

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Eleanor Savage
John Savage, Sr.
John ("Jack") Savage, Jr.
Nancy Savage

90-00385

Name of Respondents

Chris Arenella
Shelter Rock Securities, Inc.
Wellshire Securities, Inc.
Equities International Securities, Inc.
Anthony L. Havens
Thomas A. Butterfield
George Eugene Cooper
Robert Edwin Cohen
Jack David Skidell
Grace Florence Skidell

Heard before:

John J. Jordan, Esq.

Public

REPRESENTATION

Claimants were pro se. Respondents Equities International Securities, Inc. and Anthony L. Havens were represented by Anthony L. Havens. Respondent Thomas A. Butterfield was represented by Richard J. Bennett, Esq.

CASE SUMMARY

This claim was initiated by a Statement of Claim filed with the National Association of Securities Dealers, Inc. ("NASD") on February 5, 1990. The Claimants, Eleanor, John Sr., John ("Jack") Jr., and Nancy Savage (collectively, the "Claimants") alleged that the Respondent Chris Arenella ("Arenella") made misleading statements and failed to provide important information concerning Diversified Foods, Inc. in order to induce the Claimants to purchase stock in Diversified. The Claimants alleged that the risks of the investment were never fully disclosed to them and that the investment was unsuitable, particularly with respect to Eleanor Savage. The Claimants also alleged that Respondents Thomas A. Butterfield ("Butterfield"), George Eugene Cooper ("Cooper") and Robert Edwin Cohen ("Cohen") improperly managed John ("Jack") Savage, Jr.'s account while at Respondent Wellshire Securities, Inc. ("Wellshire"), and that Cohen withheld

important information regarding Ventura, Inc. which prevented John Savage, Jr. from selling his Ventura stock and recouping some losses. The Claimants further alleged that Respondents Shelter Rock Securities, Inc. ("Shelter Rock"), Equities International Securities, Inc. ("Equities International"), Wellshire, Anthony L. Havens ("Havens"), Jack David Skidell and Grace Florence Skidell failed to properly supervise the activities of Arenella while in their respective employ.

Arenella contended that the recommendation to purchase Diversified Foods was made in good faith after researching the company, and that she believed it to be sound investment. Equities International and Havens denied the allegations made against them, and contended that the Claimants purchases of Diversified Foods and Ventura were not made at Equities International, and therefore they should not be held liable for the losses sustained with respect to these investments. Butterfield contended that John Savage, Jr. fully authorized all transactions in his account while at Wellshire, and that he handled his account in a fair and proper manner.

Respondents Shelter Rock, Wellshire, Cooper, Cohen, Jack David Skidell, and Grace Florence Skidell did not answer nor appear at the hearing.

RELIEF REQUESTED

Claimants requested actual damages of \$20,167.50. Respondents Arenella, Equities International, Havens, and Butterfield requested dismissal of all claims made against them. Butterfield also requested attorney's fees.

AWARD

On May 20, 1991, the undersigned arbitrator heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants Eleanor Savage, John Savage, Sr., John Savage, Jr. and Nancy Savage on March 24, 1990, by Respondent Arenella on July 17, 1990, by Respondents Equities International and Havens on February 7, 1991, by Respondent Butterfield on February 6, 1991, and not by Respondents Shelter Rock, Wellshire, Cooper, Cohen, Jack David Skidell, and Grace Florence Skidell as is required by Section 12 of the NASD's Code of Arbitration Procedure ("Code"). The hearing was conducted at the offices of the NASD in Philadelphia, PA, and consisted of one (1) hearing sessions. After considering the pleadings, the testimony, and the evidence presented at the hearing, the arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. In accordance with Section 25 of the Code, Respondents Shelter Rock, Wellshire, Cooper, Cohen, Jack David Skidell, and Grace Florence Skidell were served with copies of the Claim and amendments thereto, and afforded an opportunity to answer; none of the aforementioned filed an answer.
2. In accordance with Sections 21 and 26 of the Code, Respondents Shelter Rock, Wellshire, Cooper, Cohen, Jack David Skidell, and Grace Florence

Skidell were provided with the time, date and location of the hearing, as well as the name of the arbitrator and hearing procedures; none of the aforementioned appeared at the hearing nor requested an adjournment thereof, with the exception of Jack David Skidell. At the opening of the hearing on May 20, 1991, Jack David Skidell made a telephonic request to adjourn the hearing, the Chairman denied this request but afforded Mr. Skidell the opportunity to remain and participate throughout the entire course of the proceeding via a telephonic conference call hookup; Mr. Skidell declined and did not participate any further in the hearing.

3. In light of the foregoing, and pursuant to Section 29 of the Code and the by-laws of the NASD, the arbitrator determined to proceed with the arbitration of the controversy as if Respondents Shelter Rock, Wellshire, Cooper, Cohen, Jack David Skidell and Grace Florence Skidell had entered an appearance in this matter.

4. At the hearing, all Claimants voluntarily withdrew, with prejudice, all claims against Thomas A. Butterfield and Anthony L. Havens.

5. All claims against Equities International Securities, Inc. be and hereby are dismissed in their entirety.

6. All claims against George Eugene Cooper be and hereby are dismissed in their entirety.

7. All claims against Robert Edwin Cohen be and hereby are dismissed in their entirety.

8. All claims against Jack David Skidell be and hereby are dismissed in their entirety.

9. All claims against Grace Florence Skidell be and hereby are dismissed in their entirety.

10. Respondent Chris Arenella be and hereby is liable and shall pay to the Claimant Eleanor Savage the sum of Three Thousand Three Hundred Seventy Dollars and No Cents (\$3,370.00), inclusive of interest.

11. Respondent Shelter Rock Securities, Inc. be and hereby is liable and shall pay to the Claimant Eleanor Savage the sum of Three Thousand Three Hundred Seventy Dollars And No Cents (\$3,370.00), inclusive of interest.

12. Respondent Wellshire Securities, Inc. be and hereby is liable and shall pay to the Claimant John ("Jack") Savage, Jr. the sum of Five Hundred Thirty Dollars And No Cents (\$530.00), inclusive of interest.

13. All other claims asserted by the Claimants against Respondents Chris Arenella, Shelter Rock Securities, Inc., and Wellshire Securities, Inc. be and hereby are dismissed in their entirety.

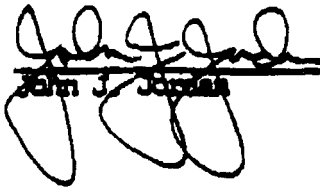
Page 4
NASD No. 90-00385
Savage Award

14. Each party shall bear their respective costs including attorneys' fees.

FOOTNOTES

Pursuant to Section 43c of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$400.00 filing fee previously deposited by the Claimants as costs of the one (1) hearing session conducted in this matter. In addition, Respondents Chris Arenella, Wellshire Securities, Inc., and Shelter Rock Securities, Inc. be and hereby are liable and each shall pay to the Claimant John ("Jack") Savage, Jr. the sum of One Hundred Dollars And No Cents to offset part of the filing fee previously deposited by the Claimants.

Arbitrator Signature


John J. Jordan

Date of Decision:

5/24/91