

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

---

In the Matter of the Arbitration Between

Name of Claimant(s)

Werner Santizo  
Wendy Santizo

vs.

90-03551

Name of Respondent(s)

Leonard Gall  
Camelot Investment Corporation  
RPR Clearing Services  
Rauscher Pierce Refsnes, Inc.

---

REPRESENTATION

For Claimants: Lloyd S. Wolf, Esq., Santa Monica, California

For Respondent/Cross-Respondent Camelot Investment Corporation: Edward T. Swanson, Esq., Los Angeles, California

For Respondents/Cross-Claimants RPR Clearing Services and Rauscher Pierce Refsnes, Inc.: Richard A. Rohan, Esq., Carrington, Coleman, Sloman & Blumenthal, Dallas, Texas

CASE INFORMATION

Statement of Claim filed: December 18, 1990

First Amended Claim filed: May 17, 1991

Second Amended Claim filed: February 10, 1992

Claimants' Submission Agreements signed on: December 3, 1990

Claimants' Amended Submission Agreements accompanying Claimants' First Amended Claim signed on: May 17, 1991

Statement of Answer filed by Respondent Camelot Investment Corporation: June 21, 1991

Respondent Camelot Investment Corporation's Submission Agreement signed on:

June 16, 1991

Joint Statement of Answer filed by Respondents RPR Clearing Services and Rauscher Pierce Refsnes, Inc.: July 22, 1991, on or about

Supplemental Response to Claimants' Amendment to Amended Statement of Claim filed by Respondents Rauscher Pierce Refsnes, Inc. and RPR Clearing Services: April 27, 1992

Supplemental Statement of Answer filed by Respondents Rauscher Pierce Refsnes, Inc. and RPR Clearing Services: June 23, 1992

Rauscher Pierce Refsnes, Inc.'s Submission Agreement signed on: July 22, 1991

Respondent RPR Clearing Services did not submit a Submission Agreement but is subject to National Association of Securities Dealers, Inc. (NASD) jurisdiction in accordance with Section 12 of the Code of Arbitration Procedure.

#### HEARING INFORMATION

Prehearing Conference(s) Date(s) Sessions: April 23, 1992 (one session)

Hearing Date/Sessions: May 12, 1992 (two sessions)  
May 13, 1992 (two sessions)  
July 14, 1992 (two sessions)

Hearing Location: Los Angeles, California

#### CASE SUMMARY

Claimants alleged Respondents 1) violated Securities Exchange Commission Rule 405, "Know your customer"; 2) violated Rule 10b-5 of the Securities Exchange Act of 1934, Employment of Manipulative and Deceptive Devices; 3) violated Over-The-Counter Markets Rule 15c 1-2, Fraud and Misrepresentation; and 4) failure to supervise and unsuitability with respect to Claimants' margin account.

Respondent Camelot Investment Corporation (Camelot) denied each and every material allegation contained in Claimants' Amended Statements of Claim.

Respondents RPR Clearing Services and Rauscher Pierce Refsnes, Inc. (RPR) denied any and all allegations of wrongdoing set forth in Claimants' Amended Statements of Claim. In their Cross-claim for indemnification against Camelot, Respondents RPR alleged that Camelot agreed that it would handle and resolve all complaints from its customers and further agreed to indemnify and hold RPR harmless from any and all losses or damages, including attorneys' fees, that may arise from complaints made by customers of Camelot.

RELIEF REQUESTED

Claimants requested:

1. Loss from sale of Circuit Systems and Armanino stock totaling \$54,514.27;
2. Fees for 2nd Trust Deed obtained in 1990 to pay for stock purchases totalling \$10,234.12;
3. Penalty for early withdrawal of IRAs to pay for stock purchases in the amount of \$898.11;
4. Visa card interest charges for monies used to pay for stock purchases in the amount of \$885.83;
5. Fees to refinance home in 1992, consolidating 1st and 2nd trust deeds totalling \$4,059.50;
6. Consulting fees charged by Leonard Gall in the amount of \$4,487.00;
7. Property tax penalty for late payment in the amount of \$193.03;
8. Filing fees for NAGL Arbitration in the amount of \$950.00;
9. Incidental costs totalling \$162.09;
10. Award \$50,000.00 to Werner and Wendy Santizo for 1-1/2 years of emotional stress;
11. Award Werner and Wendy Santizo punitive damages of \$300,000.00;
12. Award attorneys fees in the amount of \$25,000.00, or as proven at the time of hearing;
13. Award investigative fees in the amount of \$10,000.00, or as proven at the time of hearing; and
14. Award Werner and Wendy Santizo all other necessary relief, as proven at the time of hearing.

Respondent Camelot requested:

1. Dismissal of Claimants' claims in their entirety and that Camelot be awarded reasonable attorneys' fees incurred in the defense of Claimants' claims.

Respondents RPR requested:

1. That Claimants' claims be dismissed in their entirety, that costs and attorneys' fees be charged against Claimants, and for such other relief to which RPR may be entitled; and
2. That the panel award RPR its costs, including attorneys' fees, from Respondent Camelot pursuant to the written Clearing Agreement between Camelot and RPR.

OTHER ISSUES CONSIDERED & DECIDED

Claimants' Second Amended Claim advises that Respondent Leonard Gall has sought the protection of the bankruptcy courts, which stays all Claimants' proceedings against Leonard Gall. At the hearing, the panel of arbitrators were again advised of Leonard Gall's bankruptcy filing. Therefore, all

matters concerning Leonard Gall are indefinitely stayed without prejudice.

During a prehearing telephonic conference on April 23, 1992, the panel of arbitrators heard arguments by the parties' counsel relative to Respondents RPR's Request for Summary Dismissal. The panel denied the request.

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 originals remain on file with the NASD.

#### AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents Camelot Investment Corporation, RPR Clearing Services and Rauscher Pierce Refsnes, Inc. are jointly and severally liable for and shall pay to Claimants the sum of \$52,500.00 plus interest at the legal rate from October 1, 1990 until payment of Award, in satisfaction of Claimants' claims.
2. Claimants' claim for punitive damages is dismissed.
3. Respondents RPR Clearing Services' and Rauscher Pierce Refsnes, Inc.'s cross-claim for indemnification against Respondent Camelot Investment Corporation is granted. Therefore, Respondent Camelot Investment Corporation is liable for and shall reimburse RPR Clearing Services and Rauscher Pierce Refsnes, Inc. for their portion of any sums paid to Claimants.
4. The parties shall each bear their respective costs including attorney's fees.

#### OTHER COSTS

None.

#### FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following forum fees are assessed: The NASD shall retain the \$750.00 hearing session deposit previously deposited by the Claimants as well as the \$750.00 hearing session deposit previously deposited by Respondents RPR Clearing Services and Rauscher Pierce Refsnes, Inc. as an assessment of forum fees for two sessions. Forum fees assessed against:

Respondents Camelot Investment Corporation, RPR Clearing Services and

Rauscher Pierce Refsnes, Inc. jointly and severally, in the amount of \$3,300.00, calculated as follows: Six hearing sessions times \$750.00/session plus one prehearing session times \$300.00/session minus the \$750.00 hearing session deposit previously paid by the Claimants and minus the \$750.00 hearing session deposit previously paid by Respondents RPR Clearing Services and Rauscher Pierce Refsnes, Inc.

Fees are payable to the National Association of Securities Dealers, Inc.

ARBITRATION PANEL

Public/Industry

q.

Public Arbitrator  
Public Arbitrator  
Industry Arbitrator

Concurring Arbitrators' Signature

:   
\_\_\_\_\_  
Lambert M. Javelera, Esq.

— DATE SERVED: 09/21/92

\_\_\_\_\_  
\_\_\_\_\_  
Date of Decision: 7/14/92