

**N.A.S.D. AWARD**

**NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.**

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In the Matter of the Arbitration Between

Name of Claimant

Dennis W. Lacy

and

92-02980

Name of Respondents

RAF Financial Corporation and  
Wilfred "Chic" Dick, Jr.

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**REPRESENTATION OF PARTIES**

Claimant Dennis W. Lacy was represented by Edward C. Moss, Esq. of Moss, Morris & O'Dell, P.C., Denver, Colorado.

Respondent RAF Financial Corporation was represented by Gene R. Thornton, Esq. of Hopper & Kanouff, P.C., Denver, Colorado.

Respondent Wilfred "Chic" Dick, Jr. appeared pro se.

**CASE INFORMATION**

The Statement of Claim was filed on or about September 3, 1992. Submission Agreement of Claimant Dennis W. Lacy was signed on September 1, 1992.

Statement of Answer was filed by Respondent RAF Financial Corporation on or about October 27, 1992.

Statement of Answer was filed by Respondent Wilfred "Chic" Dick, Jr. on or about October 28, 1992. Submission Agreement of Respondent Wilfred "Chic" Dick, Jr. was signed on October 26, 1992.

**HEARING INFORMATION**

The hearing was held on Monday, May 10, 1993 for two (2) sessions, Tuesday, May 11, 1993 for two (2) sessions, and Wednesday, May 12, 1993 for two (2) sessions in Denver, Colorado for a total of six (6) sessions.

### **CASE SUMMARY**

Dennis W. Lacy ("Claimant") alleged that Wilfred "Chic" Dick, Jr. ("Dick") an account executive employed by RAF Financial Corporation ("RAF")(collectively as "Respondents") induced him to open an account with RAF and made material misrepresentations and omitted to state material facts in connection with his purchase of Chevron and ARCO scores. Specifically, Claimant alleged that Dick failed to disclose that the scores had expiration dates, after which they would become worthless. Claimant further alleged that the investments in the scores was not suitable for him in light of his stated investment objectives and financial situation.

In its Statement of Answer RAF stated that the Claimant is a sophisticated investor with substantial experience in investing in securities; that Claimant firmly controlled his own investing, and his account was largely self-directed; and that the recommendations which were made by Mr. Dick were suitable in light of Claimant's investment objectives, other securities holdings, financial situation and needs.

In his Statement of Answer, Mr. Dick stated that Claimant presented himself as a well informed investor, knowledgeable in all types of investments claiming experience in option and bond trading. Mr. Dick further stated that Claimant failed to disclose that the investments made represented his life savings. Mr. Dick also stated that he provided the Claimant with information prior to his making the investments and that the Claimant had stated that he read the information provided. Mr. Dick finally stated that the Claimant had initiated the discussions regarding the scores.

### **RELIEF REQUESTED**

Claimant requested an award in the amount of \$96,615.00, prejudgment interest and post judgment interest at the rate of 8% per annum, compounded annually. Claimant further requested an award of attorney's fees.

Respondent RAF requested that the claims be dismissed in their entirety and that RAF be awarded its attorney's fees, expert witness fees, litigation costs and forum fees in defending this matter.

Respondent Dick requested that the claims asserted against him be dismissed.

### **OTHER ISSUES CONSIDERED & DECIDED**

Respondent RAF Financial Corporation did not file with the N.A.S.D. a properly executed submission to arbitration but is required to submit to arbitration pursuant to Section 12 of the N.A.S.D. Code of Arbitration Procedure (the "Code") and having answered the claim, appeared

and testified at the hearing is bound by the determination of the arbitration panel on all issues submitted.

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 N.A.S.D..

### **AWARD**

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

- A. Respondents RAF Financial Corporation and Wilfred "Chic" Dick, Jr. shall be and hereby are jointly and severally liable for and shall pay to the Claimant Dennis W. Lacy damages and pre-award interest in the sum of Sixty thousand five hundred dollars (\$60,500.00).
- B. Respondents RAF Financial Corporation and Wilfred "Chic" Dick, Jr. shall be and hereby are jointly and severally liable for and shall pay to the Claimant Dennis W. Lacy expert witness fees as reasonably required in the amount of Three thousand dollars (\$3,000.00).
- C. Respondents RAF Financial Corporation and Wilfred "Chic" Dick, Jr. shall be and hereby are jointly and severally liable for and shall pay to the Claimant Dennis W. Lacy attorney's fees as reasonably required in the amount of Ten thousand dollars (\$10,000.00).

### **FORUM FEES**

Pursuant to Section 43(c) of the N.A.S.D. Code of Arbitration Procedure, Respondents RAF Financial Corporation and Wilfred "Chic" Dick, Jr. shall be and hereby are jointly and severally liable for and shall pay to the National Association of Securities Dealers, Inc. ("N.A.S.D.") one half (1/2) of the filing and forum fees and Claimant shall pay to the N.A.S.D. one half of the filing and forum fees. Therefore, Respondents jointly and severally shall pay to the Claimant the sum of \$100.00, Claimant shall pay to the N.A.S.D. the sum of \$1,500.00 and Respondents jointly and severally shall pay to the N.A.S.D. the sum of \$2,250.00.

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Forum fees are calculated at the rate of \$750.00 per hearing session and \$300.00 for each prehearing conference, if any. Fees are payable to the National Association of Securities Dealers, Inc.

Dated:

s/ Michael A. Sabian, Esq.

June 15, 1993

Michael A. Sabian, Esq.

Public Arbitrator, Presiding Chair

s/ John L. Worcester

June 14, 1993

John L. Worcester

Public Arbitrator

s/ John Bush, Esq.

June 14, 1993

John Bush, Esq.

Industry Arbitrator