

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

**Clayton L. Rudolph, Deborah Wong and the
Clayton Rudolph-Henry Philcox Partnership,**

Claimants,

v.

Case No. 95-00903

**Chatfield Dean & Co., Inc. and
Arthur D. Pryor**

Respondents.

REPRESENTATION

Claimants were represented by Nicholas P. Iavarone, Esq. and Adam K. Hollander, Esq. of Bellows and Bellows located in Chicago, Illinois.

Respondent Chatfield Dean & Co., Inc. were represented by Christa D. Taylor, Esq., Corporate Counsel of Chatfield Dean & Co., Inc. located in Greenwood Village, Colorado.

Respondent Arthur D. Pryor was represented by Donald T. Trinen and John F. McBride located in Denver, Colorado.

CASE INFORMATION

Claimants' Statement of Claim was filed on February 21, 1995. A Uniform Submission Agreement for Claimant Clayton L. Rudolph and the Clayton Rudolph-Henry Philcox Partnership was signed by Clayton L. Rudolph on February 13, 1995. A Uniform Submission Agreement was signed by Claimant Deborah Wong on May 26, 1995.

Respondent Chatfield Dean & Co., Inc. filed a Statement of Answer on April 17, 1995. A Uniform Submission Agreement was signed by S. Cheryl Bauman, Vice-President of Compliance of Chatfield Dean, for Chatfield Dean on April 11, 1995.

Respondent Arthur D. Pryor filed a Statement of Answer on July 14, 1995. A Uniform Submission Agreement was signed by Arthur D. Pryor on March 16, 1995.

HEARING INFORMATION

Hearings in this matter were conducted on October 4, 1995 for two (2) sessions and on October 5, 1995 for three (3) sessions. The hearing location was Minneapolis, Minnesota.

CASE SUMMARY

Respondent Arthur D. Pryor, ("Pryor"), while a broker employed by Chatfield Dean & Co., Inc., ("Chatfield"), offered and sold to Clayton L. Rudolph, Deborah Wong and the Clayton Rudolph-Henry Philcox Partnership, (collectively "Claimants"), shares in AG Bag International ("Agbag") and Airship International ("Airship"), which the parties agree were speculative securities. Claimants allege that Clayton L. Rudolph, (Rudolph") was an unsophisticated investor and that neither Agbag nor Airship were suitable investments. Claimants also allege that Pryor made various misrepresentations regarding Agbag and Airship including predictions of future price appreciation that were false or had no reasonable factual basis. By implication, Claimants allege that Chatfield failed to supervise Pryor. Finally, Claimants allege violation of 18 U.S.C. §1961 et seq., Racketeer Influenced and Corrupt Organizations Act, ("RICO") and the Minnesota Securities Act.

Respondents allege that Rudolph had significant previous investment experience. Respondents allege that Rudolph was given accurate written and oral information as to both Agbag and Airship. Respondents deny that any misrepresentations were made to Claimants.

RELIEF REQUESTED

Claimants request that they be awarded the sum of \$65,000 for compensatory damages. In addition, Claimants request attorneys' fees, costs and punitive damages.

Respondents request that this matter be dismissed and such other relief as is just.

OTHER ISSUES CONSIDERED AND 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.

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 Claimant's Statement of Claim is dismissed and denied in its entirety with prejudice.
- (2) That all other claims not expressly addressed, are dismissed and denied with prejudice.

FORUM FEES

Pursuant to section 43(c) of the Code of Arbitration Procedure the following Forum Fees are assessed: 5 sessions x \$500.00 = \$2,500.00.

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the NASD shall retain the \$150.00 non-refundable claim filing fee previously paid by the Claimants. The NASD shall also retain the \$500.00 hearing session deposit previously paid by the Claimants. Pursuant to Section 45 of the Code of Arbitration Procedure, the NASD shall retain the \$300.00 member surcharge previously paid to the NASD by respondent.

The Forum Fees in this matter shall be paid equally by Claimants and Respondent. Fees are payable to the National Association of Securities Dealers, Inc. Therefore, Claimants shall pay to the NASD half the remaining forum fees in the amount of \$1000.00 and that Respondent shall pay the other half the remaining forum fees in the amount of \$1000.00.

Concurring Arbitrators' Signatures:

Name:

Dated:

Steven E. Reichert
Steven Reichert
Public Arbitrator
Chairperson

November 30, 1995

Arlen G. Restad
Arlen Restad
Public Arbitrator

November 28, 1995

James B. Kaiser
James Kaiser
Industry Arbitrator

December 1, 1995

For NASD Use Only
Date of Decision: December 8, 1995