

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Seymour N. Harris

95-03627

Name of Respondents

The Wellington Group, Inc.
Kevin Kading
Craig H. Shapiro
Joseph Matorano

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on July 27, 1995, Claimant Seymour N. Harris, who appeared Pro Se, alleged that Respondent The Wellington Group, Inc. ("TWGI"), through Respondent Craig H. Shapiro ("Shapiro"), on October 28, 1994 induced him to purchase 1,000 shares of Consolidated Holding Corp. ("CHC"). Claimant further alleged that the net worth of his account at this time was \$8,023.25. Claimant contended that after Christmas of 1994, he spoke with Shapiro and agreed to hold the stock until March, 1995 because the stock price was stable. Claimant further contended that he contacted TWGI in May of 1995 and learned through Respondent Joseph Matorano ("Matorano"), that Shapiro had left his employment at TWGI and that Matorano was now handling his account. Claimant alleged that he told Matorano to liquidate the account and followed that up with a June 7, 1995 letter when he did not receive the account proceeds. Claimant alleged that on June 17, 1995, he received a letter from Prudential Securities which informed him that TWGI was withdrawing its broker dealer license and that his account had a value of \$33.50.

Claimant further alleged that Respondent Kevin Kading ("Kading") used TWGI as a shell company to sell stock at inflated prices. Claimant contended that Kading directed and insisted that false information be given to the Claimant about the stock price of CHC. Claimant further contended that as a result of the above, he has suffered a loss for which the Respondents should be held liable.

Respondents The Wellington Group, Inc., and Kevin Kading, who appeared through, Kevin Kading, maintained that neither Kading nor TWGI were privy to the conversation with Claimant concerning the CHC purchase and, therefore, have no comment on what may have induced the Claimant to make the purchase. Respondents further maintained that it does not make sense that Claimant failed to contact Shapiro for several months regarding their alleged agreement concerning CHC.

Respondents contended that he does not recall Joseph Matorano working for TWGI. Respondents maintained that TWGI filed for a withdrawal of its membership on June 12, 1995 and would have been unable to act upon Claimant's June 7, 1995 letter which requested liquidation of the account. Respondents further maintained that to the best of their knowledge, TWGI's trading operation never refused to execute a transaction. Respondents contended that as a result of the above, they should not be held liable.

Respondent Craig H. Shapiro, who appeared Pro Se, maintained that he inherited Claimant's account and discovered that Claimant was an attorney and a sophisticated investor. Respondent further maintained that on October 28, 1994, he contacted Claimant regarding CHC and informed him that in the upcoming months the corporation would have some very positive news. Respondent contended that he told Claimant that if the stock did not move within a few months then he would reevaluate the situation. Respondent further contended that Claimant had monthly updates regarding the status of his CHC and never indicated that he wanted it sold. Respondent maintained that the buy and sell tickets for CHC reflected that TWGI was a major stockholder and that he was not forced to sell the stock due to TWGI's holding. Respondent further maintained as a result of the above, he should not be held liable.

Respondent Joseph Matorano, failed to file a Statement of Answer to the Statement of Claim.

RELIEF REQUESTED

Claimant Seymour N. Harris, requested \$6,277.00 in actual damages.

Respondents The Wellington Group, Inc., Kevin Kading, and Craig H. Shapiro, requested that the claims of the Claimant be dismissed.

Respondent Joseph Matorano, failed to file a Statement of Answer to the Statement of Claim.

OTHER ISSUES CONSIDERED AND DECIDED

Although reasonable attempts at service were made upon Respondent Joseph Matorano, service was not effected upon this Respondent.

AWARD

Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Daniel M. Semel, Esq. was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant Seymour N. Harris, on July 20, 1995, and by the Respondents The Wellington Group, Inc., and Kevin Kading, on August 28, 1995, and by Respondent Craig H. Shapiro, on September 21, 1995, and not by Respondent Joseph Matorano, as required by Sections 12 and 13 of the NASD Code of Arbitration Procedure.

And, the Arbitrator, having considered the proof of the parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claims of the Claimant Seymour N. Harris, against Respondent Joseph Matorano, are dismissed without prejudice.
2. The claims of the Claimant Seymour N. Harris, against Respondents Kevin Kading, and Craig H. Shapiro, are dismissed in their entirety.
3. The Respondent The Wellington Group, Inc., is liable and shall pay to the Claimant Seymour N. Harris, \$4,375.00 in actual damages.
4. The Respondent The Wellington Group, Inc., is liable and shall pay to the Claimant Seymour N. Harris, interest at the rate of 5 1/2% per annum from May 17, 1995 to the date of payment of the Award.
5. The parties shall bear their respective costs.
6. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant Seymour N. Harris, shall be retained by the NASD, Inc. The Respondent The Wellington Group, Inc., is liable and shall pay to the Claimant Seymour N. Harris, \$150.00 as reimbursement of the filing fee.

AFFIRMATION

I, **DANIEL M. SEMEL, ESQ.**, do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.


Daniel M. Semel, Esq.

DATE OF DECISION: January 3, 1996