

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

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In the Matter of the Arbitration Between:

Donald E. & Dorris E. Chaney TTEES FBO The Donald E. & Dorris E. Chaney Living Trust DTD 5/6/91, and Dorris Chaney On Behalf of the Dorris E. Chaney IRA, Claimants v. Associated Securities Corp. and Patricia F. Meidell, Respondents

Case Number: 05-05935

Hearing Site: San Francisco, California

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Nature of the Dispute: Customers v. Member and Associated Person

**REPRESENTATION OF PARTIES**

For Claimants:

Thomas C. Bradley, Esq.  
Sinai, Schroeder,  
Mooney, Boetsch, Bradley  
& Pace  
Reno , Nevada

For Respondents:

Neil S. Baritz, Esq.  
Baritz & Colman, LLP  
Boca Raton, Florida

**CASE INFORMATION**

Statement of Claim filed: November 17, 2005

Claimants' Arbitration Brief filed: October 27, 2006

Claimants' Uniform Submission Agreements signed: November 8, 2005

Joint Statement of Answer filed by Respondents Associated Securities Corp. ("ASC") and Patricia F. Meidell: March 9, 2006

Respondents' Memorandum of Law filed: October 27, 2006

Respondent Patricia F. Meidell's Uniform Submission Agreement signed: October 17, 2006

### **CASE SUMMARY**

Claimants alleged the following claims with respect to investments in various securities, including but not limited to, investments in AIM Dent Demographic Trends, First Hand Technology Leaders, Invesco Financial Services, Janus Worldwide, Janus Strategic Value, Janus Olympus, Janus Balanced, Transamerica Premier Small Company Investor and Vanguard Growth Index: 1) Unsuitability; 2) Negligence; 3) Fraud, Deceit and Omission of Material Fact; 4) Breach of Fiduciary Duty; and 5) Failure to Supervise.

Respondents denied Claimants' allegations of wrongdoing and denied any liability to Claimants. Respondents also asserted affirmative defenses.

### **RELIEF REQUESTED**

Claimants requested:

1. Damages approximating \$179,569.00;
2. Prejudgment and postjudgment interest at the highest legal rate;
3. Costs, including attorneys and consulting fees;
4. Punitive damages; and
5. Such other and further relief as the Panel deems just and proper.

Respondents requested:

1. Dismissal of this action in its entirety;
2. A specific finding that Respondents are the prevailing party;
3. A specific finding by the Panel recommending the expungement of this matter from the CRD records of Patricia F. Meidell;
4. Costs; and
5. Such further relief as the Panel deems just and proper.

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

Respondent ASC did not file with NASD Dispute Resolution ("NASD-DR") a properly executed submission to arbitration but is required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure ("the Code") and, having answered Claimants' Claim, appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

The parties 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, testimony, and evidence presented at the hearing, the Panel decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents ASC and Patricia F. Meidell are jointly and severally liable for and shall pay to Claimants the sum of \$65,000.00, inclusive of prejudgment interest to the date of this Award.
2. Respondents ASC and Patricia F. Meidell are jointly and severally liable for and shall pay to Claimants the sum of \$20,000.00 in expert witness fees and costs.
3. Respondents ASC and Patricia F. Meidell are jointly and severally liable for and shall pay to Claimants the sum of \$300.00 as reimbursement for Claimants' filing fee.
4. Claimants' claims for punitive damages are denied.
5. Respondent Patricia F. Meidell's request that the above-captioned matter be expunged from her records maintained by the NASD Central Registration Depository is denied.
6. Except as mentioned in paragraphs 2 and 3 above, each party shall bear its own costs, including attorneys' fees.
7. All other relief not expressly granted is denied.

### **FEES**

Pursuant to the Code, the following fees are assessed:

#### **Filing Fees**

NASD-DR received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$300.00
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#### **Member Fees**

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, ASC is a party and the following fees are assessed:

Member Surcharge	= \$1,700.00
Pre-Hearing Process Fee	= \$ 750.00
Hearing Process Fee	= \$2,750.00
Total Member Fees	= \$5,200.00

### **Forum Fees and Assessments**

The Panel assessed forum fees for each session conducted or each decision rendered on a discovery-related motion on the papers. 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:

(2) Decisions on discovery-related motions on the papers with a single arbitrator @ \$200.00 per decision Claimants submitted one discovery-related motion and Respondents submitted one discovery-related motion	=	\$400.00
(1) Pre-hearing conference session with the Panel @ \$1,125.00/session Pre-hearing conference: March 7, 2006	=	\$1,125.00
1 session		
(12) Hearing sessions @ \$1,125.00/session Hearing Dates: November 14, 2006	=	\$13,500.00
2 sessions		
November 15, 2006		
2 sessions		
November 16, 2006		
2 sessions		
November 17, 2006		
2 sessions		
January 11, 2007		
2 sessions		
January 12, 2007		
2 sessions		
<b>Total Forum Fees</b>	<b>=</b>	<b>\$15,025.00</b>

The Panel assessed the \$15,025.00 in the forum fees jointly and severally to Respondents ASC and Patricia F. Meidell.

### **Fee Summary**

1. Claimants are charged jointly and severally with the following fees and costs:	
Initial Filing Fee	= \$ 300.00
Less Payments	= \$( 1,425.00)
<b>Refund Due Claimants</b>	<b>= \$( 1,125.00)</b>

2. Respondent ASC is charged with the following fees and costs:

Member Fees	= \$ 5,200.00
Less Payments	= \$( 5,200.00)
Balance Due NASD-DR	= \$ 0.00

3. Respondents ASC and Patricia F. Meidell are charged jointly and severally with the following fees and costs:

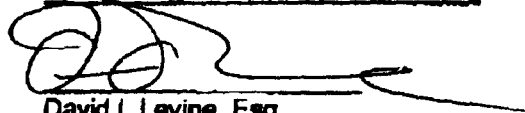
Forum Fees	= \$ 15,025.00
Less Payments	= \$( 0.00)
Balance Due NASD-DR	= \$ 15,025.00

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

**ARBITRATION PANEL**

David I. Levine, Esq.	-	Public Arbitrator, Presiding Chair
Donald H. Korn, CFA	-	Public Arbitrator
William A. Huse	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

  
David I. Levine, Esq.  
Chair, Public Arbitrator

1-25-07  
Signature Date

\_\_\_\_\_  
Donald H. Korn, CFA  
Public Arbitrator

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

\_\_\_\_\_  
William A. Huse  
Non-Public Arbitrator

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

1/26/07  
Date of Service

2. Respondent ASC is charged with the following fees and costs:

Member Fees	= \$ 5,200.00
Less Payments	= \$( 5,200.00)
<b>Balance Due NASD-DR</b>	<b>= \$ 0.00</b>

3. Respondents ASC and Patricia F. Meldell are charged jointly and severally with the following fees and costs:

Forum Fees	= \$ 15,025.00
Less Payments	= \$( 0.00)
<b>Balance Due NASD-DR</b>	<b>= \$ 15,025.00</b>

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

**ARBITRATION PANEL**

David I. Levine, Esq.	-	Public Arbitrator, Presiding Chair
Donald H. Korn, CFA	-	Public Arbitrator
William A. Husa	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

David I. Levine, Esq.  
Chair, Public Arbitrator

Signature Date

  
Donald H. Korn, CFA  
Public Arbitrator

January 24, 2007  
Signature Date

William A. Husa  
Non-Public Arbitrator

Signature Date

1/26/07  
Date of Service

2. Respondent ASC is charged with the following fees and costs:

Member Fees	= \$ 5,200.00
Less Payments	= \$( 5,200.00)
<b>Balance Due NASD-DR</b>	<b>= \$ 0.00</b>

3. Respondents ASC and Patricia F. Meidell are charged jointly and severally with the following fees and costs:

Forum Fees	= \$ 15,025.00
Less Payments	= \$( 0.00)
<b>Balance Due NASD-DR</b>	<b>= \$ 15,025.00</b>

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

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Public Arbitrator

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Signature Date

William A. Husa  
William A. Husa  
Non-Public Arbitrator

1-25-07  
Signature Date

1/26/07  
Date of Service