

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between :  
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Walter & Dorina Crepeau : AWARD  
: :  
Claimants : #89-01272  
vs. : :  
: :  
Gateway Securities, Inc. :  
Holmer P. Gronager :  
David E. Weston :  
Respondents :  
: :  
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Case Summary

Claimants alleged that Respondents entered the Claimants into unsuitable securities transactions and violated industry compliance rules in setting up Claimants' account. Claimants further alleged that Respondents Gateway Securities, Inc. and Holmer P. Gronager failed to exercise supervisory control when Respondent David E. Weston allegedly committed fraud in misrepresenting an investment to Claimants in a venture called the Christl Dolphin and failed to pay promised returns on monies that Claimants invested. Respondents Gateway Securities, Inc. and Holmer P. Gronager maintained that Claimants were fully informed of the risks of securities purchases by Claimants and did not receive any enumeration from Claimants' loan to David E. Weston for the Christl Dolphin investment venture which was allegedly a personal business venture of David E. Weston. Respondent David E. Weston maintained that the Claimants were aware of at all times and ratified activities in their account and denied Claimant suffered any losses from the Christl Dolphin investment.

Relief Requested

Claimants requested relief in the amount of \$108,822.00 plus interest, costs, and attorney fees on their first claim and \$62,500.00 plus treble damages, interest, costs and attorney fees on their second claim for relief. The treble damages were requested pursuant to alleged violations of the Massachusetts Consumer Protection Act. Respondents Gateway Securities, Inc. and Holmer P. Gronager requested relief as a counterclaim of \$26,214.00 for costs and expenses of defending the action. Respondent David E. Weston requested that the claim of the Claimants be dismissed.

Award

On December 11, 1989 in Boston, Massachusetts in two hearing sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants Walter Crepeau and Dorina Crepeau on April 26, 1989, by Respondent Gateway Securities, Inc. on July 13, 1989 and by Respondent Holmer P. Gronager on July 13, 1989. The initial claim was filed on May 1, 1989. A Submission Agreement was not signed by Respondent David E. Weston as required by Sections 12 and 25 of the Code of Arbitration Procedure despite due notice being given. The arbitrators, having considered the pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

1. Respondents Gateway Securities, Inc., Holmer P. Gronager, and David E. Weston are jointly and severally liable and shall pay to the Claimants the sum of Two Hundred Twenty Seven Thousand Two Hundred Fifty Dollars and No Cents (\$227,250.00). (This amount is inclusive of expenses and costs).
2. The counterclaim of Respondents Gateway Securities, Inc. and Holmer P. Gronager be and hereby is dismissed in its entirety.
3. The Motion to Strike of Respondents Gateway Securities, Inc. and Holmer P. Gronager be and hereby is dismissed in its entirety.
4. The parties shall each bear any respective attorney fees.
5. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall refund the \$750.00 filing fee previously deposited by the Claimant. All other forum fees are waived.

CONCURRING ARBITRATORS

Mark J. Levinson

David B. Salzman  
David B. Salzman

Robert Goldberg

CONCURRING ARBITRATORS

  
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WAL  
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