

N.A.S.D. REGULATION AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS REGULATION

In the Matter of the Arbitration Between

Name of Claimants

Michael L. Dorsey & Lori Dorsey

95-00445

Name of Respondents

Frederick Wiegand, Jr.
Chatfield Dean & Co., Inc.
Shelley A. Jones, Jr.

REPRESENTATION

Claimants Michael L. and Lori Dorsey ("Claimants") appeared *pro se*.

Respondent Frederick Wiegand, Jr. ("Wiegand") appeared *pro se*.

Respondent Shelley A. Jones, Jr. ("Jones") appeared *pro se*.

Respondent Chatfield Dean & Co., Inc. ("Chatfield Dean") was represented by David Graven, Esq.,
Chatfield Dean & Co., Inc., Greenwood Village, CO.

CASE INFORMATION

The Statement of Claim was filed January 27, 1995.

Claimants Uniform Submission Agreement was signed January 13, 1995.

Respondent Chatfield Dean's Answer was filed April 4, 1995.

Respondent Chatfield Dean's Uniform Submission Agreement was signed March 26, 1995.

Jones did not file an Answer or an executed agreement to arbitrate.

Wiegand did not file an Answer or an executed agreement to arbitrate.

HEARING INFORMATION

Prehearing Date/Sessions: January 30, 1996/one session

Hearing Dates/Sessions: December 9, 1996/two sessions
December 10, 1996/two sessions

Hearing Location: Seelbach Hotel
Louisville, KY

CASE SUMMARY

Claimants alleged, among other things, that Chatfield Dean, Wiegand and Jones (collectively "Respondents") breached their fiduciary duty to Claimants. Claimants alleged that Respondents induced Claimants to authorize transactions in securities, particularly Plants for Tomorrow, through a series of misrepresentations about the nature of the investments. Claimants also alleged that Respondents engaged in excessive trading in Claimants' account for the benefit of Respondents. Claimants alleged that the transactions authorized were unsuitable based on Claimants' net worth and annual gross income, as well as Claimants' stated strategy of moderate risk. Claimants alleged that Respondents had specifically been informed that Claimants wanted moderate risk investments. Claimants alleged that Respondents continued to misrepresent unjustified optimistic forecasts throughout a period of declining value. Claimants alleged that the actions of Respondents caused Claimants to suffer damages, for which Respondents should be liable.

Respondent Chatfield Dean denied allegations of wrong-doing as asserted in the Statement of Claim. Chatfield Dean maintained that when Claimants opened an account with Chatfield Dean, Claimants informed Jones that Mr. Dorsey was the general manager of a company, made \$75,000.00 per year and a net worth of \$120,000.00. Chatfield Dean maintained that Claimants had prior investment experience with Hilliard Lyons and that Claimants' investment objectives were long term growth and growth with risk. Chatfield Dean maintained that Wiegand took over management of Claimants' account, Wiegand confirmed the information as to suitability and noted on the new account update that Claimants' informed Wiegand that Claimants now also wanted to speculate. Chatfield Dean maintained that Claimants were never pressured to authorize transactions nor were misrepresentations made concerning securities. Chatfield Dean maintained that Plants for Tomorrow, when purchased by Claimants, was a growth with risk stock and thus was suitable for Claimants' investment objectives. In addition, Chatfield Dean maintained that as information became available on the financial condition of Plants for Tomorrow, that information was provided to Claimants but Claimants continued to hold their positions. Chatfield Dean raised the affirmative defenses of failing to state a claim upon which relief can be granted, the claims exceed the statutes of limitations, waiver, estoppel, laches and that Claimants failed to mitigate their damages.

Respondents Jones and Wiegand did not file Answers.

RELIEF REQUESTED

Claimants requested relief in the amount of \$36,228.94.

Chatfield Dean requested that the Statement of Claim be dismissed and that the costs of the arbitration, including attorney's fees, be assessed to Claimants.

Jones and Wiegand did not file any requests for relief.

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.

That although Respondents Jones and Wiegand did not file written Answers, the panel permitted Jones and Wiegand the opportunity to participate at the hearing. Jones appeared in person and Wiegand appeared via telephone conference call.

That pursuant to the by-laws of the NASD Regulation, the panel determined that Respondents Jones and Wiegand were required to submit to this arbitration, notwithstanding their failure to submit an executed agreement to arbitrate. Therefore, Respondents Jones and Wiegand are bound by the panel's rulings and determinations.

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. That Respondent Chatfield Dean is liable to and shall pay to Claimants the sum of \$18,000.00 plus twelve percent (12%) post award interest from December 10, 1996 until paid.
2. That the claims against Respondents Frederick Wiegand, Jr. and Shelley A. Jones, Jr. are dismissed.
3. That each party shall bear its own costs and expenses except for the fees as specified in the Forum Fees section of this award.
4. That any and all relief not specifically addressed herein is denied.

FORUM FEES

Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, the following Forum Fee(s) are assessed:

1 prehearing session x \$300.00 = \$300.00

4 hearing sessions x \$400.00 = \$1,600.00

Total Forum Fees = \$1,900.00

Forum Fees are assessed to Respondent Chatfield Dean. Respondent Chatfield Dean is liable to and shall reimburse directly to Claimants the \$400.00 hearing session deposit previously submitted to the NASD Regulation. Therefore, Respondent Chatfield Dean has a net assessment due to the NASD Regulation of \$1,500.00.

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

DATE

CONCURRING ARBITRATORS' SIGNATURES

12/19/96

Amelia F. Adams
Amelia F. Adams, Presiding
Public Arbitrator

David N. Richardson
David N. Richardson
Public Arbitrator

W. Pat Conners
W. Pat Conners
Industry Arbitrator

Date Decision Served by NASD Regulation

January 7, 1997

DATE

CONCURRING ARBITRATORS' SIGNATURES

Amelia F. Adams, Presiding
Public Arbitrator

1/6/97

David N. Richardson
Public Arbitrator

W. Pat Conners
Industry Arbitrator

Date Decision Served by NASD Regulation

January 7, 1997


DATE

CONCURRING ARBITRATORS' SIGNATURES

Amelia F. Adams, Presiding
Public Arbitrator

David N. Richardson
Public Arbitrator

Dec 20, 1996



W. Pat Conners
Industry Arbitrator

Date Decision Served by NASD Regulation:

January 7, 1997