

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Wallace H. Rosenbaum

Claimant

vs.

CASE #92-00917
ANARD

Chatfield Dean & Co., Inc.

Sanford Greenberg

Robert Lueke

William Lasley

Respondents

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on March 16, 1992, Claimant Wallace H. Rosenbaum, who appeared Pro Se, alleged that Respondent Robert Lueke, the registered representative for Respondent Chatfield Dean & Co., Inc. executed a purchase order for 250 shares of Royce Labs stock, pursuant to his instruction, and that the stock was sold for a profit a few days later, also in accordance with his instructions, but that after this purchase and sale, Respondent Robert Lueke called him to tell him the check he had used to pay for the stock had bounced. The Claimant further alleged that although he corrected this inadvertent situation within two hours, the Respondents Robert Lueke, William Lasley and Sanford Greenberg informed him that regulations dictated that he had to forfeit the proceeds. Claimant Wallace Rosenbaum contended that the Respondents have still not returned the bank draft he used to make good on the transaction.

Claimant Wallace Rosenbaum filed an addendum to his claim in which he added Chattfield Dean & Co., Inc. as a Respondent, and alleged that it is the entity whose name is on the checks his broker and the other Respondents receive, and therefore, is also liable in this matter.

Respondents, Sanford Greenberg, Robert Lueke and William Lasley, in a joint Statement of Answer, through their counsel, Stephen S. Kapnik, Esq. of Lohf, Shaiman & Ross, Denver, CO, maintained that the Claimant's purchase was cancelled to prevent him from "freeriding" his purchase and sale, which is against Rules

of the Association & Federal Law and Regulation. The Respondents further maintained that the firm had to buy in 250 shares of the stock to cover the short position, which created a loss in the account, and that the Claimant was given the difference between his check and the net loss incurred by Respondent Chatfield Dean & Co.

The Respondents also filed a Motion to Dismiss in which they requested they be removed from this action, since the claim is without foundation.

Respondents Chatfield Dean & Co., Inc., also through Stephen E. Kapnik, Esq., of Lohf, Shaiman & Ross, Denver, CO, maintained that it adopts the answer of the other Respondents that the Claimant tendered a short check and failed to pay for the securities by settlement date; therefore it had no alternative but to cancel the Claimant's purchase and treat the account exactly as it did.

RELIEF REQUESTED

Claimant Wallace H. Rosenbaum requested \$2,500.00 in actual damages.

Respondents Chatfield Dean & Co., Inc., Sanford Greenberg, Robert Lueke & William Lasley 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, Steven Samson, 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 March 3, 1992, by the Respondent Sanford Greenberg on May 29, 1992, by Respondent William Lasley as June 22, 1992 and by Respondent Robert Lueke on June 22, 1992, Respondent Chatfield Dean & Co., Inc. failed to sign a Submission Agreement as required by Sections 12 & 13 of the NASD Code of Arbitration Procedure.

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 Motion to Dismiss filed by Respondents Sanford Greenberg, Robert Lueke and William Lasley is granted. Therefore, the claims of Claimant Wallace H. Rosenbaum against the above

said Respondents are dismissed in their entirety.

2. Respondent Chatfield Dean & Co., Inc. is liable and shall pay to Claimant Wallace H. Rosenbaum, \$1,124.00 in actual damages.
3. The parties shall bear their respective costs and attorney's fees.
4. The \$50.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant shall be retained by the NASD, Inc.

AFFIRMATION

I, STEVEN SAMSON, 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.



Signature of Arbitrator

DATE OF DECISION: October 23, 1992