

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Selfridge Plating Inc., Howard Studaker

92-01123

Name of Respondent(s)

Chubb Securities Corporation
William F. Furest

REPRESENTATION

For Claimants Selfridge Plating Inc., Howard, Wanda & Craig Studaker TTEES: David M. Black, Esq. of Summers, Schwartz, Silver & Schwartz.

For Respondent Chubb Securities: Michael G. Vartainian of Dickenson, Wright, Moon, Van Dusan & Freeman.

For Respondent William F. Furest: James Daoust of Gline Daoust.

CASE INFORMATION

Statement of Claim filed: March 27, 1992.

Claimant Selfridge Plating Inc., and Howard, Wanda & Craig Studaker TTEES's Submission Agreement signed on: March 25, 1992.

Statement of Answer filed by Respondent Chubb Securities on: May 6, 1992.

Respondent Chubb Securities' Submission Agreement signed on: May 13, 1992.

Statement of Answer filed by Respondent William F. Furest on: June 1, 1992.

Respondent William F. Furest's Submission Agreement signed on: May 13, 1992.

HEARING INFORMATION

Hearing Dates/Sessions: October 20, 1992 / Two Sessions
 October 21, 1992 / One Session
 October 22, 1992 / Two Sessions
 December 10, 1992 / Two Sessions
 December 11, 1992 / Two Sessions
 December 15, 1992 / Two Sessions
 January 26, 1993 / Two Sessions
 January 23, 1993 / Two Sessions
 February 1, 1993 / One Session

Hearing Locations: Marriott Hotel, and Embassy Suites, Southfield, Michigan.

CASE SUMMARY

Claimants alleged that Respondent Furest represented to Claimant Studaker that he could assist Claimants in a number of financial areas, and he recommended that he be allowed to establish an ERISA Qualified Plan, and pursuant to that recommendation and in reliance on Respondent Furest's alleged expertise, Claimant Studaker authorized Respondent Furest to establish an ERISA Qualified plan, amend and restate the profit sharing plan and the Selfridge Plating Define Benefit Pension Plan. Claimants further alleged that Respondent Furest and Claimant Studaker as Trustee reached an agreement that (1) the Selfridge Plan would open an investment account with Respondent Chubb Securities, (2) Respondent Furest and his company, First Financial, would provide individual investment advice which would include management, strategy composition and diversification based upon the Selfridge Plating's needs and (3) such investment advice would be the primary basis for the investment decision. Claimants further alleged that Respondents breached their fiduciary duty to Claimants by failure to fully and fairly disclose all material facts and intentionally and/or recklessly failing to inform Claimants about the risks inherent in the investment strategy. Claimants further alleged that Respondents breached their fiduciary duty under ERISA, committed fraud under the 1934 Act, violated Rule 10b-5 and Michigan Blue Sky laws.

Respondent Chubb Securities maintained that they were not fiduciaries within the meaning of ERISA and that no misrepresentations or omissions of material fact were made. Respondent Chubb asserted the following defenses: statute of limitations and Claimants were negligent.

Respondent William F. Furest maintained that he or Chubb were not investment managers and no misrepresentations were made. Respondent First Financial asserted the defense of statute of limitations and Claimants were negligent.

RELIEF REQUESTED

Claimants requested \$500,000.00 in compensatory damages, attorneys' fees, costs, interest.

Respondent Chubb Securities requested all claims be dismissed and be awarded attorneys' fees.

Respondent William F. Furest requested all claims be dismissed and be awarded costs and attorneys' fees.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination:

1. Respondents Chubb Securities and William F. Furest be and hereby are liable, jointly and severally, and shall pay Claimants Selfridge Plating, Inc., Defined Benefit Pension Plan in the amount of \$255,000.00 inclusive of interest.
2. Claimant The Selfridge Plating, Inc. Defined Benefit Pension Plan be and hereby must assign all of its right, title and interest to all limited partnership, which were the subject matter of this transaction and which it still retained ownership of, as of February 1, 1993 to Respondents jointly and severally. The Respondents are required to apportion the assigned limited partnerships, as between themselves in a manner proportionate to such percentage of the Award a Respondent ultimately pays so as to avoid a windfall to any Respondent paying less than 50% of the Award.
3. This Award is rendered solely for the benefit of the Selfridge Plating, Inc. Defined Benefit Pension Plan and not for the benefit of Selfridge Plating, Inc. Howard Studaker or any of the other trustees personally.

FORUM FEES

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

Page 4
Award #92-01123

16 sessions x \$750.00 = \$12,000.00 less \$750.00 hearing
session deposit = \$11,250.00

Forum Fees Assessed Against:

Claimants Selfridge and Studaker be and hereby are liable, jointly and severally, and shall pay the NASD the sum of \$5,250.00 to represent forum fees.

Respondents Chubb Securities and William F. Furest be and hereby are liable, jointly and severally, and shall pay the NASD the sum of \$6,000.00 to **represent** forum fees.


The NASD shall retain the \$200.00 filing fee and \$750.00 hearing session deposit previously deposited by Claimant.

Fees are payable to the National Association of Securities Dealers, Inc.

ARBITRATOR SIGNATURES

Carole M. Crosby, Esq. / Chairperson
Public Arbitrator

William Dobreff, Esq.
Public Arbitrator



Brace K. Case, Esq.

16 sessions x \$750.00 = \$12,000.00 less \$750.00 hearing
session deposit = \$11,250.00

Forum Fees Assessed Against:

Claimants Selfridge and Studaker be and hereby are liable, jointly and severally, and shall pay the NASD the sum of \$5,250.00 to represent forum fees.

Respondents Chubb Securities and William F. Furest be and hereby are liable, jointly and severally, and shall pay the NASD the sum of \$6,000.00 to represent forum fees.

The NASD shall retain the \$200.00 filing fee and \$750.00 hearing session deposit previously deposited by Claimant.

Fees are payable to the National Association of Securities Dealers, Inc.

ARBITRATOR SIGNATURES

Carole M. Crosby, Esq. / Chairperson
Public Arbitrator



William Dobreff, Esq.
Public Arbitrator

Brace K. Case, Esq.

Page 4
Award #92-01123

16 sessions x \$750.00 = \$12,000.00 less \$750.00 hearing
session deposit = \$11,250.00

Forum Fees Assessed Against:


Claimants Selfridge and Studaker be and hereby are liable, jointly and severally, and shall pay the NASD the sum of \$5,250.00 to represent forum fees.

Respondents Chubb Securities and William F. Furest be and hereby are liable, jointly and severally, and shall pay the NASD the sum of \$6,000.00 to represent forum fees.

The NASD shall retain the \$200.00 filing fee and \$750.00 hearing session deposit previously deposited by Claimant.

Fees are payable to the National Association of Securities Dealers, Inc.

ARBITRATOR SIGNATURES

 3-4-93

Carole M. Crosby, Esq. / Chairperson
Public Arbitrator

William Dobreif, Esq.
Public Arbitrator

Brace K. Case, Esq.