

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Jim Compton

Case No. 99-00931

Names of Respondents

Island Investment Services, Inc.
Larry E. Wachtel

REPRESENTATION OF PARTIES

For Claimant Jim Compton ("Compton") hereinafter referred to as "Claimant": Lawrence L. Klayman, Esq. and Steven D. Toskes, Esq., Klayman and Lazarus, LLP, Boca Raton, Florida.

For Respondents Island Investment Services, Inc. ("Island") and Larry E. Wachtel ("Wachtel"), hereinafter collectively referred to as "Respondents": Pamela P. Warnement, Senior Vice President and Deputy General Counsel, Wachovia Securities, Inc., Charlotte, North Carolina.

CASE INFORMATION

Statement of Claim filed on or about: March 2, 1999.

Amended Statement of Claim filed on or about: April 11, 1999.

Claimant signed the Uniform Submission Agreement: September 11, 1998.

Statement of Answer filed by Respondents on or about: June 15, 1999.

Respondent Island signed the Uniform Submission Agreement: June 15, 1999.

Respondent Wachtel signed the Uniform Submission Agreement: June 10, 1999.

CASE SUMMARY

Claimant asserted the following: On or about October 9, 1997, Respondents failed to execute a purchase order placed by Claimant for Saf-T-Lok, Inc. stock. Respondents' wrongful conduct prevented Claimant from realizing substantial gains in his investment account. Respondent Wachtel was Claimant's account executive and financial consultant and was employed by Respondent Island during the relevant time period. Respondents are directly and primarily responsible, as aiders and abettors with one another, and Respondents engaged in or knew of and substantially assisted in the wrongful acts complained of herein. Respondents breached their fiduciary and/or contractual obligations to Claimant. In addition,

Respondent Island is liable for the acts and omissions of Respondent Wachtel under the legal doctrine of respondeat superior. Further, Respondent Island intentionally or otherwise, negligently breached its regulatory duties to Claimant while Respondent Wachtel was in their employ.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses: Respondents had the right to and properly did decline to accept Claimant's request to purchase Saf-T-Lok stock in his IRA account. This refusal was proper given that the firm generally discouraged the purchase of low-priced securities in light of the firm's conservative, investment-oriented approach, that the stock was trading at the time at less than \$1.00 per share, Claimant was 65 years old, and the proposed purchase would have represented more than one-third of the value of his IRA account. Moreover, Respondent Wachtel told Claimant that he was free to make the purchase elsewhere, which Claimant apparently chose not to do. Any claim for damages for lost profits are speculative in that Claimant cannot demonstrate the price at which he would have purchased the shares if the order would have been accepted, nor can he demonstrate the price at which he would have sold if he had been able to buy the stock. Claimant already owned 300 shares of Saf-T-Lok stock which he failed to sell at the more than \$5.00 per share price which he is attempting to use to measure his damages.

RELIEF REQUESTED

Claimant requested compensatory damages of approximately \$50,000.00 plus benefit of the bargain damages, lost opportunity costs, prejudgment interest, costs and such other relief as is deemed necessary and proper.

Respondents requested that all claims be dismissed in their entirety and that forum fees be assessed against the Claimant.

OTHER ISSUES CONSIDERED AND DECIDED

At the commencement of the evidentiary hearing on November 7, 2000, the Panel addressed the Claimant's Motion to Compel which was filed on October 31, 2000. The Panel denied the Claimant's Motion to Compel.

Further, at the commencement of the evidentiary hearing, the Panel addressed the Respondents' Motion to Dismiss which was filed on October 20, 2000. The Panel reserved ruling on the Motion to Dismiss until the conclusion of the evidentiary hearing at which time the Panel denied Respondents' Motion to Dismiss.

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.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, and the post-hearing submissions (if any), the Panel has decided in full and final resolution of the issues submitted for determination as follows:

Respondents are liable, jointly and severally, and shall pay to Claimant the sum of \$38,000.00 as compensatory damages, plus prejudgment interest of \$5,990.00 from October 10, 1997 through October 10, 2000.

All other requests for relief not specifically addressed herein are denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$120.00
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Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated person at the time of the event giving rise to the dispute. In this matter, the member firm is a party.

Member surcharge	= \$ 800.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$1,000.00

Adjournment Fees

No adjournments were requested during these proceedings:

Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

Three (3) Hearing sessions x \$400.00	= <u>\$1,200.00</u>
Hearing Dates: October 5, 2000 1 session	
November 7, 2000 2 sessions	
Total Forum Fees	= \$1,200.00

The Panel has assessed \$600.00 of the forum fees to Claimant.

The Panel has assessed \$600.00 of the forum fees jointly and severally to Respondents.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services including, but not limited to, additional copies of arbitrator awards beyond those provided without charge, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative costs were incurred during these proceedings.

Fee Summary

Claimant be and hereby is solely liable for:

Initial Filing Fee	= \$120.00
<u>Forum Fees</u>	<u>= \$600.00</u>
Total Fees	= \$720.00
<u>Less payments</u>	<u>= \$520.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$200.00

Respondent Island be and hereby is solely liable for:

Member Fees	= \$2,400.00
Total Fees	= \$2,400.00
<u>Less payments</u>	<u>= \$2,400.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 0.00

Respondents Island and Wachtel be and hereby are jointly and severally liable for:

Forum Fees	= \$600.00
Total Fees	= \$600.00
<u>Less payments</u>	<u>= \$600.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 0.00

All balances are payable to NASD Dispute Resolution, Inc. and are due immediately upon receipt of the Award by the parties.

Concurring Arbitrators' Signatures

/s/

Adam Matthew Moskowitz, Esq.
Public Arbitrator, Presiding Chair

Signature Date

/s/

David L. Hodgson
Industry Arbitrator

Signature Date

/s/

Kimberly A. Gilmour, Esq., Public Arbitrator
This arbitrator respectfully dissents
from the Award rendered in this matter.

Signature Date

December 15, 2000

Date of Service (For NASD-DR office use only)

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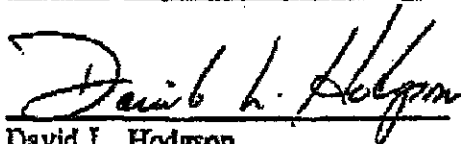
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Concurring Arbitrators' Signatures


Adam Matthew Moskowitz, Esq.
Public Arbitrator, Presiding Chair

12/14/2000

Signature Date



David L. Hodgson
Industry Arbitrator

12-15-00

Signature Date

Kimberly A. Gilmour, Esq., Public Arbitrator

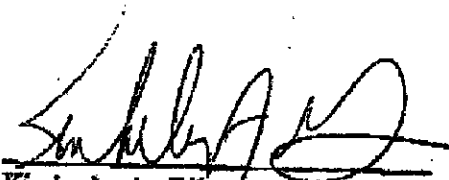
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