

N.A.S.D. FINAL ORDER**NATIONAL ASSOCIATION OF SECURITIES DEALERS**

National Association of
Securities Dealers, Inc.
NASD Financial Center
33 Whitehall Street
New York, N.Y. 10004
FAX (212) 858-4389

In the Matter of the Arbitration Between**Name of Claimants**

Ralph W. Boehms
Daniel Sverdlin

92-00441

Name of Respondents

Gregory Rizzo Traina
Chester James Padgett
Stuart Warren Graff

REPRESENTATION

For Claimants: Frank J. Evangelist, Esq. of Ornsten & Evangelist.

For Respondents, Chester James Padgett and Stuart Warren Graff: Donald T. Trinen, Esq. of Hart & Trinen.

For Respondent, Gregory Rizzo Traina: Steven N. Fuller, Esq. of Alfano & Allen.

CASE INFORMATION

Statement of Claim filed: February 4, 1992.

Claimant's Submission Agreement signed on: January 31, 1992.

Statement of Answer filed by Respondent, Gregory Rizzo Traina on: March 6, 1992.

Respondent, Gregory Rizzo Traina's Submission Agreement signed on: April 3, 1992.

Statement of Answer filed by Respondents, Chester James Padgett and Stuart Warren Graff on: March 11, 1992.

Respondent, Chester James Padgett's Submission Agreement signed on: March 2, 1992.

Respondent, Stuart Warren Graff's Submission Agreement signed on: March 9, 1992.

HEARING INFORMATION

Pre-Hearing Conference: July 7, 1992.

Hearing Dates/Sessions: July 15, 1992 - Two Sessions.
July 16, 1992 - One Session.

Hearing Location: NASD, Inc. - New York, NY

CASE SUMMARY

Claimants alleged that Respondents sold them securities which were unsuitable for them in light of their stated investment objectives. Claimants alleged that the Respondents engaged in excessive transactions to generate income for themselves. Claimants alleged that Respondents failed to disclose when they were taking Claimants out of conservative investments and placing them in stocks which were underwritten by Stuart James Company, the company for whom the Respondents worked. Claimants alleged that these stocks were sold at illegally high mark-ups and that they had little support in the over-the-counter market.

Respondent, Gregory Rizzo Traina, ("Traina") maintained that Claimant, Ralph W. Boehme, ("Boehme") advised him that he was a person of substantial worth whose investment objectives were speculation and growth. Traina maintained that the information regarding Boehme's investment objectives were clearly stated in a new account form which was sent to and verified by him. Traina denied that Boehme told him that he had limited monthly income, that he had no experience in investing and that he had limited principal assets.

Traina maintained that Boehme represented to him that he was still working and had available risk capital. Traina stated that Boehme told him that even if his available risk capital was lost, his lifestyle would remain the same.

Traina maintained that Claimant, Daniel Sverdlin ("Sverdlin"), also had stated his investment objectives as speculative, interest income and long-term growth with greater risk and greater yields. Traina maintained that this information was clearly stated in a new account form and was sent to and verified by Sverdlin.

Traina maintained that given the Claimants' stated investment objectives, all recommendations to them were suitable. Traina maintained that he often spoke to Claimants explaining the investments and discussing investment strategy. Traina denied Claimants' allegations of churning.

Respondents, Chester James Padgett ("Padgett") and Stuart Warren Graff ("Graff") denied any wrongdoing in connection with Claimants' accounts. Graff and Padgett maintained that they were the Chairman and President, respectively, of Stuart James Company which maintained more than 100,000 customer accounts and employed approximately 1,400 associated persons. Padgett and Graff denied that they had any responsibility with respect to the servicing of the Claimants' accounts and denied any supervisory duties in connection with the associated persons who serviced their accounts.

RELIEF REQUESTED

Claimant, Ralph Boehme, requested actual damages in the amount of \$105,057.00 plus attorneys fees and punitive damages.

Claimant, Daniel Sverdlin, requested actual damages in the amount of \$12,031.00 plus attorneys fees and punitive damages.

Respondent, Gregory Rizzo Traina, requested that the Statement of Claim be dismissed in its entirety and that the costs of this proceeding be awarded against the Claimants.

Respondents Stuart Warren Graff and Chester James Padgett requested that the Statement of Claim be dismissed in its entirety and that attorneys fees be awarded against the Claimants.

ORDER

Respondents, Padgett and Graff's Motion to Dismiss is granted. All claims against Padgett and Graff are hereby dismissed in their entirety.

Respondent, Gregory Rizzo Traina's Motion to Dismiss all Claims is hereby granted. All claims against Traina are hereby dismissed in their entirety.

Each party shall bear their respective costs of this action, including attorney's fees.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed.

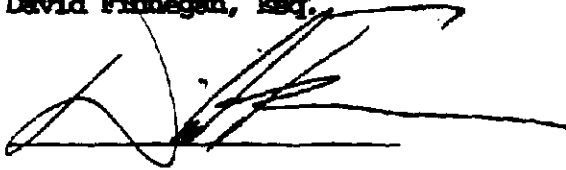
Filing Fee:	\$ 200.00
Pre-hearing Conference:	\$ 300.00
Three Hearing Sessions:	<u>\$2,250.00</u>
TOTAL:	\$2,750.00

1. Each party to this action is hereby assessed 1/5 of the total forum fees in this action.
2. Claimant Ralph Boehme is hereby liable in the amount of \$550.00. Claimant Daniel Sverdlin is hereby liable in the amount of \$550.00. Claimants are entitled to offset this amount with the \$950.00 already paid to the NASD. Therefore, Claimants shall pay to the NASD the balance of \$150.00 (ONE HUNDRED FIFTY DOLLARS AND 00/XX).
3. Respondent, Gregory Rizzo Traina, is hereby liable and shall pay to the NASD the sum of \$550.00 (FIVE HUNDRED FIFTY DOLLARS AND 00/XX).

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4. Respondent, Stuart Warren Graff, is hereby liable and shall pay to the NASD the sum of \$550.00 (FIVE HUNDRED FIFTY DOLLARS AND 00/XX).
5. Respondent, Chester James Padgett, is hereby liable and shall pay to the NASD the sum of \$550.00 (FIVE HUNDRED FIFTY DOLLARS AND 00/XX).

Concurring Arbitrator' Signature
David Finnegan, Esq.

A handwritten signature in dark ink, appearing to be 'David Finnegan', written over a horizontal line.

Public Chairperson

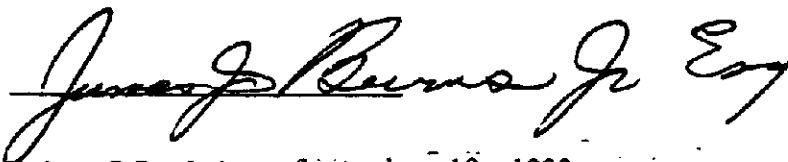
Date of Decision September 10, 1992

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4. Respondent, Stuart Warren Graff, is hereby liable and shall pay to the NASD the sum of \$550.00 (FIVE HUNDRED FIFTY DOLLARS AND 00/XX).
5. Respondent, Chester James Padgett, is hereby liable and shall pay to the NASD the sum of \$550.00 (FIVE HUNDRED FIFTY DOLLARS AND 00/XX).

Concurring Arbitrator' Signature
James J. Burns, Jr., Esq.

Public Arbitrator



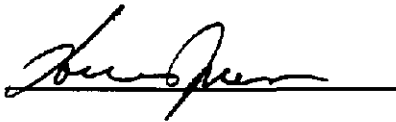
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4. Respondent, Stuart Warren Graff, is hereby liable and shall pay to the NASD the sum of \$550.00 (FIVE HUNDRED FIFTY DOLLARS AND 00/100).
5. Respondent, Chester James Padgett, is hereby liable and shall pay to the NASD the sum of \$550.00 (FIVE HUNDRED FIFTY DOLLARS AND 00/100).

Concurring Arbitrator's Signature
Louis Green, CPA

Industry Arbitrator



Date of Decision September 10, 1992

STATE OF NEW YORK
COUNTY OF NEW YORK

.s.:

On this 9th day of September, 1992, before me personally appeared David Finnegan known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

Maria Campese

STATE OF NEW YORK
COUNTY OF NEW YORK

.s.:

On this 9th day of September, 1992, before me personally appeared Louis Green known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

MARIA A. CAMPESE
Notary Public, State of New York
No. 52-4965360
Qualified in Suffolk County
Commission Expires April 16, 1994

Maria Campese

STATE OF NEW YORK
COUNTY OF NEW YORK

.s.:

On this 9th day of September, 1992, before me personally appeared James J. Burns, Jr. known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

MARIA A. CAMPESE
Notary Public, State of New York
No. 52-4965360
Qualified in Suffolk County
Commission Expires April 16, 1994

Maria Campese

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