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**Award**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between:

Names of the Claimants

Louis Savoldy and Ellen Savoldy

Case Number: 02-06275

Names of the Respondents

A.G. Edwards & Sons, Inc.

Richard Velten

Ronald May

Hearing Site: Tampa, FL

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Nature of the Dispute: Customer vs. Member and Associated Person.

**REPRESENTATION OF PARTIES**

For Louis Savoldy and Ellen Savoldy, hereinafter collectively referred to as "Claimants": Patrick A. Davis, Esq., Clearwater, FL.

For Respondents A.G. Edwards & Sons, Inc. ("AGE") and Ronald May ("May"): Matthew Salamon, Litigation Counsel, AGE, St. Louis, MO.

Respondent Richard Velten ("Velten") appeared pro se.

**CASE INFORMATION**

Statement of Claim filed on or about: October 21, 2002.

Claimants signed the Uniform Submission Agreement: September 19, 2002.

Statement of Answer filed by Respondents AGE and May on or about: January 10, 2003.

Respondent AGE signed the Uniform Submission Agreement: December 6, 2002.

Respondent May signed but did not date the Uniform Submission Agreement.

Statement of Answer filed by Respondent Velten on or about: January 13, 2003.

Respondent Velten signed the Uniform Submission Agreement: December 30, 2002.

**CASE SUMMARY**

Claimants asserted the following causes of action: violation of §517.301 of the Florida Securities and Investor Protection Act; violation of the Securities Act of 1933; violation of the Securities Act of 1934; fraud; breach of fiduciary duty; negligence; gross negligence; negligent supervision; violation of the Civil Remedies for Criminal Practices Act; civil theft; and, unjust enrichment. The causes of action relate to the purchase of Delaware Technology and Innovation B securities in Claimants' account.

Unless specifically admitted in their Answers, Respondents AGE, May, and Velten, hereinafter collectively referred to as "Respondents", denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

### **RELIEF REQUESTED**

Claimants requested compensatory damages between \$50,000.00 and \$100,000.00, punitive damages, pre-judgment interest, costs, attorneys' fees, disgorgement of commissions, and such other relief as the undersigned arbitrators (the "Panel") deemed necessary and proper, including but not limited to a rescission of the investment transactions described herein.

Respondents AGE and May requested dismissal of the Statement of Claim, costs, and any other and further relief deemed appropriate.

Respondent Velten requested dismissal of the Statement of Claim, attorneys' fees, costs, and the entry of an order directing expungement of any references to this case from Respondent Velten's records.

### **OTHER ISSUES CONSIDERED AND DECIDED**

During the evidentiary hearing on April 7, 2004, Claimants' counsel made a motion to have Respondent Velten subpoenaed to appear by deposition. After an executive session, the Panel granted the Motion.

Respondent Velten failed to appear at both sets of evidentiary hearings in this matter and at scheduled depositions, despite subpoenas issued by this Panel and summons issued by a county court judge of Pinellas County. Upon review of the file and the representations made by/on behalf of the Claimants, the Panel determined that Respondent Velten has been properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without said Respondent present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

The parties present at the hearing 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 AGE and Velten are liable, jointly and severally, for a violation of the Florida Securities and Investor Protection Act, a violation of the Securities Act of 1933, a violation of the Securities Act of 1934, fraud, and breach of fiduciary duties and shall pay to Claimants compensatory damages in the sum of \$25,000.00, pre-judgment interest specifically excluded.

Attorneys' fees shall be determined by a court of competent jurisdiction. The Panel recommends that Claimants' attorneys' fees be paid by Respondents AGE and Velten.

Respondents AGE and Velten are liable, jointly and severally, and shall pay to Claimants costs in the sum of \$1,857.54.

Respondents AGE and Velten are liable, jointly and severally, and shall pay to Claimants the

sum of \$500.00 representing reimbursement of the service of process fees paid by Claimants.

The Panel found in favor of Respondent May on all counts. All claims against Respondent May are dismissed, with prejudice.

The Panel recommends the expungement of all references to the above-captioned arbitration from Respondent May's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondent May must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

Any and all claims for relief not specifically addressed herein, including Claimants' request for punitive damages and Respondent Velten's request for expungement, are denied.

### **FEES**

Pursuant to the Code, the following fees are assessed:

#### **Filing Fees**

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

Initial claim filing fee	= \$ 225.00
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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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, AGE is a member firm and a party.

Member surcharge	= \$1,100.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$1,700.00

#### **Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed:

April 7-9, 2004, adjournment by Claimants. The Panel assessed the adjournment fee against Respondent Velten.	= \$ 750.00
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#### **Three-Day Cancellation Fees**

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

No three-day cancellation fees were assessed during these proceedings.

#### **Injunctive Relief Fees**

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the panel.

No injunctive relief fees were assessed during these proceedings.

**Forum Fees and Assessments**

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

One (1) Pre-hearing session with a single arbitrator @ \$450.00/session	= \$ 450.00
Pre-hearing conference: April 1, 2004 1 session	
One (1) Pre-hearing session with the Panel @ \$750.00/session	= \$ 750.00
Pre-hearing conference: July 28, 2003 1 session	
Five (5) Hearing sessions with the Panel @ \$750.00/session	= \$3,750.00
Hearing Dates: April 7, 2004 1 session	
February 2, 2005 2 sessions	
February 3, 2005 2 sessions	
Total Forum Fees	= \$4,950.00

The Panel assessed \$1,485.00 of the forum fees jointly and severally to Claimants.

The Panel assessed \$3,465.00 of the forum fees jointly and severally to Respondents AGE and Velten.

**Administrative Costs**

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative costs were incurred during this proceeding.

**Fee Summary**

Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 225.00
Forum Fees	= \$ 1,485.00
Total Fees	= \$ 1,710.00
Less payments	= \$ 975.00
Balance Due NASD Dispute Resolution	= \$ 735.00

Respondent AGE is solely liable for:

Member Fees	= \$ 3,550.00
Total Fees	= \$ 3,550.00
Less payments	= \$ 3,550.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Velten is solely liable for:

Adjournment Fees	= \$ 750.00
Total Fees	= \$ 750.00

<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 750.00

Respondents AGE and Velten are jointly and severally liable for:

<u>Forum Fees</u>	= \$ 3,465.00
<u>Total Fees</u>	= \$ 3,465.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 3,465.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

**ARBITRATION PANEL**

Ian S. Grieg	-	Public Arbitrator, Presiding Chairperson
James R. Kennedy, Jr., Esq.	-	Public Arbitrator
Randall T. Stack	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

/s/  
Ian S. Grieg  
Public Arbitrator, Presiding Chairperson

                      
Signature Date

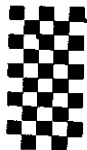
/s/  
James R. Kennedy, Jr., Esq.  
Public Arbitrator

                      
Signature Date

/s/  
Randall T. Stack  
Non-Public Arbitrator

                      
Signature Date

March 8, 2005  
Date of Service (For NASD Dispute Resolution use only)



MAR. 8, 2005 9:46AM NASD DISPUTE RESOLUTION

NO. 309 P. 6

NASD Dispute Resolution

Arbitration No. 02-06275

Award Page 5 of 5

<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 750.00

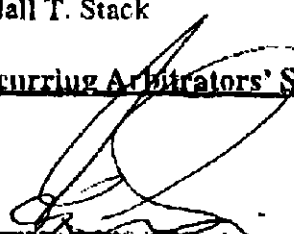
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Ian S. Grieg  
Public Arbitrator, Presiding Chairperson  
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3/7/05  
Signature Date\_\_\_\_\_  
James R. Kennedy, Jr., Esq.  
Public Arbitrator\_\_\_\_\_  
Signature Date\_\_\_\_\_  
Randall T. Stack  
Non-Public Arbitrator\_\_\_\_\_  
Signature Date\_\_\_\_\_  
Date of Service (For NASD Dispute Resolution use only)

FROM

FAX NO. 11

Mar. 08 2005 03:17PM P2

MAR. 7. 2005, 4:25PM Resol NASD BOCA RATON  
Arbitration No. 02-06275  
Award Page 5 of 5

NO. 266 P. 6

<u>Less payments</u>	= \$ 0.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 750.00

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<u>Forum Fees</u>	= \$ 3,465.00
<u>Total Fees</u>	= \$ 3,465.00
<u>Less payments</u>	= \$ 0.00
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Ian S. Grieg  
Public Arbitrator, Presiding Chairperson

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Signature Date

  
\_\_\_\_\_  
James R. Kennedy, Jr., Esq.  
Public Arbitrator

3-8-05  
\_\_\_\_\_  
Signature Date

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Randall T. Stack  
Non-Public Arbitrator

\_\_\_\_\_  
Signature Date

## NASD Dispute Resolution

Arbitration No. 02-06275

Award Page 5 of 5

<u>Less payments</u>	= \$ 0.00
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3/8/05  
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