

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Ruth E. Beck

No. 91-00981

Name of Respondents

Edward D. Jones & Co.
John Bachman
Ronald J. Scariano

REPRESENTATION OF PARTIES

For Claimants: Ruth E. Beck appeared pro se.

For Respondents: Cynthia Doria, Esq., Assistant General Counsel,
Edward D. Jones & Co.

CASE INFORMATION

Statement of Claim filed: March 26, 1991.

Claimant's Submission Agreement signed on: February 12, 1991.

Joint Statement of Answer filed by Respondent, Edward D. Jones & Co., John Bachman and Ronald J. Scariano on: May 10, 1991.

Respondent Edward D. Jones & Co.'s Submission Agreement signed on: April 30, 1991.

Respondent John Bachman's Submission Agreement signed on: April 17, 1991.

Respondent Ronald J. Scariano's Submission Agreement signed on: April 23, 1991.

HEARING INFORMATION

Pre-Hearing conference held: February 14, 1992. 1 session.

Hearing date: February 21, 1992. 1 session.

Hearing Location: Kansas City, Missouri.

CASE SUMMARY

Claimant Ruth E. Beck ("Claimant") alleged mismanagement of her savings, unsuitable investments, breach of contract, and misrepresentation by a broker employed with Respondent Edward D. Jones & Co. ("EDJ"), namely, Respondent Ronald J. Scariano ("Scariano"), in relation to Claimant's account at EDJ. Claimant further alleged that her investment strategy had been capital preservation, and a modest income. Claimant alleged that Scariano had placed her in high risk investments, such as: Colonial High Yield Securities; Colonial Option Income Fund; Colonial High Yield and Option Income; Petro Lewis Funds, Inc.; American Royalty Trust; and Putnam High Yield Trust. Claimant next alleged that in March of 1985, Respondent and Claimant agreed that Respondent would sell the Petro-Lewis stock to minimize her loss. It was asserted that the sale never took place. Lastly, Claimant alleged that in 1985 Scariano had promised to reimburse Claimant for her losses. Claimant stated that she had never been reimbursed, and that EDJ should also be held liable for the promise made by Scariano.

In Respondent's Statement of Answer, Respondents denied liability to Claimant on any allegation made in her statement of claim. Respondents further stated that the claim brought by the Claimant was barred by the NASD eligibility requirements as well as state and federal laws. Respondents further stated that Claimant received distributions from her investments, and did not disclose the distributions in the Statement of Claim.

RELIEF REQUESTED

Claimant requested that the panel award her the sum of \$24,444.00.

Respondents requested that Claimant's Statement of Claim be dismissed in its entirety.

OTHER ISSUES CONSIDERED & DECIDED

On February 14, 1992, a telephonic pre-hearing conference was held between the parties with the Chairman present. The conference was held to consider, among other discovery matters, the substantive issue of Respondents' motion to dismiss Claimant's Statement of Claim. After hearing argument from both parties, and deliberation, the Chairman dismissed Claimant's claims against Respondent John Bachman and Claimant's claims

claims against Edward D. Jones & Co. The Chairman further ordered the hearing to proceed against Respondent Ronald J. Scariano based on a breach of contract alleged in Claimant's Statement of Claim.

Claimant filed a motion to reconsider the order dismissing Edward D. Jones & Co. from this arbitration. Respondents Ronald J. Scariano and Edward D. Jones & Co. filed a response containing an argument for dismissal of Ronald J. Scariano based on Section 15 of the NASD Code of Arbitration Procedure, and Montana Statute Section 27-2-202. After consideration of the motion and response, the Chairman denied the motion for reconsideration, and decided to take Respondents' statute of limitations argument under advisement and rule upon it in the final determination of the above-referenced matter.

The parties have agreed that the Award in this matter may be executed by a counterpart copy 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 remains on file with the NASD.

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing and the post-hearing submissions, the undersigned arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimant Ruth E. Beck's claims against Respondents Edward D. Jones & Co., John Bachman, and Ronald J. Scariano are hereby dismissed and denied; and
2. Respondent Ronald J. Scariano is liable for all hearing costs as set forth more fully below.

FORUM FEES

Pursuant to Section 43 (c) of the NASD Code of Arbitration Procedure, the following forum fees are assessed:

- 1 pre-hearing conference session X \$300.00 = \$300.00
- 1 hearing sessions X \$300.00 = \$300.00

Pursuant to Section 43 (c) of the Code of Arbitration, the NASD shall retain the nonrefundable filing fee in the amount of \$100.00, and shall retain the hearing session deposit in the

Respondent Ronald J. Scariano is liable for, and shall pay to Claimant Ruth E. Beck the sum of \$400.00 which constitutes the hearing costs previously paid to the NASD by the Claimant.

Pursuant to Section 43 (c) of the Code of Arbitration Procedure, Respondent Ronald J. Scariano is liable for, and shall pay to the NASD the sum of \$300.00 for the remaining hearing session costs of this arbitration.

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

Dated:

February 21, 1992

/s/Mark D. Wasserstrom
Mark D. Wasserstrom
Presiding Chair
Public Arbitrator