

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

JUL 2 1992

Name of Claimants

Eldon P. Howard and Therese A. Howard

and

91-02057

Name of Respondents

Larry Malan Chatterley, Consolidated
Investment Services, Inc. f/k/a
Interfinancial Securities a/k/a
Interfinancial Services f/k/a
Innovative Financial Services,
Mary Kersey-Hood, William Hood, and
VSR Financial Services, Inc.

REPRESENTATION OF PARTIES

Claimants were represented by Gene R. Thornton, Esq. of Hopper and Kanouff, Denver, Colorado.

Respondent Consolidated Investment Services, Inc. was represented by Daniel J. Post, Esq. of Consolidated Investment Services, Inc., Littleton, Colorado.

Respondents VSR Financial Services, Inc., William Hood and Mary Kersey-Hood were represented by J. Michael Dryton, Esq. of Wassberg & Gallagher, Kansas City, Missouri.

CASE INFORMATION

The Statement of Claim was filed on or about July 2, 1991. Claimants' Submission Agreement signed on June 24, 1991 by Eldon P. Howard and Therese A. Howard.

Statement of Answer filed by Respondent, Consolidated Investment Services, Inc. on or about October 9, 1991. Respondent Consolidated Investment Services, Inc.'s Submission Agreement signed on November 27, 1991 by Norman P. Rounds.

Answer of Respondents VSR Financial Services, Inc., William Hood and Mary Kersey-Hood filed on or about October 18, 1991. Respondent William Hood's Submission Agreement signed on October 15, 1991. Respondent Mary Kersey-Hood's Submission Agreement signed on October 15, 1991. Respondent VSR Financial Services, Inc.'s Submission Agreement signed on November 26, 1991 by James M. Stanfield.

HEARING INFORMATION

The hearing was held on Monday, June 22, 1992 for three (3) sessions, Wednesday, July 1, 1992 for three (3) sessions and Thursday, July 2, 1992 for two (2) sessions in Denver, Colorado for a total of eight (8) sessions.

CASE SUMMARY

Claimant alleged that Larry Malan Chatterley, an employee of Consolidated Investment Services, Inc. made unsuitable and fraudulent sale of securities to them. Claimants also alleged that Respondents VSR Financial Services, Inc., William Hood and Mary Kersey-Hood participated in a "sham" arbitration, as part of a fraudulent scheme to hinder and delay them in bringing their claims to the attention of legitimate authorities. Claimants specifically alleged that the purchases of National Completion Fund, Nuveen Tax Exempt Bond Fund, PLM Transportation Equipment Partners VB, Sierra Real Estate Equity Trust '84, and Tri Fund Limited Partnership were unsuitable and entered into as a result of the misrepresentations of Mr. Chatterley.

Claimant asserted claims under the following legal theories: violation of the NASD Rules of Fair Practice; Colorado Securities Act; Arizona Securities Act; common law fraud, misrepresentation and omission, and conspiracy to defraud; negligence; breach of fiduciary duty; doctrine of respondeat superior; and civil conspiracy.

Respondent Consolidated Investment Services, Inc. stated that the claims are time barred by the applicable statutes of limitation.

Respondents VSR Financial Services, Inc., William Hood and Mary Kersey-Hood denied the allegations asserted against them. Respondents VSR Financial Services, Inc., William Hood and Mary Kersey-Hood specifically denied that any representations were made to the Claimants with respect to their meeting serving in any manner as an "arbitration" of their claims against Mr. Chatterley of Consolidated Investment Services, Inc. These respondents also stated that the Claimants have failed to state a claim against them.

RELIEF REQUESTED

Claimants requested an award of rescission or damages against each of the Respondents, jointly and severally, in the approximate amount of \$55,000.00, pre-award and post-award interest, treble damages, punitive damages, costs, expert witness fees, and attorney's fees.

At the commencement of the hearing the Claimants amended their

requested relief to an award in the amount of \$201,593.00, treble damages and punitive damages.

Respondents VSR Financial Services, Inc., William Hood and Mary Kersey-Hood requested that the claims asserted against them be dismissed.

OTHER ISSUES CONSIDERED & DECIDED

Respondent Larry Malan Chatterley was dismissed without prejudice from this proceeding as a result of the bankruptcy stay in effect.

At the commencement of the hearing the panel considered the motions to dismiss presented on behalf of respondents. After considering the arguments presented on behalf of the respective parties, the panel took the motions to dismiss which were based upon Section 15 of the NASD Code of Arbitration Procedure and the respective statutes of limitation under advisement and denied the Motion to Dismiss based on the fact that Gene R. Thornton, Esq., Claimants counsel, is a member of the NASD arbitrator pool.

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.

Respondents requested that the arbitration panel make findings of fact in this award. The panel has determined to not include findings of fact in this award.

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. All claims asserted herein shall be and hereby are dismissed in their entirety.
2. Each party shall bear its own costs, expenses, and attorney's fees incurred in this matter not specifically enumerated herein.

FORUM FEES

Pursuant to Section 43(c) of the NASD Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. ("NASD") shall retain the non-refundable filing fee in the amount of \$200.00 and shall retain the hearing session deposit in the

amount of \$750.00 previously deposited with the NASD by the Claimant. Claimant shall pay to the NASD the sum of \$3,250.00 (Three thousand two hundred fifty dollars) and Respondent Consolidated Investment Services, Inc. shall pay to the NASD the sum of \$2,000.00 (Two thousand dollars).

Forum fees are calculated at the rate of \$750.00 per hearing session and \$300.00 for each prehearing conference, if any.

The NASD shall retain postponement fees previously deposited with the NASD by the parties.

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

Dated:

July 17, 1952

Thaddeus J. Tecza, Ph.D
Presiding Chair
Public Arbitrator

John Fleming Kelly, Esq.
Public Arbitrator

Joseph M. Costello
Industry Arbitrator

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Page 4 of 4

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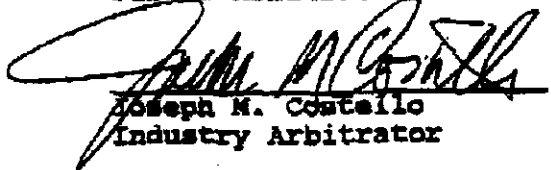
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7/23/92