

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Harald H. Fauter, M.D. and Inge Fauter
as Trustee for the
Harald H. Fauter, M.D., P.A., Defined Benefit Plan & Trust

95-05075

Name of Respondents

Everett Scoville Walker
Kenhinde Grace
Cartwright & Walker Securities Inc.
Golden West Unlimited, Inc.

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers Regulation, Inc. on October 25, 1995, claimants Harald H. Fauter M.D. and Inge Fauter as Trustees for the Harald H. Fauter, M.D., P.A., Defined Benefit Plan & Trust ("claimants"), who appeared Pro Se, alleged that respondent Kenhide Grace ("Grace") a broker at respondent Cartwright & Walker Securities, Inc. ("CWS"), first contacted him in January 1993 and convinced them to invest with respondent Golden West Unlimited, Inc., in Factoring Dow Jones & Co., Inc. Account Receivables and Obligations ("Discounted Receivables"). Claimants further alleged that Grace reassured them about the safety and success of the investment by telling them that the investment was guaranteed with the company's assets. Claimants also alleged that in order to make them feel comfortable with the investment, CWS provided copies of check stubs/invoices from Dow Jones & Co. Inc. and copies of checks made out to Golden West Unlimited, Inc. investors. Claimants asserted that the contract was signed on February 1, 1993 and they invested \$10,000 in one unit Discounted Receivables, through the retirement plan. Claimants further asserted that as of May 18, 1993 the Discounted Receivables did not perform according the contract and they later learned that Grace had left CWS. Claimants also asserted that all attempts to contact or get action from respondent Scoville Walker ("Walker") principal of CWS, regarding honoring the Discounted Receivables contract, were futile. Claimants maintained that respondents are liable because of their misrepresentation, breach of contract, failure to pay, failure to respond to calls and to provide written responses and, failure to provide a written status of the outcome of the investment.

Respondents Scoville Walker, Kenhide Grace, Cartwright & Walker Securities, Inc. failed to file Statement of Answers to the Statement of Claim.

Respondent Golden West Unlimited, Inc. was served with the Statement of Claim on a voluntary basis and did not file a Statement or submit to NASD's jurisdiction.

RELIEF REQUESTED

Claimant Harald H. Fauter, M.D. and Inge Fauter as Trustees for the Harald H. Fauter, M.D., P.A., Defined Benefit Plan & Trust requested return of their initial investment, that is \$10,000 in actual damages.

Respondents Scoville Walker, Kenhide Grace, Cartwright & Walker Securities, Inc., failed to file Statement of Answers to the Statement of Claim.

Respondent Golden West Unlimited, Inc. was served with the Statement of Claim on a voluntary basis and did not file a Statement of Answer or submit to NASD's jurisdiction.

OTHER ISSUES CONSIDERED AND DECIDED

Pursuant to Section 10302 of the NASD Code of Arbitration Procedure, respondent Scoville Walker was sent the Statement of Claim via regular mail and was given an opportunity to respond which he failed to do. In addition, an overdue answer notice and notice of the identity of the arbitrator were sent via Federal Express and certified mail, and the signed return receipts are on file with the NASD Regulation, Inc.

Pursuant to the by-laws of the NASD, the arbitrator determined that respondent Scoville Walker had notice of the claim, and was required to submit to this arbitration proceeding; and is, therefore, bound by the arbitrator's ruling and determination.

Attempts to serve the Statement of Claim on respondents Kenhide Grace and Cartwright & Walker Securities, Inc. were unsuccessful and service was deemed insufficient by the Arbitrator. The claimants were asked to provide another address for respondents, but no better address was provided.

AWARD

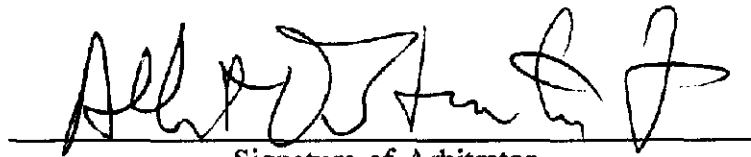
Pursuant to Section 10302 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Albert Sturtevant, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants Harald H. Fauter M.D. and Inge Fauter as Trustees for the Harald H. Fauter M.D., P.A., Defined Benefit Plan and Trust on October 16, 1995 and not by the respondents as is required by Sections 10301 and 10302 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 claimants Harald H. Fauter M.D. and Inge Fauter as Trustees for the Harald H. Fauter M.D., P.A., Defined Benefit Plan and Trust, against respondents Kenhide Grace and Cartwright & Walker Securities, Inc. are dismissed without prejudice.
2. Respondent Scoville Walker is liable and shall pay to claimants Harald H. Fauter M.D. and Inge Fauter as Trustees for the Harald H. Fauter M.D., P.A., Defined Benefit Plan and Trust, \$10,000.00 in actual damages.
3. The parties shall bear their respective costs.
4. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers Regulation, Inc. by the claimants Harald H. Fauter M.D. and Inge Fauter as Trustees for the Harald H. Fauter M.D., P.A., Defined Benefit Plan and Trust, shall be retained by the NASD Regulation, Inc. Respondent Scoville Walker is liable and shall pay to the Claimant \$75.00 as reimbursement for one half of the filing fee.
5. All other relief requests are denied.

AFFIRMATION

I, **Albert D. Sturtevant, 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.



Signature of Arbitrator

DATE OF DECISION: December 30, 1996