

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)
Hiram & Henrietta Walker,

91-01584

Name of Respondent(s)
Cowles, Sabol & Company, Inc.,
William Seminario,
Molly Carol Wilson
William Sabol

REPRESENTATION

For Claimant: Frederick D. Huebner, Esq. of Helsell, Fetterman, Martin, Todd & Hokanson

For Respondent: Carl J. Carlson, Esq. of Talmadge and Cutler

Respondent, Molly Carol Wilson, did not appear and was not represented at the hearing

CASE INFORMATION

Amended Statement of Claim filed on November 25, 1991

Joint Statement of Answer and Counter-Claims and Cross-Claims filed on February 20, 1992

Claimants' Submission Agreement signed on August 12, 1991

Respondent, William Sabol's Submission Agreement signed on December 31, 1991

Respondent, Cowles, Sabol & Co., Inc.'s Submission Agreement signed on December 31, 1991

Respondent, Molly Carol Wilson, did not file an answer or file a Submission Agreement

HEARING INFORMATION

Hearing Date(s)/Sessions:	April 8, 1992 -	Two Sessions
	April 9, 1992 -	Two Sessions
	April 10, 1992 -	Two Sessions
	April 17, 1992 -	Two Sessions
	Total Sessions:	Eight

Location: Seattle, Washington

CASE SUMMARY

Claimants, Hiram and Henriette Walker (Walker), brought this claim against Molly Carol Wilson (Wilson), their former broker; Cowles, Sabol & Co., Inc., (Cowles) the brokerage that employed her; William Sabol, (Sabol) the Chairman and Chief Compliance Officer of Cowles, Sabol; and William Seminario, the registered representative who replaced Wilson as the Walkers' stockbroker at Cowles. The Walkers are asserting claims for violation of the Federal and Washington State Securities Acts; The Washington Consumer Protection Act; common law negligence, and breach of fiduciary duty. The Walkers' claims arise from churning and unsuitable trading in their brokerage account; from respondents' failure to exercise reasonable compliance and supervision over Molly Wilson; from respondent's failure to disclose their knowledge that Molly Wilson was suspended from her state license on grounds of suspicion of theft from her customers' accounts; and from Wilson's resulting theft of \$65,000.00 from the Walkers.

Respondents, Cowles, Sabol & Company, William L. Sabol, and William Seminario, answering jointly, deny any responsibility for the alleged theft by Wilson, and deny that they failed to warn Walker of Wilson's being barred from trading securities.

Respondent, Cowles, Sabol & Co. deny that they failed to properly supervise Respondent, Seminario and that there was churning and unsuitable investments made.

Respondents, William Sabol and William Seminario claim against Claimant Walker for mental distress and for lost time and personal inconvenience

Respondents, William Sabol and William Seminario claim against Molly Wilson for indemnification

RELIEF REQUESTED

Claimants seek to recover an award of actual damages, statutorily authorized treble damages, punitive damages, prejudgment interest, costs and attorneys' fees.

Respondents, Sabol and Seminario, seek dismissal of the claim in its entirety, costs, plus damages, by way of counter claim, against Walker, in an amount to be proven at the hearing.

OTHER ISSUES CONSIDERED & DECIDED

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

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, Molly Carol Wilson, Cowles, Sabol & Co., Inc., and William Sabol, are jointly and severally liable and shall pay to Claimants, Hiram V. Walker and Henriette Walker, the sum of Fourteen Thousand, Nine Dollars and Sixteen Cents (\$14,009.16).
2. Each and every claim of Claimants, Hiram V. Walker and Henriette Walker, against respondent, William Seminario, is dismissed.
2. The Counter-claim of William Seminario against Claimants is dismissed.
3. The Cross-claim against Respondent, Molly Carol Wilson, is dismissed.
4. Claimants' claim for punitive damages is denied.
5. The parties shall each bear their respective costs and fees, including attorneys' fees.

FORUM FEES

Pursuant to Section <43c> of the Code of Arbitration Procedure, the following Forum Fee(s) are assessed:

Claimant, Hiram V. Walker and Henriette Walker, are assessed and shall pay to the NASD the sum of \$850.00, representing one-half of the assessments for eight regular hearing sessions at \$750.00/each, less the previously deposited \$750.00

Respondents, Cowles, Sabol & Co, Inc., William Sabol, William Seminario and Molly Carol Wilson, are jointly and severally assessed and shall pay to the NASD the sum of \$1,600.00 representing an assessment of one-half of the total of \$3,200.00

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

ARBITRATORS

Public/Industry
Industry
Public
Public

s' Signatures

DATE SERVED: 06/19/92

Eric A. Chippinelli

Date of Decision: June 9, 1992