

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Rome and Nancy Arnold

89-03036

Name of Respondents

Shelter Rock Securities Corp.
Ray C. Rivera Jr.
Jack Skiddell
Grace Skiddell

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. ("NASD") on or about October 30, 1989 Rome and Nancy Arnold ("Claimants") alleged that Ray Rivera, Jr. ("Rivera") while employed at Shelter Rock Securities Corporation ("Shelter") engaged in unauthorized transactions in their account and failed to execute an order to liquidate. Specifically, Claimants alleged that Rivera sold without authorization \$279,000 worth of securities to purchase and/or carry positions in without authorization Choice Drug, Seguro Resources and New York Testing as well as units in Datronic, a limited partnership. Claimants also alleged that Choice Drug was not registered for sale in the State of Illinois, that Rivera failed to disclose certain facts in connection with the sale of Choice Drug and Seguro Resources.

In their joint Statement of Answer filed with the NASD on or about November 5, 1990, Respondents Shelter Rock Securities Corporation, Jack Skiddell and Grace Skiddell denied the allegations against them. Specifically, Jack and Grace Skiddell stated that they had no participation or connection with directly or indirectly with any transactions complained of. Respondents Shelter, Jack Skiddell and Grace Skiddell also asserted the following affirmative defenses among others; claimants have failed to state claims against them, authorization, and ratification,

In his Answer filed with the NASD on or about November 8, 1990, Respondent Rivera denied the allegations against him and stated that the transactions in dispute were authorized. Rivera further denied that he failed to disclose certain facts regarding the purchases of Choice Drug and Seguro Resources.

OTHER ISSUES

Claimant filed a motion to exclude Respondents from presenting any defenses pursuant to Section 25 of the NASD Code of Arbitration Procedure.

After considering the arguments presented by the parties the panel denied the motion.

RELIEF REQUESTED

Claimants requested an award in the amount of \$211,932.00, plus the amount of excessive markups, plus accrued interest, rescission of the \$100,000.00 unauthorized purchase of Datronic Equipment Income Fund XVI, L.P., plus fees and costs.

Respondents Shelter, Jack Skiddell and Grace Skiddell requested that the claims against them be dismissed.

Respondent Rivera requested that the claims asserted against him be dismissed and that he be awarded his costs and expenses including attorneys fees.

PROCEDURAL MATTERS

On November 15, 1990, November 16, 1990, January 22, 1991, January 23, 1991, February 12, 1991 and February 13, 1991 in Chicago, Illinois during a hearing lasting a total of fourteen (14) sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on May 10, 1989 by Claimants Rome and Nancy Arnold.

Respondents Shelter Rock Securities Corporation, Jack Skiddell, Grace Skiddell and Ray Rivera, Jr. did not file with the NASD properly executed submissions to arbitration but are required to submit to arbitration pursuant to Section 12 of the NASD Code of Arbitration Procedure and having answered the claim, appeared and testified at the hearing are bound by the determination of the arbitration panel on all issues submitted.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with the NASD.

AWARD

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:

1. Respondents Shelter Rock Securities Corporation, Jack Skidell and Ray Rivera shall be and hereby are jointly and severally liable for and shall pay to Claimant Nancy Arnold the sum of Ninety-Three Thousand Seven Hundred Twelve Dollars (\$93,712.00);
2. Interest at the rate of 5% per annum from and inclusive of October 30, 1989 to and inclusive of the date of this award;
3. All claims asserted against Grace Skidell shall be and hereby are

dismissed in their entirety;

4. No punitive damages are awarded herein;
5. Each party shall bear its own costs, expenses and attorneys fees incurred in this matter; and
6. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the hearing session deposit in the amount of \$100 0.00 previously deposited with the NASD by the Claimants.

Dated:

4/1/91

David Muschler, Esq.
Presiding Chair

4/4/91

Haralyn Isaac, Esq.

4/2/91

John Bodolay
Industry Arbitrator

Dated: 4/12/91