

AWARD

NASD Regulation, Inc. Office of Dispute Resolution

In the Matter of the Arbitration BetweenRalph H. & Sylvia Price Residuary Trust
by Elaine Grote, Trustee.

Claimants.

v.

No. 95-03457

Olde Discount Corporation, and
Brett M. Blasdel.© National Association of
Securities Dealers, Inc.

Respondents.

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REPRESENTATION OF PARTIES

Claimant Ralph H. & Sylvia Price Residency Trust by Elaine Grote, Trustee. ("Trust") was represented by Robert J. Bauman, Esq. of Milwaukee, Wisconsin.

Respondents Olde Discount Corporation ("Olde") and Brett M. Blasdel ("Blasdel") were represented by David T. Doyle, Esq. of Olde Discount Corporation located in Detroit, Michigan.

CASE INFORMATION

Claimant's Statement of Claim was filed on: July 18, 1995.

Claimant's Submission Agreement was signed on June 20, 1995 by Elaine Grote, as Trustee of the Ralph H. & Sylvia Price Residency Trust.

Respondents Olde and Blasdel's joint Statement of Answer was filed on: October 16, 1995.

Respondent Olde's Submission Agreement was signed on August 21, 1995 by Thomas P. Fitzgerald, General Counsel of Olde Discount Corporation.

Respondent Blasdel's Submission Agreement was signed on September 8, 1995.

HEARING INFORMATION

Pre-Hearing Conference:	None Held.
Hearing Dates/Sessions:	June 6, 1996 for two (2) sessions.
Hearing Location:	Chicago, Illinois.

95-03457

CASE SUMMARY

The Trust alleged that Respondent Blasdel, while employed by or acting as an agent for Respondent Olde, executed unauthorized buy and sell orders resulting in substantial damages to the Trust. The Trust specifically alleged that:

1. On or about October 14, 1993, Ralph H. Price ("Mr. Price"), then 86, was removed as trustee and replaced by Elaine Grote as successor trustee because of Mr. Price's mental and physical disability and his inability to give proper consideration to financial matters;
2. Blasdel, the district manager of the Olde Discount Corporation office that handled the Trust account, was notified that Mr. Price was no longer trustee nor authorized to execute transactions on behalf of the Trust was told the reasons for the change of Trustee;
3. On or about October 19, 1993, Respondents were sent an Investors Account Application and Certificate of Trust and Investment Powers indicating that Elaine Grote had replaced Mr. Price as trustee and that she alone was authorized to execute transactions on behalf of the Trust;
4. Subsequently, Respondents accepted buy and sell orders from Mr. Price. The following buy orders were unauthorized: SLM International, Inc. common stock; Koss Corporation common stock; and New York State Electric & Gas Corp. 7.40% pfd.;
5. The following sale orders were unauthorized, and Claimant was seeking damages based on the difference between the actual proceeds from sale received by the Trust and the proceeds that the Trust would have received had the securities remained in the account until the account was closed: Nellcor, Inc. common stock; Network General Corp. common stock; Johnson & Johnson common stock; and Merck & Company, Inc. common stock; and
6. Proteon, Inc. common stock involved both an unauthorized purchase and sale.

Claimant made the following claims against Respondents: violation of state and federal security laws; violation of terms of the Investor Account Agreement between the Trust and Respondents; unsuitable securities trades; and negligence, willful misconduct and intentional wrong doing.

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Respondents denied that Claimant is entitled to recover on any of the claims set forth in the Statement of Claim. Respondents contended that Elaine Grote has failed to properly complete the transfer that would have authorized her to replace Mr. Price on the Trust. Respondents further stated that the transfer contained in Claimant's exhibits does not contain the signature of a physician, which is required in order for it to be sufficient, and that the document was never delivered to Respondents anyway. In addition, Respondents asserted that, during the relevant time period, Elaine Grote received duplicates of all confirmations and monthly statements and never objected to any of the trades placed by Mr. Price. Respondents further alleged that:

1. In or about October, 1993, Blasdel noticed that Mr. Price began to seem not entirely coherent during their conversations. He contacted Mr. Price's wife, who indicated that Mr. Price was ill and asked that he not be allowed to make trades;
2. Blasdel informed Mr. Price's wife that, since Mr. Price was the trustee, he could not permanently prevent Mr. Price from placing the orders without some legal authority. Elaine Grote then contacted Blasdel about becoming trustee of the Trust, at which time he informed her that the proper paperwork was required authorizing the change in trustees, plus whatever documentation was required under the terms of the Trust;
3. The appropriate paperwork was forwarded to Grote and was never returned. Grote contacted Blasdel again to express her desire to become trustee of the Trust, and again he told her that the appropriate paperwork was required. On April 28, 1994, Grote faxed a letter to Blasdel indicating her authority as the trustee of the Trust, but waited one year after she initially contacted Respondents to assert that the trades Mr. Price had made were unauthorized;
4. Claimants miscalculated the damages because Elaine Grote knew about the alleged unauthorized trades long before she made any complaints, because Claimant failed to include profitable transactions in the calculations, and because the proper avenue to regain any losses as a result of the SLM International stock transactions is to join as a party to the class action lawsuit pending against this company for alleged wrongdoing by directors and officers of SLM International in reporting financial data.

Respondents made the following affirmative defenses: (1) Claimant has failed to state a claim upon which relief may be granted; (2) Claimant's claims are barred by the statute of frauds; (3) Claimant has failed to mitigate damages; (4) Claimant's claims are barred under the doctrines of laches, waiver, estoppel and ratification; (5) Respondent's obligations to the Claimant have been fully paid, satisfied and discharged; (6) the alleged wrongdoing of which Claimant complains was perpetrated, if at all, by an individual or entities other than Olde and therefore, Olde is not liable in any respect;

(7) Claimant's claims are barred by Claimant's contributory negligence; (8) Claimant assumed the risk of the transactions engaged in and the investment losses occurred; (9) economic, industry, corporate and market conditions were responsible for Claimant's losses and not Olde; and (10) Olde, at all times, acted in good faith and did not induce Claimant's investments, and therefore, cannot be held liable as a control person.

RELIEF REQUESTED

Claimant requested an award in the amount of \$22,519.76 plus interest.

Respondents Olde and Blasdel requested that the claims asserted against them be dismissed in their entirety with prejudice and that they be awarded their costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

At the hearing, Respondents moved to bar any and all claims related to the trading of SLM International securities due to a pending class action lawsuit filed in the U.S. District Court for the Southern District of New York. Upon review, the arbitrator denied this motion.

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 NASD Regulation, Inc. Office of Dispute Resolution.

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. Respondents Olde Discount Corporation and Brett M. Blasdel are jointly and severally liable for and shall pay to the Claimant Ralph H. and Sylvia Price Residuary Trust, by Elaine Grote, Trustee, the sum of \$1,588.00 as damages for the claim relating to the Protean, Inc. common stock;
2. All remaining claims against Respondents Olde Discount Corporation and Brett M. Blasdel are dismissed with prejudice and denied in their entirety;
3. The parties shall bear their own costs of arbitration, including attorneys' fees, except for those specifically enumerated herein; and

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4. Any relief not specifically awarded is hereby denied.

OTHER COSTS

Pursuant to § 10333 of the NASD Code of Arbitration Procedure, NASD Regulation, Inc. Office of Dispute Resolution shall retain the non-refundable member surcharge in the amount of \$200.00 previously paid by Respondent Olde Discount Corporation.

FORUM FEES

Pursuant to § 10332(c) of the NASD Code of Arbitration Procedure, the following forum fees have been assessed: Two (2) hearing sessions x \$300.00 per session = \$600.00.

NASD Regulation, Inc. Office of Dispute Resolution shall retain the non-refundable filing fee in the amount of \$100.00 and shall refund the hearing session deposit in the amount of \$300.00 previously deposited with NASD Regulation, Inc. Office of Dispute Resolution by the Claimant. Respondents Olde Discount Corporation and Brett Blasdel are jointly and severally liable for and shall pay to the NASD Regulation, Inc., Office of Dispute Resolution the sum of \$600.00 as forum fees.

Fees are payable to NASD Regulation, Inc. Office of Dispute Resolution.

Dated:

/s/ Stephen James Nagy, Esq.
Stephen James Nagy, Esq.
Public Arbitrator, Presiding Chair

August 28, 1996

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Date Served: August 29, 1996