

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Names of Claimants

Robert J. and Ruth M. Nist
Robert J. Nist IRA and
Ruth M. Nist IRA

96-04325

Names of Respondents

Houston Investment Group
Sunpoint Securities, Inc.
Aragon Financial Services, Inc.
Cynthia M. Cook
Gail Griseuk-Gentry
Thomas Cannon

REPRESENTATION

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

For Respondent Cynthia M. Cook ("Cook"): Burton W. Wiand, Esq. of the law firm of Fowler, White, Gillen, Boggs, Villareal and Banker, P.A., Clearwater, Florida.

Respondent Gail Griseuk-Gentry ("Gentry") did not appear.

For Respondent Aragon Financial Services, Inc. ("Aragon"): Maritza Gonzalez, Esq. of the law firm of Bloom & Warfman, P.A., Miami, Florida.

Respondent Thomas Cannon appeared pro se.

For Respondent Houston Investment Group ("Houston"): James H. Thornton, President, Houston Investment Group.

For Respondent Sunpoint Securities, Inc. ("Sunpoint"): Jan Douglas Atlas, Esq. of the law firm of Atlas, Pearlman, Trop & Borkson, P.A., Fort Lauderdale, Florida.

CASE INFORMATION

Statement of Claim filed: September 30, 1996.

Claimants' Submission Agreement signed on: November 15, 1996.

Statement of Answer filed by Respondent Cook on: February 6, 1997.

Respondent Cook did not file an executed Submission Agreement.

Statement of Answer of Respondent Sunpoint Securities, Inc. filed on: February 5, 1997.

Respondent Sunpoint's Submission Agreement signed on: December 26, 1996.

Respondents Aragon, Houston, Cannon and Gentry did not submit Statements of Answer or file executed Submission Agreements.

HEARING INFORMATION

No hearings were conducted in this matter.

CASE SUMMARY

Claimants alleged that their claim arose out of the numerous and well-documented misrepresentations, concealment, use of fraudulent devices and other wrongful acts by the Respondents and/or their agents who administered, advised and made recommendations to the Claimants regarding various securities in their accounts. Claimants further alleged that Respondents explicitly and repeatedly represented limited partnerships as not only suitable investments, but the ideal investments to meet the Claimants' conservative investment goals.

Respondent Cook denied each and every allegation of wrongful conduct that was made in the Statement of Claim. Respondent Cook maintained that she was employed in a clerical capacity by one of the other Respondents, Gail Griseuk-Gentry, but she was not employed by Ms. Griseuk at the time the Claimants purchased their investments and she had no involvement with any of the investment purchases by the Claimants. Respondent Cook maintained that she does not know the Claimants nor do the Claimants know her.

Respondent Sunpoint maintained that the investments were risky and illiquid, but this information was disclosed to Claimants pursuant to a private placement memorandum, precluding any unsuitability claim. Respondent Sunpoint further maintained that all of the claims were precluded by the applicable statutes of limitations; the Claimants assumed the risks of investing; and, all of Claimants' losses alleged in the Statement of Claim were caused by events beyond Sunpoint's control and/or persons other than Sunpoint.

RELIEF REQUESTED

Claimants requested compensatory damages in the sum of \$77,400.00 which includes interest; punitive damages in the sum of \$50,000.00; the filing fee paid to NASD Regulation, Inc. and the forum fees advanced; and, such other relief as the arbitration panel deemed just and proper.

Respondent Cook requested that the Claimants be denied any relief and that they be compelled to pay her attorneys' fees, costs, and expenses.

Respondent Sunpoint 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.

OTHER ISSUES CONSIDERED & DECIDED

On November 21, 1997, counsel for the Claimants informed NASD Regulation, Inc. that this matter was settled. In addition, counsel for the Claimants and Respondent Cannon requested that all references to

this arbitration proceeding be expunged from the CRD record of Respondent Cannon.

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:

All references to this arbitration proceeding shall be expunged from the CRD record of Respondent Cannon.

FORUM FEES

Pursuant to Rule 10332 of the Code of Arbitration Procedure ("Code"), no forum fees are assessed.

Respondent Houston is assessed the sum of \$350.00 representing the member surcharge pursuant to Rule 10333 of the Code.

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

Concurring Arbitrators' Signatures

Name

Public/Industry


Floyd A. Hillstrom, Esq.

Public


Jean M. Lang

Public


Howard L. Hill

Industry

Date of Decision: _____