

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

*Shirley Perera*

vs.

NASD No. 93-1463

Name of Respondents

*Neal L. Chabot, Neal Financial, Inc., and  
Hassan Hashemian*

REPRESENTATION

For Claimant: *D. Livorcia, E. Fawcett of Investors Arbitration Services, Inc. Woodland Hills, CA*

For Respondents: *Neal Chabot - Neal Chabot  
Neal Financial -  
Hassan Hashemian*

CASE INFORMATION

Statement of Claim filed: *April 13, 1993.* Amended Claim filed *Oct 5, 1993*

Claimant's Submission Agreement signed: *March 26, 1993*

Statement of Answer filed by Respondents on: *Neal Chabot - November 15, 1993. No other  
Respondents filed an answer*

Respondents' Submission Agreements signed on: *Respondent Neal Chabot did not submit a  
Submission Agreement and refused to submit to the jurisdiction of the NASD. He did  
file and Answer, appeared at the hearing and is subject to NASD jurisdiction in accordance  
with Section 52 of the NASD Code of Arbitration Procedures*

HEARING INFORMATION

Prehearing Conference(s) Date(s)/(Sessions): January 6, 1994 / one  
April 22, 1994 / one

Hearing Date/(Sessions): May 5, 1994 / two

Hearing Location: Beverly Hills, CA

CASE SUMMARY

Claimant alleged:

Fraud, deceit and omission of material fact, lack of full disclosure, intentional misrepresentation, violation of NASD Rules of Fair Practice, Breach of Fiduciary Duty, Negligent Misrepresentation, Breach of Implied Covenant of Good Faith and Fair Dealing in the sale of an oil well partnership with Energy Discovery Group, Inc. (Energy).

Claimant was a 44-year old housewife, an unsophisticated investor, with no formal or educational background in investing. She met respondent Neal Chabot <sup>(husband)</sup> at church in 1987, who represented himself to be a stock broker and money manager. Chabot approached Claimant about the Energy partnership and she indicated he was not interested. Chabot explained to Claimant that if he was able to produce enough initial investors, Energy would allow him to represent the partnership in California. Chabot told her that if she would put \$12,500 into the investment for one month, he would buy the investment from her at that time. Claimant asked Chabot to memorize the commitment and send it to her.

Her letter Claimant received on August 15, 1991 indicated that due to her "participation" in the partnership she had been given the privilege of representing [Energy], such as partnerships with [Chabot would] be selling ownership interests in future wells, and [that she would] be paid a commission of \$2,000 for every unit she sold. Claimant is not licensed to sell securities.

Claimant called Chabot and told him his letter did not represent the agreement they had discussed. Chabot told her not to worry about the letter and the arrangement would be as they had discussed. Based on that representation, Claimant made the requested investment. When Claimant asked Chabot for her money, he said he would return her but never did. Chabot subsequently advised that Claimant had loaned him the \$12,500. The Energy partnership currently has no value.

Personnel sheet detail the qualifications of the claimant and others:

He is a 44 year administrator who was employed by a church in Lakeside as its full-time minister at the time of the subject incident. During 1988 and 1989 Chabot worked as a doctor while taking time off from his ministry. He has no formal training or educational background in investing other than the fact that he did pass the broker examination. The date of Chabot's official resignation letter to ~~Superior~~ Noble Financial, Inc (Noble) was six months before the alleged incident in August 1991; furthermore, Noble Financial had ceased to exist and become defunct in April or May 1991.

There was never a broker-client relationship between Perera and Chabot, <sup>Chabot</sup> never directed any of his investments and Claimant never had an account with Noble Financial. The relationship between Perera and Chabot was only personal. Chabot made no representations to Claimant about Energy and her investment was not a loan. Claimant invested in Energy after many telephone conversations with its President to which Chabot was not a party. Chabot was not associated with Energy and did not benefit in any way.

The plan with respect to the August 15, 1991 memorandum was for Claimant to do the sales and Chabot to give her administrative support. When she received the August 15, 1991 letter, Claimant called Chabot and said it was acceptable. When problems developed with the Siplek well, Perera called Chabot to ask if he knew anyone who could buy her interest. He replied that he did not but called the company to inquire. When another owner could not be found Claimant agreed to personally buy her interest, which he said he would consider once the well had been flow tested.

**RELIEF REQUESTED****Claimant requested:**

1. *Recession of her investments in ENERGY SITTAK and return of the \$12,500 she invested, plus interest in the amount of \$1,979.17;*
2. *Pre-award and post-award interest as allowed by law;*
3. *Cost of arbitration and expenses;*
4. *Punitive damages.*

**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 originals remain on file with the NASD.

*Respondent Gabot waived her Motion for Determination of Standing at the hearing which was denied by the panel.*

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 as follows:

1. Each and every claim is dismissed;
2. The claim for punitive damages is dismissed;

3. The parties shall each bear their respective attorney's fees;
4. The parties shall each bear their respective costs.

OTHER COSTS

None.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following forum fees are assessed: The National Association of Securities Dealers, Inc. shall ~~return~~ the \$400 hearing session deposit previously deposited by the claimant. Forum fees assessed against:

Claimant for \$400, which has already been paid, leaving a balance of \$300;  
Respondent Claimant for \$400,

calculated as follows: ~~two~~ prehearing sessions at \$300/prehearing session, plus ~~two~~ hearing sessions at \$400/hearing session, equals \$1400, minus \$400 already paid by the claimant as a hearing deposit.

Fees are payable to the National Association of Securities Dealers.

**ARBITRATION PANEL**

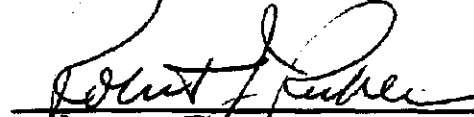
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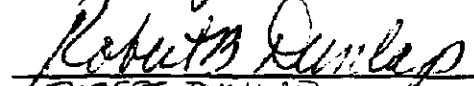
ROBERT RUBEN  
ROBERT DUNLAP  
MAURICE ARTH

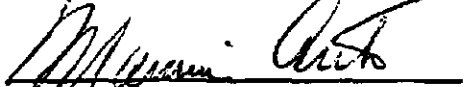
**Public/Industry**

PUBLIC  
INDUSTRY  
PUBLIC

**Concurring Arbitrators' Signature**

  
ROBERT RUBEN

  
ROBERT DUNLAP

  
MAURICE ARTH

Date of Decision:

MAY 5, 1994

Served 5/6/94