the Estate of David King, jointly and severally, have a forum fee assessment due of \$3,000.00.

Fees are payable to the NASD Regulation, Inc. Office of Dispute Resolution.

DATE

5/13/99

CONCURRING ARBITRATORS' SIGNATURES

Paul A. Yates

Paul A. Yates
Public Arbitrator

Jacqueline R. Scott
Jacqueline R. Scott
Public Arbitrator

Bonnie K. Wachtel
Bonnie K. Wachtel
Industry Arbitrator

Date Decision Served by NASD Regulation:

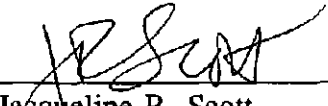
May 28, 1999

DATE

CONCURRING ARBITRATORS' SIGNATURES

Paul A. Yates
Public Arbitrator

5-27-99



Jacqueline R. Scott
Public Arbitrator

Bonnie K. Wachtel
Industry Arbitrator

Date Decision Served by NASD Regulation:

May 28, 1999

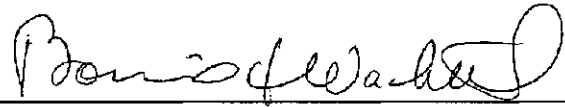
DATE

CONCURRING ARBITRATORS' SIGNATURES

Paul A. Yates
Public Arbitrator

Jacqueline R. Scott
Public Arbitrator

5/19/99


Bonnie K. Wachtel
Industry Arbitrator

Date Decision Served by NASD Regulation: May 28, 1999