

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

 In the Matter of the Arbitration Between :

Joseph C. Chawes :

Claimant :

vs. :

Commonwealth Equity Services, Inc. :
 Maurice R. Senechal :

Respondents :

CASE #92-00755
 AWARD

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on March 3, 1992, Claimant Joseph C. Chawes, who appeared Pro Se, alleged that Respondent Commonwealth Equity Services, Inc. through it's Registered Representative, Respondent Maurice R. Senechal misrepresented to him information regarding Equitec, which he invested in, and later discovered was inappropriate and not in accordance with his investment objectives. The Claimant further alleged that it was never disclosed to him that the return of the purchase price of the shares, as was represented to him, reflected benefits of tax sheltering for high income persons purchasing for other tax-deferred accounts, meaning he would never realize the return that was represented to him. The Claimant contended that his account statements valued his account at \$7,500.00 and he believed this to be correct, therefore, he did not have a reason to question the appropriateness of the investment at the time.

Respondent Commonwealth Equity Services, Inc. through it's in-house counsel, Priscilla A. Daniels, Esq., maintained that all investments purchased through the firm were perfectly suitable investments for Individual Retirement Accounts, and that neither the firm or its employees possessed discretionary authority over the Claimant's account.

Respondent Commonwealth Equity Services, Inc. also filed a crossclaim against Respondent Maurice R. Senechal in which it alleged Respondent Maurice R. Senechal entered into a written agreement wherein he agreed to indemnify Commonwealth Equity Services, Inc. for any damages of the kind outlined in the claim of the Claimant.

Respondent Maurice R. Senechal, who appeared Pro Se, maintained that the Claimant was a knowledgeable investor who owned and operated a title company. The Respondent further maintained that the Claimant did not complain--to him, and that Equitec furnished the Claimant with reports that detailed the problems in the market, and that the Claimant's account is worth more than he believes.

RELIEF REQUESTED

Claimant Joseph C. Chawes requested \$7,500.00 in actual damages.

Respondent Commonwealth Equity Services, Inc. requested the claims of the Claimant be dismissed, and that Respondent Maurice R. Senechal be held liable for any damages assessed against it.

Respondent Maurice R. Senechal requested the claims of the Claimant be dismissed.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Lucy J. Karl, Esq., was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on February 26, 1992, by the Respondent Commonwealth Equity Services, Inc. on April 24, 1992 and by Respondent Maurice R. Senechal on May 12, 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 the Claimant Joseph C. Chawes against Respondents Commonwealth Equity Services, Inc. and Maurice R. Senechal are dismissed in their entirety.
2. The crossclaim of Commonwealth Equity Services, Inc. against Maurice R. Senechal is dismissed in its entirety.
3. The parties shall bear their respective costs.
4. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant shall be retained

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by the NASD, Inc. The \$575.00 filing fee previously deposited by Respondent Commonwealth Equity Services, Inc. shall be retained by the NASD, Inc.

AFFIRMATION

I, LUCY J. KARL, ESQ., 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.

Lucy J. Karl
Signature of Arbitrator

DATE OF DECISION: October 27, 1992