

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between :
Viva J. Martin and James E. Bryant :
Claimants : CASE #92-00405
vs. : AWARD
Garrett L. Farnsworth :
Jeff Chatfield :
Respondents :

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on February 3, 1992, Claimants Viva J. Martin and James Bryant, who appeared Pro Se, alleged that on July 24, 1990 Respondent Jeff Chatfield advised Claimant Viva J. Martin that he could purchase 4,000 shares of Akers Medical Tech. stock for approximately \$.25 per share whereby Claimant Viva J. Martin agreed to this purchase and subsequently, when Respondent Jeff Chatfield notified her he made this purchase for \$.32 1/2, he gave a hard sell as to why she should be happy to receive this price, at which time, Claimant Viva J. Martin had already sent a check for \$1,000.00 to OTRA Securities Group, Inc., and let the purchase stand. Claimant Viva J. Martin further alleged that when she received her account statement from OTRA Securities Group, Inc., the given market value was only \$271.68 and Respondent Jeff Chatfield had incorrectly opened her account in the name of Jean Martin, not Viva J. Martin as instructed. Claimant Viva J. Martin contended that Respondent Garrett L. Farnsworth fraudulently sold her 500 shares of Electronic Medical Management ("EMMI") for \$3,015.00 which was priced far over the market price. Claimant Viva J. Martin further contended that Respondent Garrett L. Farnsworth advised her to purchase an additional 500 shares of Electronic Medical Management and Claimants Viva J. Martin and James E. Bryant purchased a total of 1,000 shares together. Claimant Viva J. Martin asserted that Respondent Garrett L. Farnsworth solicited her to purchase 3,000 shares of Ceco Filter for \$5,911.50 with another "pie in the sky" story and this security was shown as having a market value of \$4,635.00 which was \$1,275.50 less than what she paid for it one day earlier. Claimant Viva J. Martin further asserted that the sale of EMMI was by false representations and is currently worthless. Claimant Viva J.

Martin further alleged that she never heard the term "mark up" in connection with stocks, and all of the Claimants' purchases dealt with "commissions". Claimants Viva J. Martin and James E. Bryant argued that Respondents Jeff Chatfield and Garrett L. Farnsworth were not honest in their dealings with them and used fraudulent measures to get Claimants into buying, therefore, Respondents are liable for their losses.

Respondent Garrett L. Farnsworth by and through his counsel Michael P. Cillo, Esq., of Davis & Ceriani, P.C., Denver, Colorado, maintained that Claimant Viva J. Martin purchased 500 shares of Electronic Medical Management and denies that the stock was overpriced or that he is responsible for any losses sustained by Claimants. Respondent Garrett L. Farnsworth further maintained that Claimant Viva J. Martin purchased 3,000 shares of Ceco Filters and denies that these shares were overpriced. Respondent Garrett L. Farnsworth contended that he worked as an assistant to Mr. David Dambro at all times pertinent hereto, and that he was introduced to Claimant Viva J. Martin through Mr. Dambro whereby he was advised that Claimant Viva J. Martin was interested in Electronic Medical Management, at which time, he contacted Claimant to introduce himself and subsequently, on July 12, 1990 Claimant Viva J. Martin purchased 500 shares for \$3,015.00. Respondent Garrett L. Farnsworth further contended that on September 27, 1990 he called Claimant Viva J. Martin to update her on her stock positions and after he commented on the fact that the price was going up, she advised him that she had a friend who might be interested in Electronic Medical Management. Respondent Garrett L. Farnsworth asserted that Claimants Viva J. Martin and James E. Bryant opened a joint tenants with a right of survivorship account and purchased 500 shares of Electronic Medical Management at \$7.00 per share. Respondent Garrett L. Farnsworth further asserted that on January 23, 1991 he called Claimant Viva J. Martin to give her an account update, at which time, Claimant Viva J. Martin advised Respondent Garrett L. Farnsworth that she received a press release regarding Ceco Filters and she was interested in purchasing 3,000 shares of Ceco Filters. Respondent Garrett L. Farnsworth argued that the purchase price of Ceco Filters included a 3/32 mark-up which was fair and reasonable under the circumstances. Respondent Garrett L. Farnsworth further argued that Claimant Viva J. Martin never complained about the price and he was unaware of her dissatisfaction until he received this Statement of Claim. Respondent Garrett L. Farnsworth further maintained that there is not a single shred of evidence to show that he had any idea that the stock would develop problems after he sold it to Claimants and the allegations of fraud are unfounded, therefore, Respondent Garrett L. Farnsworth is not liable for any losses sustained by Claimants.

Respondent Jeff Chatfield, who appeared Pro Se, maintained that it is his belief that Claimant Viva J. Martin purchased shares from another broker long before her association with him. Respondent Jeff Chatfield further maintained that Claimants claim does not in any way state the nature of the fraud Claimant Viva J. Martin claims Respondent Jeff Chatfield committed. Respondent Jeff Chatfield contended that he did advise Claimant Viva J. Martin that the market for Akers Tech was \$.25 per share but she entered an order as a "market" order whereby it was executed at \$.325 a share and Claimant Viva J. Martin accepted the order, therefore, Respondent Jeff Chatfield is not liable for any losses Claimants may have sustained.

RELIEF REQUESTED

Claimants Viva J. Martin and James E. Bryant requested \$10,000.00 in actual damages.

Respondent Jeff Chatfield requested the claim be dismissed.

Respondent Garrett L. Farnsworth requested the claim be denied.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, William J. Moran, was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants on January 29, 1992, by the Respondent Garrett Farnsworth on March 13, 1992 and by the Respondent Jeff Chatfield on March 5, 1992.

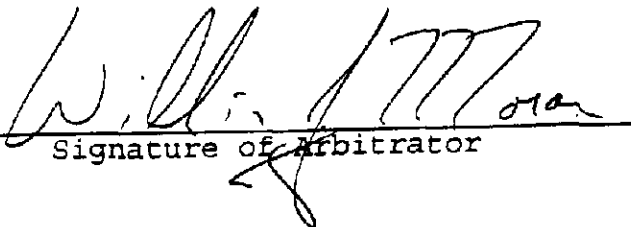
And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claims of Claimants Viva J. Martin and James E. Bryant against Respondents Garrett Farnsworth and Jeff Chatfield are dismissed.
2. The parties shall bear their respective costs.
3. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimants Viva J. Martin and James E. Bryant shall be retained by the NASD, Inc.

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AFFIRMATION

I, WILLIAM J. MORAN, do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.



Signature of Arbitrator

DATE OF DECISION: October 27, 1992