

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Patrick H. & Gloria A. Seay

92-00830

Name of Respondents

J.W. Gant and Associates, Inc.

J.W. Gant Financial, Inc.

Sandra L. Solomon

Salvatore A. Venezia

Eric John Russell

Craig R. Wilson

Ross N. Lichter

REPRESENTATION

For Claimants Patrick H. and Gloria A. Seay ("Claimants"): Patrick H. Seay

For Respondents Sandra L. Solomon ("Solomon") and Salvatore A. Venezia ("Venezia"): Dean A. Aarestad, Esq. of Aarestad Brothers, P.C.

For Respondents J. W. Gant Financial, Inc., J.W. Gant & Associates, Inc. ("Gant"), Craig R. Wilson ("Wilson"), and Eric John Russell ("Russell"): Renan Sugarman, Esq.

Respondent Ross N. Lichter ("Lichter") appeared pro se

CASE INFORMATION

Statement of Claim filed: March 9, 1992

Claimants' Submission Agreement signed on: March 6, 1992

Joint Statement of Answer filed by Respondents J.W. Gant & Associates, Inc., Russell and Wilson (collectively referred to as "Gant Respondents") on: May 28, 1992

Wilson's Submission Agreement signed on: May 26, 1992

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Venezia's Submission Agreement executed on June 10, 1992.

Solomon's Submission Agreement executed on June 10, 1992.

Respondents Gant, Russell and Lichter did not sign Submission Agreements.

HEARING INFORMATION

Hearing Dates/Sessions: November 18, 1992 - two sessions, November 19, 1992 - two sessions and November 20, 1992 - one session.

Hearing Location: NASD Office, Philadelphia, PA

CASE SUMMARY

Claimants alleged that during 1988 and 1989 that they were subjected to theft by deception in the sale of speculative, high risk stocks. Claimant alleged that Respondents committed fraud by telephone and the U.S. Mail. Claimants alleged that Respondents placed Claimants in unsuitable stocks and that Respondents employed unethical sales tactics to induce Claimant's to purchase unsuitable stocks. Claimants alleged that Respondents made material misrepresentations to the Claimants and that Respondents failed to disclose material facts to the Claimants and continually misrepresented the value of the stocks held in Claimants' account. Claimants' alleged that Respondents churned Claimants' account. Claimants alleged that Respondents placed Claimants' in highly speculative and risky stocks even though Respondents knew it was contrary to Claimants' stated investment objectives. Claimants alleged that Respondents failed to execute Claimants' orders in a timely fashion and that Respondents unreasonably delayed making payment to Claimants when they sold Claimants' stocks. Claimants alleged that Respondents executed unauthorized transactions in their account. Claimants alleged that Respondents charged the Claimants excessive mark ups without Claimants' knowledge or consent. Claimants alleged that the management of Gant failed to properly supervise its employees and failed to properly supervise the handling of Claimants' account.

Respondents Solomon and Venezia maintained that they never had any personal involvement with regard to activities complained about by Claimants. Solomon and Venezia maintained that they had no supervisory responsibility over the handling of Claimants' account. Solomon and Venezia maintained that Claimants' investment objective was to purchase securities that would provide growth with risk. Solomon and Venezia maintained that all investments made by the Claimants were in accordance with their stated investment objective. Solomon and Venezia denied all allegations of theft by deception as set forth by Claimants in the sale of speculative

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high risk stock, fraud by telephone and U.S. Mail, churning of stock, violations of signed agreements with respect to the sale of highly speculative high risk stock without Claimants' knowledge, excessive or frequent trading, failure to sell stock in a timely fashion, execution of unauthorized transactions, unreasonable delays in payment and excessive mark ups. Solomon and Venezia maintained that Claimants did not deal directly with them and that Claimants' have not drawn a proper nexus between Claimants' account and Respondents Solomon and Venezia.

Respondents J.W. Gant Financial, Inc. ("Gant Financial") maintained that although it is a holding company for J.W. Gant & Associates, Gant Financial is not a broker-dealer or a member of the NASD so that Gant Financial is not subject to the jurisdiction of the NASD.

The Gant Respondents denied each and every allegation of wrongdoing alleged by the Claimants. Gant Respondents maintained that all purchases and sales were made in compliance with Claimants' stated investment objectives. Gant Respondents maintained that all purchases and sales were made in compliance with all applicable rules and regulations of the Securities and Exchange Commission and the NASD. Gant Respondents denied all allegation of theft by deception, fraud by telephone and U.S. Mails, churning of stock, violations of signed agreements, excessive trading, failure to sell stock in a timely fashion, execution of unauthorized transactions, unreasonable delays in payment and excessive mark-ups. Respondents Russell and Wilson maintained that they did not deal directly with Claimants and that Claimants have not drawn a proper nexus between Claimants' account at Gant with these Respondents.

Respondent Lichter did not submit a written answer; however, he attended the arbitration and verbally denied all allegations of wrongdoing by himself.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$93,823.78, treble damages in the amount of \$281,471.34, punitive damages of \$3,500,000.00 and that Respondents be directed to pay the total amount of damages awarded within 10 days or require the Respondents pay daily interest at a rate of 25% per annum.

Respondents Solomon and Venezia requested that Claimants' claim be dismissed and that they be awarded reasonable attorney's fees.

Gant Respondents requested that Claimants' claim be dismissed and that they be awarded reasonable attorney's fees.

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.

Pursuant to the by-laws of the NASD, the Panel decided that although Respondents Russell, Gant and Lichter did not execute submission agreements, they were required to do so. Notwithstanding their failure to submit executed submission agreements, Respondents Russell, Gant and Lichter are bound by the rulings and determinations of this Panel.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing and post hearing submissions (if any), the undersigned arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. That the Panel did not have jurisdiction over J.W. Gant Financial; therefore, with respect to this party no finding has been made.
2. That all claims against Respondents Salvatore A. Venezia, Sandra L. Solomon and Eric John Russell were to dismissed in their entirety.
3. That Respondents J.W. Gant & Associates, Inc., Craig R. Wilson and Ross N. Lichter are jointly and severally liable to the Claimants for interest at the rate of six percent (6%) simple interest per annum on the sum of \$24,803.75 from April 12, 1990 to April 3, 1991.
4. That Respondents J.W. Gant & Associates, Inc. and Craig R. Wilson are jointly and severally liable to the Claimants and shall pay to the Claimants the sum of \$34,236 plus interest at the rate of six percent (6%) simple interest per annum from January 8, 1990 to the date the award is paid.
5. Claimants claims for punitive and treble damages are denied in their entirety.
6. That all parties shall bear their respective costs, including attorney's fees.

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FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed:

That five hearing sessions were conducted in this matter at a cost of \$1000 per session for a total of \$5000 in forum fees. All forum fees are assessed against the Respondents jointly and severally so that Respondents shall pay to the National Association of Securities Dealers, Inc. forum fees in the amount of \$4,000. Furthermore, the Panel has determined that Respondents, jointly and severally, shall reimburse to Claimants their previously deposited hearing session deposit of \$1,000.

Concurring Arbitrator's Signature
Name

Public/Industry

Robert F. Sanville
Robert F. Sanville

Public

NASD Date of Decision: January 5, 1993

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Concurring Arbitrator's Signature
Name


Michel J. Landron, Esq.

Public/Industry



Date of Decision: December 23, 1992

NASD Date of Decision: January 5, 1993

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FORUM FEES

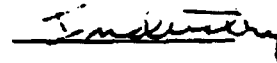
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Concurring Arbitrator's Signature
Name

Public: Industry


Charles W. Lake



Date of Decision: 12/23/92

NASD Date of Decision: January 5, 1993