

**N.A.S.D. AWARD**

**NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.**

In the matter of the Arbitration Between

**Name of Claimants**

Santo Chilleme, Santos Construction Company  
Profit Sharing Plan and The Chilleme Family Trust

NASD Arbitration  
No. 95-01446

**Name of Respondents**

Corporate Benefit Securities, Inc. and Roberta Joyce Hughes

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**REPRESENTATION**

For Claimant:

Timothy McGonigle  
Ruben & McGonigle  
Los Angeles, California

For Respondent Corporate Benefit Securities, Inc.:

Steven Peeler  
Corporate Benefit Securities, Inc.  
Mission Viejo, California

For Respondent Roberta Joyce Hughes:

Roberta Joyce Hughes, Pro Se  
Mission Viejo, California

**CASE INFORMATION**

Statement of Claim filed:

March 29, 1995

Claimant's Submission Agreement signed:

May 12, 1995

Statement of Answer filed by Respondent  
Corporate Benefit Securities, Inc.:

August 18, 1995

Statement of Answer filed by Respondent  
Roberta Joyce Hughes:

August 7, 1995

Respondent Corporate Benefit Securities, Inc.'s  
Submission Agreement signed:

August 14, 1995

Respondent Roberta Joyce Hughes'  
Submission Agreement signed:

August 1, 1995

### **HEARING INFORMATION**

Hearing Date / Sessions: April 22, 1996 (2 sessions)

Hearing Location: Los Angeles, California

### **CASE SUMMARY**

Claimants alleged that Respondents committed fraud, misrepresentation, negligence and failure to supervise. Specifically, Claimants alleged that Respondents breached their fiduciary duty by converting Claimants' conservative investments into risky limited partnerships. In addition, Claimants asserted that by investing in limited partnerships, Respondents acted in wanton and reckless disregard for Claimants' best interest and contrary to Claimants' investment objectives. Finally, Claimants alleged that Respondent Corporate Benefit Securities, Inc. failed to properly supervise Respondent Hughes and failed to conduct due diligence into the nature of the investments.

Respondents denied each of the Claimants' allegations.

### **RELIEF REQUESTED**

Claimant sought general damages in the amount of \$250,000.00, interest on the general damages according to proof, punitive damages, costs and reasonable attorneys' fees.

Respondents sought costs and attorneys' fees.

### **OTHER ISSUES CONSIDERED AND DECIDED**

The parties have agreed that the Award in this matter may be executed in either 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 original remains on file with the NASD.

Prior to the opening of the hearing, Claimants' attorney represented to the Panel that a settlement had been reached with Respondent Hughes and that Claimants would dismiss Respondent from action.

Respondent Corporate Benefit Securities, Inc. did not appear at the hearing. After an executive session, the Panel found that Respondent Corporate Benefit Securities, Inc. had answered and submitted to arbitration and had received proper notice of the hearing time and location.

### **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. Claimants are awarded the sum of \$60,000.00 to be paid by Respondent Corporate Benefit Securities, Inc.
2. All forum fees are to be paid by Respondent Corporate Benefit Securities, Inc.

### **FORUM FEES**

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed against Respondent Corporate Benefit Securities, Inc.:

Two (2) Hearing Sessions @ \$750.00 / Session	=	\$1,500.00
Total Forum Fees Assessed	=	\$1,500.00
Forum Fee Total	=	\$1,500.00
Respondent Corporate Benefit Securities, Inc.'s Balance Due	=	\$1,500.00

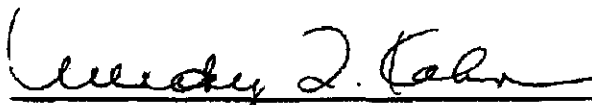
Claimants' Hearing Session Deposit of \$750.00 shall be refunded to Claimants by the NASD.

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

**ARBITRATORS**

<u>Name</u>	<u>Public / Industry</u>
Wendy L. Kohn, Esq.	Public Arbitrator
Richard C. Ramos	Industry Arbitrator
George S. Ackerman	Public Arbitrator

**Concurring Arbitrators' Signatures**

  
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Wendy L. Kohn, Esq.

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Richard C. Ramos

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George S. Ackerman

Date of Decision: \_\_\_\_\_

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Richard C. Ramos	Industry Arbitrator
George S. Ackerman	Public Arbitrator

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Wendy L. Kohn, Esq.

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Richard C. Ramos

George S. Ackerman  
George S. Ackerman

Date of Decision: June 15, 1996

Date of Service: June 28, 1996