

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

William Lennon

96-04100

Name of Respondents

David Lavender
Nationwide Securities Corporation

CASE SUMMARY

In a case filed with the National Association of Securities Dealers Regulation, Inc. on September 13, 1996, claimant William Lennon ("claimant"), who appeared Pro Se, alleged that respondents David Lavender ("Lavender") and Nationwide Securities ("Nationwide") lied about the issue, returns and safety of his investment. Claimant further alleged that he started to receive calls both day and night from Lavender, who wanted him to invest in a new issue called Thermo Mizer Environmental ("TME") and that he could make him 60% or more on the issue. Claimant also alleged that after numerous calls and many hangs-ups, Lavender convinced him that he could make the return because he controlled the stock. Claimant asserted that he sent Lavender a check for 1,000 shares of TME, but that when his check arrived Lavender told him that he did not have any stock left, so he sold him warrants. Claimant further asserted that Lavender then asked him if he had property in another state, because he was not allowed to sell TME in Michigan.

Claimant also asserted that a few nights later after the warrants had taken a sizeable loss, Lavender called him up and wanted him to buy 10,000 more shares of TME. Claimant contended that Lavender said he was going to drive the stock up because a lot of people had shorted the issue. Claimant further contended that he did not buy more TME, but in a few minutes another gentleman claiming to be Lavender went through the same statements as Lavender had previously done. Claimant further contended that this person was not Lavender and when he asked that person how many Lavenders worked at the office, the person hung up the phone. Claimant also contended that after several attempts to contact Lavender, he called Nationwide's office in Texas. Claimant alleged that he spoke to the manager's assistant who told him that they were receiving many complaints like his and that Nationwide had fired the entire New York office. Claimant further alleged that the assistant told him that Nationwide was not responsible, but that the employees and managers they fired were.

Respondent David Lavender, who appeared Pro Se, maintained that his contact with claimant was limited to approximately two conversations, during which they spoke about the purchase of TME common stock. Respondent Lavender further maintained that at no time whatsoever did he make any of the representations the claimant attributes to him. Respondent Lavender also maintained that he has no knowledge of "shorting" with respect to TME, nor would he represent such knowledge to his clients, or any tale of controlling the security.

Respondent Lavender contended that the panel needs to understand the environment in which Nationwide conducted its business in the New York office. Respondent Lavender further contended that the firm was not executing the customer sales orders which were being forwarded to them. Respondent also contended that Kevin Williams the compliance officer at Nationwide stated that the firm would only process sale orders if they were also accompanied by a matching buy order, which is clearly a direct securities violation. Respondent maintained that Nationwide permitted the practice of unlicensed individuals using the names of register individuals, without their knowledge or consent. Respondent further maintained that he voluntarily terminated his employment at Nationwide shortly after claimant's account was established because of these activities.

Respondent Nationwide Securities Corporation did not file an Answer to the Statement of Claim.

RELIEF REQUESTED

Claimant William Lennon requested \$5,110.00 in damages.

Respondent Lavender requested that the claims of the claimant be dismissed against him in their entirety.

Respondent Nationwide Securities Corporation did not file an Answer to the Statement of Claim.

OTHER ISSUES CONSIDERED & DECIDED

In accordance with Section 10302 of the Code of Arbitration Procedure, respondent Nationwide Securities, was served by regular mail and given an opportunity to respond, which it failed to do. In addition, service of the overdue notice and notification of the arbitrator's identity was effected upon respondent Nationwide Securities, as evidenced by the signed signature cards on file at the NASDR, Inc.

Pursuant to the by-laws of the NASD Regulation, Inc., the arbitrator determined that respondent Nationwide Securities had notice of the claim, and was required to submit to this arbitration proceeding; and is, therefore bound by the arbitrator's ruling and determination.

AWARD

Pursuant to Sections 10302 of the Code of Arbitration Procedure, a single Public Arbitrator, Martin Brosnan, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by claimant William Lennon on September 9, 1996 and by respondent David Lavender on December 10, 1996 and not by respondent Nationwide Securities as required by Sections 10301 and 10302 of the Code of Arbitration Procedure.

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. Respondent Nationwide Securities Corporation be and hereby is liable and shall pay claimant William Lennon the sum of \$5,110.00 in actual damages.
2. The claims of claimant William Lennon against respondent David Lavender are dismissed in their entirety.

3. Upon full payment of the award by respondent Nationwide Securities, claimant William Lennon shall surrender any unexpired warrants to respondent Nationwide Securities Corporation.
4. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers Regulation, Inc. by claimant William Lennon shall be retained by NASD Regulation, Inc. Respondent Nationwide Securities be and hereby is liable and shall pay claimant the sum of \$150.00 as reimbursement of the filing fee.

AFFIRMATION

I, Martin Brosnan, do hereby affirm upon my oath as arbitrator that I am the individual described herein who executed this instrument, which is my oath and award.



Martin Brosnan

Date of Decision: March 26, 1997