

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Louis A. & Betty J. Stock

vs.

Award
93-03200

Name of Respondent

Chubb Securities Corporation

REPRESENTATION

For Claimant: Louis A. & Betty J. Stock("Claimant"): Stock, pro se.

For Respondent: Chubb Securities Corporation ("Chubb"):James M. Moore, Esq., of Lindhorst & Dreidame, located in Cincinnati, Ohio.

CASE INFORMATION

Statement of Claim filed on August 6, 1993.

Claimant's Submission Agreement signed on: August 5, 1993.

Statement of Answer filed by Respondent on: September 30, 1993.

Respondent's Submission Agreement signed on: September 28, 1993.

HEARING INFORMATION

Hearing Date/Sessions: April 27, 1994 - Two Sessions.

Hearing Location: Cincinnati Bar Association, Cincinnati, OH.

CASE SUMMARY

Claimant initiated this action for the alleged misrepresentation, suitability and omission of facts by Chubb in regard to Hall Financial Corp., Hall Sunridge Associates, a limited partnership and Craig Hall, personally (hereinafter all

known as Hall investments).

Claimants, assert that they invested in Hall investments with the understanding that 1) Chubb had done a due diligence test on Hall; 2) the investment gave the "benefits of a bond" and made for the "conservative investor" and; 3) principal would be returned due to a five year option certificate. Claimants also allege that subsequently, Hall Sunridge and Craig Hall filed for bankruptcy. Claimants further alleges that the fair market value of the property of Hall Sunridge was given to Aetna to fulfill a first lien debt leaving the limited partners an equity value of zero. Claimants state that in addition, Craig Hall was shown to have serious financial trouble long before Chubb sold the partnership interest to the Stocks. Claimant also state that Hall Financial had settled a lawsuit with Resolution Trust Corp. in which they agreed to pay \$102.5 million on claims of more than \$300 million involving Resource Savings Association, an asset of Hall Financial. Based on these facts, the Claimants allege that Chubb failed to exercise due diligence in not discovering that Craig Hall and all entities controlled by him were in serious financial trouble thus making these investments unsuitable for the Claimants.

Respondent, Chubb, denies all allegations of wrongdoing or liability. They allege Chubb adequately exercised due diligence and had reasonable grounds to rely on the statements offered by Hall investments. They further allege the equity interest in Hall Sunridge Associates has significant current and future value since the limited partnership was released from bankruptcy and was in the process of reorganization.

RELIEF REQUESTED

Claimants request an award of \$28,500, plus the assessment of costs and disbursements of this proceeding against the Respondent.

Respondent requests that the claim be denied.

AWARD

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

1. Respondent is hereby liable and shall pay Claimants the sum of **FIVE THOUSAND FIVE HUNDRED DOLLARS AND ZERO**

CENTS (\$5,500.00).

2. All Forum fees are to be paid by Chubb.
3. All parties shall bear their own costs and disbursements concerning this proceeding.

FORUM FEES


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

Non-refundable Filing Fee:	\$100.00
Hearing Session Fees: (\$300 x 2 sessions)	<u>\$600.00</u>
Total Fees:	\$700.00

1. Respondent is assessed \$700.00.
2. Claimant has already deposited \$400.00 and is entitled to a refund of \$400.00.
3. Respondent shall satisfy this assessment by reimbursing Claimants \$400.00 and by remitting the balance \$300.00 to the NASD.

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

Sole Public Arbitrator


Michael F. Haverkamp, Esq.

Date of Decision: July 19, 1994