

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimants

Robert M. & Virginia K. Butler

92-02515

Name of Respondents

Calvert Securities, Inc.

Conrad L. Richey

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CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on July 30, 1992. Claimants Robert M. & Virginia K. Butler, who appeared Pro Se, alleged that on July 1, 1987 Respondent Conrad L. Richey, their representative with Respondent Calvert Securities, Inc. solicited them to purchase 25 shares of Multi-Benefit Fund '87/1 Class A units for \$2,500.00 and 5 shares of Multi-Benefit Fund '87/1 Class B units for \$500.00 by assuring them that these limited partnerships were well managed operations with little or no leverage, at which time. Respondent Conrad L. Richey advised Claimants that he had already invested in these funds. Claimants further alleged that on August 2, 1989 they wrote to Respondent Calvert Securities, Inc. to inquire about their investigation of the Multi-Benefit Fund '87/1 whereby Claimants were concerned about the well being of their insurance company as well as their investment. Claimants contended that in October 1989 they received a reply from Calvert Securities, Inc. dated October 12, 1989 with a detailed explanation of their option of the Fund. Claimants further contended that in a March 31, 1990 letter, they once again reiterated their concerns about the apparent failure of Respondent Calvert Securities, Inc. to exercise due diligence in promoting this investment, and subsequently, on April 10, 1990 Respondent Calvert Securities, Inc. simply acknowledged receipt of their letter. Claimants asserted that on June 13, 1990, after receiving no reply to their March 31, 1990 letter, Claimants wrote to Mr. Vince P. Lavery requesting the return of their investment. Claimants further asserted that after July 3, 1990 they received a letter from Laurie Lennox of Respondent Calvert Securities, Inc. Compliance Department, which re-iterated a bit of the history and financial status of the Multi-Benefit Reality Fund. Claimant further alleged that on February 1, 1991 they wrote to Mr. Lavery of Acacia to request that Acacia begin litigation on behalf of its clients and shortly

thereafter, on March 7, 1991 Ms. Lennox wrote a letter to Claimants where again there was no acceptance of basic responsibility. Claimants further contended that on August 12, 1991 they wrote to the CEO of Consolidated Capital as suggested by Ms. Lennox, to inquire about insurance and other investments, whereby, in September 1991, Claimants received a letter from Ms. Lennox in answer to a telephone call to her to verify the address of Consolidated Capital. Claimants further alleged that they wrote many letters, which did not result in any action or result in their problems and they were enticed into investing into a limited partnership, a type of investment Claimants generally shied away from, by the assurance of their Acacia Life Insurance agent, Respondent Conrad L. Richey who served Claimants well in the field of insurance. Claimants further alleged that Respondents did this by falsely assuring them that Respondent Conrad L. Richey put his own IRA into this fund.

Respondent Calvert Securities, Inc. by and through their in-house counsel Laurie Lennox, Esq., maintained that Claimants Robert M. & Virginia K. Butler invested in the Multi-Benefit Realty Fund '87-1 program through Respondent Calvert Securities, Inc. and it's registered representative Respondent Conrad L. Richey, whereby Claimants received a prospectus and discussed the information contained in the prospectus with Respondent Conrad L. Richey prior to making their investment. Respondent Calvert Securities, Inc. further maintained that Respondent Conrad L. Richey has indicated to them that he never made the statement that he or any family members invested in the Fund; however, at least one family member and some other acquaintances of Respondent Conrad L. Richey did invest in prior programs. Respondent Calvert Securities, Inc. contended that it fulfilled it's responsibilities regarding reasonable due diligence, care, investment suitability and disclosure, and Respondent Calvert Securities, Inc. has found no evidence to indicate Respondent Conrad L. Richey or any affiliated party guaranteed the investment or made any promises of future performance.

Respondent Conrad L. Richey, who appeared Pro Se, maintained that he concurs with Respondent Calvert Securities, Inc. Statement of Answer. Respondent Conrad L. Richey further maintained that to the best of his recollection he said that he would consider investing his IRA into Multi-Benefits 87-1, however due to the tax law changes regarding IRA deductible contributions, he was not eligible for made deductible IRA contributions that year.

### **RELIEF REQUESTED**

Claimants Robert M. & Virginia K. Butler requested \$3,000.00 in actual damages plus reasonable interest.

Respondent Calvert Securities, Inc. requested the claim be denied.

Respondent Conrad L. Richey requested the claim be dismissed.

**AWARD**

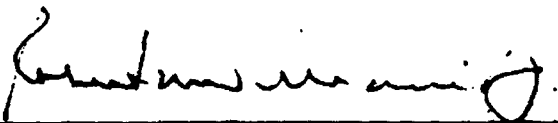
Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Robert A. Williams, Jr., was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants on August 14, 1992, by the Respondent Calvert Securities, Inc. on September 11, 1992 and by the Respondent Conrad L. Richey on September 16, 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 Claimants Robert M. and Virginia K. Butler against Respondent Calvert Securities, Inc. and Conrad L. Richey are dismissed.
2. The parties shall bear their respective costs.
3. The \$125.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimants Robert M. and Virginia K. Butler shall be retained by the NASD, Inc.

**AFFIRMATION**

I, **ROBERT A. WILLIAMS, JR.**, 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.

  
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Signature of Arbitrator

DATE OF DECISION:            March 2, 1993