

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Paul Stepanoff, as Trustee for
Rostislaw Stepanoff Trust

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Securities Dealers, Inc.

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95-03847

Name of Respondents

John Hosler
Chelsea Street Securities, Inc.

REPRESENTATION

Claimant Paul Stepanoff, Trustee Under the Will of Rostislaw Stepanoff ("Claimant") was represented by Joel M. Sweet, Esq., Berger & Montague, Philadelphia, PA.

Respondent John Hosler ("Hosler") did not appear.

Respondent Chelsea Street Securities, Inc. ("Chelsea") did not appear.

CASE INFORMATION

The Statement of Claim was filed August 8, 1995.
Claimant's Uniform Submission Agreement was sign August 23, 1995.

Hosler and Chelsea (collectively "Respondents") did not file Answers.

Hosler and Chelsea did not execute Submission Agreements.

HEARING INFORMATION

Hearing Date/Sessions: May 13, 1996/one session

Hearing Location: American Arbitration Association
Philadelphia, PA

CASE SUMMARY

Claimant alleged that Respondents recommended securities which were unsuitable with Claimant's investment goals and financial goals. Claimant alleged that Claimant is an unsophisticated investor who reasonably relied on the recommendations of Respondent. Claimant alleged that Respondents were informed that Claimant's investment goals were dependable income to provide for his widowed mother and conservative long term appreciation. Claimant alleged that Respondents breached their fiduciary duties by inducing the

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Claimant to authorize the purchase of highly speculative securities such as shares of Future Communications, Inc., United Heritage, Electric & Gas Technology, LaTex Resources, Inc., and Western & Pacific Resource Corp. Claimant alleged that Respondents fraudulently misrepresented the risks as well as potential benefits of these securities to induce Claimant to authorize transactions. Claimant also alleged that Respondents failed to execute requested transaction as well as transacted unauthorized trades. Claimant alleged that Chelsea failed to adequately supervise Hosler in the management of Claimant's account. Claimant alleged that Claimant never authorized Hosler to have discretion over Claimant's account. Claimant alleged that Respondents must be held liable for the damages Claimant incurred.

Respondents did not file an answer.

RELIEF REQUESTED

At the hearing, Claimant requested relief in the amount of \$59,663.00, additional compensatory damages for possible earnings if the investments had been in the S&P 500 Index during the same period; punitive damages, as well as the costs and expenses of this arbitration, including reasonable attorney's fees.

Respondents made no request for relief.

OTHER ISSUES CONSIDERED & DECIDED

The parties in attendance at the hearing 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.

Upon review of the file and the representations made by the NASD staff of the efforts to serve Respondents, the panel has determined that pursuant to Sections 12 and 25 of the NASD Code of Arbitration Procedure ("Code"), Respondents Chelsea and Hosler are properly within the jurisdiction of this panel and that the arbitration would proceed pursuant to Section 29 of the Code.

Respondents Chelsea and Hosler did not file properly executed submissions to arbitration but are required to do so pursuant to the by-laws of the NASD. Therefore, Chelsea and Hosler are bound by the panel's rulings and determinations.

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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. Chelsea Street Securities and John Hosler are jointly and severally liable to and shall pay to Claimant the sum of \$30,000.00, with six percent (6%) simple interest from May 13, 1993 through May 13, 1996.
2. The claim for punitive damages is denied.
3. Each party is to pay its own costs and expenses, including attorney's fees.
4. Any request for relief not specifically addressed herein is denied.

FORUM FEES

Pursuant to Section 43(c) of the Code, the following Forum Fees are assessed:

1 session x \$750.00 = \$750.00

Forum Fees are jointly and severally assessed to Chelsea Street Securities and John Hosler. Therefore, Chelsea Street Securities and John Hosler are jointly and severally liable and shall reimburse Claimant for the \$750.00 hearing session deposit previously submitted to the NASD.

DATE

CONCURRING ARBITRATORS' SIGNATURES

Robert F. Sanville, Presiding
Public Arbitrator

Roy B. Steenhoff
Public Arbitrator

5/23/96

Gordon E. Wright
Gordon E. Wright
Industry Arbitrator

Date Decision Served by NASD: May 31, 1996

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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. Chelsea Street Securities and John Hosler are jointly and severally liable to and shall pay to Claimant the sum of \$30,000.00, with six percent (6%) simple interest from May 13, 1993 through May 13, 1996.
2. The claim for punitive damages is denied.
3. Each party is to pay its own costs and expenses, including attorney's fees.
4. Any request for relief not specifically addressed herein is denied.

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DATE

CONCURRING ARBITRATORS' SIGNATURES

5/22/96

Robert F. Sanville

Robert F. Sanville, Presiding
Public Arbitrator

Roy B. Steenhoff
Public Arbitrator

Gordon E. Wright
Industry Arbitrator

Date Decision Served by NASD: May 1, 1996

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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. Chelsea Street Securities and John Hosler are jointly and severally liable to and shall pay to Claimant the sum of \$30,000.00, with six percent (6%) simple interest from May 13, 1993 through May 13, 1996.
2. The claim for punitive damages is denied.
3. Each party is to pay its own costs and expenses, including attorney's fees.
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CONCURRING ARBITRATORS' SIGNATURES

Robert F. Sanville, Presiding
Public Arbitrator

MAY 23, 1996

Roy B. Steenhoff
Roy B. Steenhoff
Public Arbitrator

Gordon E. Wright
Industry Arbitrator

Date Decision Served by NASD: May 31, 1996