

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

DONALD GRENDahl, MARK GRENDahl,
THOMAS LEMORANDE, CON YAGODZINSKI,
CLYDE TRUDEAU, RAY FORMANEK,
VIRGINIA RIUTTA, RUSSELL AND FLORENCE
GRENDahl, BETTY HANSON, PHILLIP AND
DEBRA GRENDahl, SANDI GOETZE,
KEITH OLSON

Claimants

and

LYNETTE M. LA RUE, NEIL RAWLEY,
RADHA NAYAR, YVONNE BROWN AND
ROYCE PARK INVESTMENTS, INC.
Respondents

CONSOLIDATED

CASE NOS. 90-00495, 90-00672,
90-00673, 90-00674, ~~88-02468~~,
88-02472, 88-02473, 88-02469,
88-02475, 88-02471, 88-02470,
88-02474

CASE SUMMARY

Sandi Goetze, Phillip J. Grendahl, Debra A. Grendahl, Betty Hanson, Russell Grendahl, Florence Grendahl, Virginia Riutta, Ray Fromanek, Mark Grendahl, Donald Grendahl, Clyde Trudeau, Con Yagodzinski, Thomas Lemorande, and Keith Olson (collectively referred to herein as "Claimants") alleged as follows:

1. Radha Nayar, Lynette M. LaRue and Neil Rawley, agents of Royce Park Investments, Inc., (Nayar, LaRue, Brown, Rawley, and Royce Park are collectively referred to herein as "Respondents") (Yvonne Brown was dismissed from the case upon stipulation of counsel at the end of the hearing) misrepresented to the Claimants the following material facts:

a. Royce Park was raising \$2,000,000 which would go directly to Rubber Tech for business expansion;

b. Rubber Tech's stock would be approved shortly for public trading in Minnesota; and thereafter they would see an upward movement in price of the stock; and

c. Rubber Tech had contracts with Goodyear and Firestone;

2. Claimants received confirmations indicating that they had made certain purchases in stocks which they had not purchased;

3. Claimants were not informed of Radha Nayar's interest in Brokers' Choice, nor the relationship and agreements between Rubber Tech, Rubber Research, and Brokers Choice; and

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2. Claimants received confirmations indicating that they had made certain purchases in stocks which they had not purchased;

3. Claimants were not informed of Radha Nayar's interest in Brokers' Choice, nor the relationship and agreements between Rubber Tech, Rubber Research, and Brokers Choice; and

4. Respondents sold the Claimants stock in Brokers Choice which was not properly registered or exempted in the Claimants respective states.

Respondents denied all the claims of the Claimants and further alleged as follows:

1. The Claimants were informed that Brokers Choice was a blind pool;
2. Claimants were informed of the speculative and risky nature of the investment;
3. Respondent never indicated to any of the Claimants that 1) Rubber Tech would be registered 2) that Rubber Tech had contracts with Firestone or Goodyear; or 3) that any specific dollar amount was being raised for Rubber Tech;
4. All the purchase made by the Claimants were on a unsolicited basis and therefore exempt from registration; and
5. Claimants did not rely on any representation, if any, of the Respondents when purchasing their stock.

RELIEF REQUESTED

The Claimants requested the following relief:

1. ACTUAL DAMAGES

Donald Grendahl	-	\$18,200.00
Mark Grendahl	-	\$ 2,400.00
Thomas Lemorande	-	\$ 8,670.00
Con Yagodzinski	-	\$ 7,900.00
Clyde Trudeau	-	\$ 7,700.00
Ray Formanek	-	\$25,030.00
Virginia Riutta	-	\$ 7,190.00
Russell and Florence Grendahl	-	\$ 1,908.00
Betty Hanson	-	\$ 2,800.00
Phillip and Debra Grendahl	-	\$12,531.00
Sandi Goetze	-	\$16,000.00
Keith Olson	-	\$ 5,457.15

2. Interest;
3. Attorneys' fees and costs; and
4. Punitive damages.

Respondents requested that all the claims of the Claimants be dismissed and for such other relief as the panel deemed just and equitable.

AWARD

On March 6, 7 and April 10, 11, and 12, 1990 during a hearing lasting 11 sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration executed by the parties on the following dates:

Keith Olson - February 5, 1990;
Con Yagodzinski - February 23, 1990
Thomas Lemorande - February 22, 1990
Clyde Trudeau - February 23, 1990
Mark Grendahl - August 8, 1988
Donald Grendahl - July 29, 1988
Ray Formanek - July 29, 1988
Virginia Riutta - July 29, 1988
Russell and Florence Grendahl - August 4, 1988
Betty Hanson - July 26, 1988
Phillip and Debra Grendahl - July 30, 1988
Sandi Goetze - July 29, 1988
Lynnette M. LaRue - October 16, 1988
Neil Rawley - October 21, 1988
Radha Nayar - October 21, 1988
Yvonne Brown - October 24, 1988
Royce Park Investments - October 19, 1988

The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has decided in full and final resolution of the issues submitted for determination as follows:

Royce Park Investments, Inc. and Rhada Nayar are jointly and severally liable for and shall pay the following amounts to:

Clyde Trudeau -	Compensatory Damages	\$4,050.00
	Interest	921.72
	Total Amount	\$4,971.72
Con Yagodzinski -	Compensatory Damages	\$4,050.00
	Interest	894.54
	Total Amount	\$4,944.54
Thomas Lemorande -	Compensatory Damages	\$4,836.00
	Interest	1,105.80
	Total Amount	\$5,941.80
Virginia Riutta -	Compensatory Damages	\$5,841.00
	Interest	1,401.44
	Total Amount	\$7,242.44
Donald Grendahl -	Compensatory Damages	\$11,778.00
	Interest	2,844.99
	Total Amount	\$14,622.99

Sandi Goetze - Compensatory Damages	\$16,009.15
Interest	<u>3,881.20</u>
Total Amount	\$19,881.35
 Russell and Florence Grendahl -	
Compensatory Damages	\$ 1,908.00
Interest	<u>452.34</u>
Total Amount	\$ 2,360.34
 Betty Hanson - Compensatory Damages	\$ 2,800.00
Interest	<u>671.92</u>
Total Amount	\$ 3,471.92
 Mark Grendahl - Compensatory Damages	\$ 2,400.00
Interest	<u>\$ 570.92</u>
Total Amount	\$ 2,970.92
 Phillip and Debra Grendahl -	
Compensatory Damages	\$12,531.00
Interest	<u>\$ 3,021.30</u>
Total Amount	\$15,552.30
 Ray Formanek - Compensatory Damages	\$25,030.00
Interest	<u>\$ 6,042.63</u>
Total Amount	\$31,072.63
 Keith Olson - Compensatory Damages	\$ 5,132.15
Interest	<u>\$ 1,231.71</u>
Total Amount	\$ 6,363.86

4. Pursuant to Section 43(b) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall refund as forum fees, the filing fees previously deposited with the NASD by the Claimants, and Radha Nayar and Royce Park Investments, Inc. shall be jointly and severally liable for and shall pay forum fees to the NASD in the amount of \$5,500.00.

By the Panel

Dated: 5-23-90 /S/ Douglas D. McFarland, Esq.
Presiding Chair

Dated: 5-16-90 /S/ Wendy A. Sacha

Dated: 5-11-90 /S/ William A. McMahon

Date Served: 5-24-90