

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

James P. Martin as representative
for Heartland Partners

96-02317

Name of Respondents

Rodman & Renshaw Inc.
John Daniel Hansen

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on May 30, 1996, Claimant James P. Martin as representative for Heartland Partners ("Claimant"), who appeared Pro Se, alleged that Respondent Rodman & Renshaw, Inc. ("RRI"), through Respondent John Daniel Hansen ("Hansen"), used improper selling techniques to sell him shares of Softnet. Claimant further alleged that Hansen employed a scheme whereby he artificially inflated the price of Softnet shares and then convinced others to purchase shares at the inflated price. Claimant also alleged that Hansen breached his fiduciary duty by selling his own shares of Softnet and shares belonging to "preferred client" while simultaneously soliciting a purchase from him. Claimant contended that Hansen pressured him into purchasing \$22,398.00 worth of the shares despite that fact that his portfolio was only \$50,000.00. Claimant further contended that Hansen used the guise of friendship in order to convince him to make stock purchases. Claimant also contended that Hansen was a controlling person and wanted to control his trading. Claimant asserted that as a result of the above, he has suffered a loss for which the Respondent should be held liable.

Respondents Rodman & Renshaw, Inc. and John Daniel Hansen, through their representative Robert J. Kuker, Esq. of the law firm of Neal Gerber & Eisenberg, located in Chicago, IL, denied all material allegations in the Statement of Claim. Respondents maintained that Claimant is an experienced and sophisticated investor who was provided with substantial information regarding Softnet which permitted him to make an informed decision whether to invest in that company. Respondents further maintained that Claimant completed a New Account Form which indicated that as of 1985 he had 10 years of experience investing in securities, had an annual income of \$65,000.00, had \$19,840.00 worth of securities and desired "Income" and "Growth."

Hansen recommended Softnet in good faith as demonstrated by the fact that he himself invested and lost money in Softnet. Respondents also maintained that Claimant alone is responsible for his trading losses, and he should not be permitted to hold them liable as some sort of guarantor against his losses. Respondents contended that as a result of the above, they should not be held liable.

RELIEF REQUESTED

Claimant James P. Martin as representative for Heartland Partners requested \$6,673.56 in actual damages plus punitive damages.

Respondents Rodman & Renshaw, Inc. and John Daniel Hansen requested that the claims be dismissed and that they be awarded their reasonable costs and attorney's fees associated with defending this matter.

OTHER ISSUES CONSIDERED AND DECIDED

The arbitrator considered and reviewed all documentation submitted by the parties concerning Claimant's request that Respondents be compelled to comply with his discovery request. The arbitrator denied the request.

AWARD

Pursuant to Section 10302 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, David G. Beerbower, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on May 28, 1996 and by Respondents on July 16, 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 claims of the Claimant James P. Martin as representative for Heartland Partners against Respondents Rodman & Renshaw, Inc. and John Daniel Hansen are denied 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 shall be retained by the NASD, Inc. Respondents Rodman & Renshaw, Inc. and John Daniel Hansen shall pay to the Claimant James P. Martin as representative for Heartland Partners \$75.00 as reimbursement of one-half of the filing fee.
4. All other relief requests are denied.

AFFIRMATION

I, **DAVID G. BEERBOWER, 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.

A handwritten signature in cursive script, reading "David G. Beerbower", written over a horizontal line.

Signature of Arbitrator

DATE OF DECISION: October 7, 1996