

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between	x
	x
Oscar B. Hecklin	x
Claimant	x
	x CASE NO.
vs.	x 89-00322
	x
Denton & Co., Inc., Joseph L. Bachman, Jr.,	x AWARD
George Stalega and Joseph Giordano	x
	x
Respondents	x
	x

CASE SUMMARY

Claimant, Oscar B. Hecklin ("Hecklin"), asserted three claims in his Statement of Claim. In the first claim Hecklin alleged that Respondent Joseph L. Bachman, Jr. ("Bachman") fraudulently induced Hecklin to invest in a joint venture, and that Bachman was negligent in the manner in which he handled this investment. In the second claim Hecklin alleged that Bachman made an unauthorized withdrawal of funds from a joint securities account he and Hecklin maintained, and that Bachman loaned these funds to Bachman's employer, Respondent Denton & Co., Inc. ("Denton"), without Hecklin's consent. Hecklin further alleged that Bachman and Respondent George Stalega ("Stalega") then proceeded to misrepresent to Hecklin the manner in which these funds would be used. In the third claim Hecklin alleged that Respondent Joseph Giordano ("Giordano") purchased 3000 shares of North Sun Resorts, Inc. for Hecklin's account without Hecklin's authorization. Hecklin also alleged that Bachman made a fraudulent guarantee to make good on the unauthorized trade in order to induce Hecklin not to cancel the trade.

Bachman denied all allegations made against him and contended that Hecklin was a knowledgeable investor who was aware of all relevant facts relating to his investments. Bachman contended that he engaged an attorney to protect Hecklin's rights with respect to his investment in the joint venture. Bachman also contended that Hecklin was fully aware of Denton's capital condition and that Hecklin fully authorized the North Sun Resorts, Inc. trade and that he never guaranteed any investment.

Stalega and Denton contended that Hecklin was aware of Denton's financial condition at the time he entered into the loan agreement, and that they did not misrepresent the financial

condition of Denton.

Giordano contended that Hecklin was aware of and fully authorized the purchase of the North Sun Resorts, Inc. stock.

#### RELIEF REQUESTED

In the first claim Hecklin requested actual damages against Bachman and Denton of \$93,200.00, plus interest of \$67,872.60, plus attorney's fees of \$32,214.52. In the second claim Hecklin requested actual damages against Bachman, Stalega and Denton of \$33,333.33, plus interest of 13,664.40, plus attorney's fees of \$9,399.55. In the third claim Hecklin requested actual damages against Bachman, Giordano and Denton of \$36,003.00, plus interest of \$13,132.09, plus attorney's fees of \$9,827.00. Hecklin requested an award of interim counsel fees against Bachman in the amount of \$4,662.75. Hecklin also requested that the costs of this proceeding be assessed against all respondents.

Bachman requested dismissal of all claims made against him, plus costs. Denton, Stalega and Giordano requested dismissal of all claims made against them.

#### AWARD

On July 25 and October 3, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimant Oscar B. Hecklin on January 25, 1989, and not by Respondents Denton & Co., Inc., Joseph L. Bachman, Jr., George Stalega and Joseph Giordano as is required by Section 12 of the NASD's Code of Arbitration Procedure. The initial claim was filed on January 31, 1989. The hearing was conducted at the offices of the National Association of Securities Dealers, Inc. in Philadelphia, PA, and consisted of three (3) hearing sessions, inclusive of a one (1) session prehearing conference conducted on July 25, 1990. The arbitration panel having considered the pleadings, the testimony, and the evidence presented at and after the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

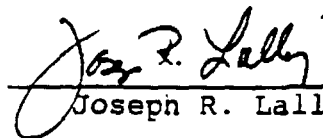
1. Pursuant to the by-laws of the NASD, the arbitration panel determined that Respondents Denton & Co., Inc., Joseph L. Bachman, Jr., George Stalega and Joseph Giordano were required to submit to this arbitration and are, therefore, bound by this panel's rulings and determinations.

2. All claims against Respondent George Stalega be and hereby are dismissed in their entirety.
3. All claims against Respondent Joseph Giordano be and hereby are dismissed in their entirety.
4. On the first claim, Respondent Joseph L. Bachman, Jr. be and hereby is liable and shall pay to the Claimant Oscar B. Hecklin the sum of One Hundred Ten Thousand Dollars and No Cents (\$110,000.00), inclusive of interest. Respondent Denton & Co., Inc. be and hereby is dismissed from liability on this claim.
5. On the second claim, Respondents Denton & Co., Inc. and Joseph L. Bachman, Jr. be and hereby are jointly and severally liable and shall pay to the Claimant Oscar B. Hecklin the sum of Thirty Three Thousand Three Hundred Thirty Three Dollars and Thirty Three Cents (\$33,333.33), plus 7% interest from March 1, 1986 until the satisfaction of this Award.
6. The third claim be and hereby is dismissed in all respects.
7. Respondent Joseph L. Bachman, Jr. be and hereby is liable and shall pay to the Claimant Oscar B. Hecklin the sum of Four Thousand Five Hundred Dollars and No Cents (\$4,500.00), with no interest. This sum shall represent an award of interim attorney's fees.
8. Each party shall bear their respective costs, including attorneys' fees, with the exception of the award of interim attorney's fees contained in paragraph 7.
9. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$750.00 filing fee previously deposited by the Claimant, and Respondents Denton & Co., Inc. and Joseph L. Bachman, Jr. be and hereby are jointly and severally liable and shall pay to the National Association of Securities Dealers, Inc. the sum of ONE THOUSAND FIVE HUNDRED DOLLARS AND NO CENTS (\$1,500.00), as costs of the three (3) hearing sessions conducted in this matter. In addition, Respondents Denton & Co., Inc. and Joseph L. Bachman, Jr. be and hereby are jointly and severally liable and shall pay to the Claimant Oscar B. Hecklin the sum of Seven Hundred Fifty Dollars and No Cents (\$750.00) to

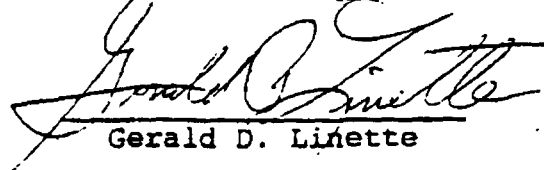
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offset the filing fee previously paid by the Claimant.

CONCURRING ARBITRATORS

  
Joseph R. Lally

  
Albert Mancini, Jr.

  
Gerald D. Linette

Dated: January 25, 1991