

1995

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

PUBLIC

In the Matter of the Arbitration Between

Name of Claimant(s)

Robert & Patricia Whitehouse
Joel E. and Linette M. Larson

95-00165

Name of Respondent(s)

Andrew Schattman
Camelot Investment Corp.
John Fasano

REPRESENTATION

The Claimants Robert Whitehouse and Joel Larson appeared pro se.

The Claimants Patricia Whitehouse and Linnette Larson did not attend the hearing.

The Respondents did not appear.

CASE INFORMATION

Statement of Claim filed: January 11, 1995.

Claimants' Submission Agreements signed on: Robert and Patricia Whitehouse - 12/23/94.
Joel and Linnette Larson - 12/29/94.

The Respondents Andrew Schattman ("Schattman"), Camelot Investment Corp. ("Camelot") and John Fasano (Fasano") did not execute Submission Agreements or submit Statements of Answer as required pursuant to Section 25 of the Code of Arbitration Procedure ("Code").

HEARING INFORMATION

Hearing Date/Sessions: September 5, 1995 - 1 session

Hearing Location: NASD offices located in Atlanta, GA.

CASE SUMMARY

Claimants alleged that their claims arise out of fraud, breach of fiduciary duty, breach of contract and unauthorized trading. The Claimants further alleged their claims were filed together as they involve similar circumstances during the same time frame, company and individual broker.

Claimants Robert and Patricia Whitehouse ("Whitehouse") further alleged they had an account with Respondent Andrew Schattman at the firm of Josephthal, Lyon and Ross, Inc. and in late November of 1993 he contacted Mr. Whitehouse to request that he transfer the account to Respondent Camelot Investment Corporation. Claimant Mr. Whitehouse expressed disappointment over losses sustained in the account and told him he would consider the transfer but did not authorize the transfer. Claimants Whitehouse alleged Mr. Schattman either forged the necessary documentation or lifted the signature from other documents they had previously executed at Josephthal, Lyon and Ross, Inc. and transferred the account to Camelot. Claimants Whitehouse further alleged when they received the first statement in December of 1993 they learned of the unauthorized transfer of the account and discovered that several unauthorized trades were executed in the account. The Claimants Whitehouse further alleged on February 18, 1994 Mr. John Fasano accepted their telephone call and indicated he would be handling the complaint. However, he spoke with the Claimants Whitehouse one additional time and was then unavailable. The Claimants further alleged they were informed by an individual at the firm that Mr. Fasano was the owner of Camelot.

Claimants Joel and Linnette Larson ("Larson") alleged that on December 3, 1993 Respondent Andrew Schattman called Mr. Larson and advised him he had sold 1850 shares of GBC Technologies, Inc. and purchased 23000 shares of Chester Holdings, Ltd. and sold the shares the same day. Claimants Larson alleged this was without authorization from them. Claimants Larson further alleged they instructed Mr. Schattman to transfer the cash generated from the sales of the securities to their account at Trust Company Bank and on December 7, 1993 they received the confirmation for the sale of GBC Technologies, Inc. and the purchase of Chester Holdings but not for the sale of Chester Holdings. Claimants alleged when they contacted Schattman to inquire about the confirmation for the sale of Chester Holdings they were told that the stock had been sold. Claimants Larson further alleged when they later contacted the office they were informed that there were additional trades executed in their account, none of which had been authorized by the Claimants Larson. Claimants Larson further alleged they apprised Mr. Fasano of the unauthorized trades and he said he would look into the matter and call them back. The Claimants Larson stated they faxed a letter as well. Thereafter, Claimants Larson maintained they were told by Mr. Fasano that he would look into the matter further but would not credit the account.

RELIEF REQUESTED

Claimants Larson requested compensatory damages in the sum of \$15,123.87 plus loss of income and interest on the losses, punitive damages in the amount of two times the actual losses, all costs and expenses including attorneys' fees plus such other and further relief as the arbitration panel deems just and equitable.

Claimants Whitehouse requested compensatory damages in the sum of \$13,459.85 plus loss of income and interest on the losses, punitive damages in the amount of two times the actual losses, all costs and expenses including attorneys' fees plus such other and further relief as the arbitration panel deems just and equitable.

OTHER ISSUES CONSIDERED & DECIDED

The arbitration panel made the following rulings with respect to the Respondents:

In accordance with Section 25 of the Code, the Respondents were served with the Statement of Claim and given an opportunity to respond which they failed to do;

In accordance with Section 21 and Section 26 of the Code, the Respondents were given due notice of the hearing procedure by regular and certified mail and failed to appear at the hearing;

In accordance with Section 29 of the Code, the arbitration panel determined in light of the foregoing information to proceed with the Respondents as parties.

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) The Respondents Andrew Schattman, Camelot Investment Corporation and John Fasano be and hereby are liable jointly and severally and shall pay to the Claimants Whitehouse the sum of \$13,459.85 in compensatory damages plus interest in the sum of \$2,246.00 for a total of \$15,705.85.
- 2) The Respondents Andrew Schattman, Camelot Investment Corporation and John Fasano be and hereby are liable jointly and severally and shall pay to the Claimants Whitehouse the sum of \$1,250.00 representing attorneys' fees pursuant to OCGA Section 10-5-14.

- 3) The Respondents Andrew Schattman and Camelot Investment, Corp. be and hereby are liable jointly and severally and shall pay to the Claimants Whitehouse the sum of \$26,919.70 representing punitive damages pursuant to OCGA Section 51-12-5.1.
- 4) The Respondents Andrew Schattman, Camelot Investment Corp. and John Fasano be and hereby are liable jointly and severally and shall pay to the Claimants Larson the sum of \$15,123.87 in compensatory damages plus interest in the sum of \$1,512.00 for a total of \$16,635.87.
- 5) The Respondents Andrew Schattman, Camelot Investment, Corp. and John Fasano be and hereby are liable jointly and severally and shall pay to the Claimants Larson the sum of \$1,250.00 representing attorneys' fees pursuant to OCGA Section 10-5-14.
- 6) The Respondent Andrew Schattman and Camelot Investment, Corp. be and hereby are liable jointly and severally and shall pay to the Claimants Larson the sum of \$30,247.74 representing punitive damages pursuant to OCGA Section 51-12-5.1.
- 7) The Respondents Andrew Schattman, Camelot Investment, Corp. and John Fasano be and hereby are liable jointly and severally and shall pay to the Claimants Whitehouse and Larson the total sum of \$650.00 to reimburse them for the claim filing fee and hearing session deposit previously paid to the NASD.


FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the NASD shall retain the claim filing fee and hearing session deposit previously paid by the Claimants to the NASD.

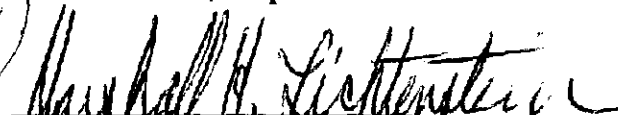
Concurring Arbitrators' Signatures


Marion Smith, II, Esq.

Public


Jule B. Greene, Esq.

Public


Marshall H. Lichtenstein, Esq.

Industry

Date of Decision: October 30, 1995