

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant

Ralph McConnell

95-05641

Name of Respondent

Shelly Jones  
Chatfield Dean & Company

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CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on December 1, 1995, Claimant Ralph McConnell ("Claimant"), who appeared Pro Se, alleged that Respondents Chatfield Dean & Co., Inc. ("Chatfield Dean") and Shelley Jones ("Jones") gave him a series of poor investment recommendations considering he is 67 years old and has low income and little savings. Claimant further alleged that Jones, a broker at Chatfield Dean, encouraged him to purchase shares of Royce Laboratory and Plants for Tomorrow. Claimant contended that he purchased shares of Royce and 4,775 shares of Plants for Tomorrow. Claimant further contended that the price of Plants for Tomorrow totalled \$11,891.00. Claimant further contended that this investment constituted 41% of his initial investment of approximately \$28,000.00. Claimant asserted that after a 20-to-1 reverse split in Plants for Tomorrow reducing the value to \$476.00, constituting a loss of \$11,415.00. Claimant further asserted that Jones encouraged him to purchase stock in Main St. & Main and sell his positions in Royce Laboratory, Inc. and Summit Technology, Inc., and that Claimant lost money on these recommendations after Royce Laboratory had a 4 to 1 reverse split. Claimant alleged that out of an approximate investment of \$28,000.00 through Chatfield Dean, he has lost \$20,210.00. Claimant further asserted that due to the wrongdoing of the Respondents, he has suffered damages for which the Respondents should be held liable.

Respondent Chatfield Dean & Co., Inc. through its representative and in-house counsel Christa D. Taylor, Esq., maintained that Claimant has a lot more money than he has indicated because of the car he drives and the upscale area in which he lives. Respondent further maintained that Claimant's recitation of the facts giving rise to his claim is selective and misleading. Respondent also maintained that it received Claimant's account as a result of the liquidation of Chatfield Dean but did not assume any preexisting liabilities associated with the account. Respondent further maintained that Claimant's investment objectives prior to the transfer were "growth and some risk" and that Jones provided Claimant with a book regarding investing so that he would be an informed investor. Respondent asserted that

Claimant bought shares of John Hancock Strategic Income Fund and John Hancock Sovereign Investors Fund both which were delivered to John Hancock shortly after the purchases. Respondent further asserted that Claimant purchased shares of Summit Technology, which rose in value, and personally took possession of those shares. Respondent also asserted that Claimant and took possession of shares of Converse Technology, Royce Laboratories, Plants for Tomorrow and units of Main Street & Main. Respondent contended that Converse Technology had a reverse split in order to attract institutional investors but maintains solid growth and, in addition, that Main Street & Main increased in value after Claimant's purchase but has since been depressed as are other companies in the food service sector. Respondent further contended that Claimant's purchase of Royce Laboratories was included in a class action suit which produced a settlement.

Respondent maintained that Claimant's purchases of Plants for Tomorrow covered a span of over 18 months. Respondent further maintained that Claimant would have known that the Plants for Tomorrow had declined in value when he made his last purchase of the stock in March 1993, and that Claimant was provided with shareholder updates from Respondent and from companies in which Claimant had purchased stock. Respondent disputed the Claimant's loss figures, maintaining that Claimant indicated that his investment objective was "growth with some risk," and asserted that the Claimant should bear the loss of his speculation in the market. Respondent further maintained that it committed no wrongdoing and requested that the claims against it be dismissed.

Respondent Shelly Jones failed to file a Statement of Answer.

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

In accordance with Section 13 of the NASD code of Arbitration Procedure, the Respondent Shelly Jones was served a copy of the Claim by regular mail and was given an opportunity to respond which he failed to do. In addition, Respondent Jones was sent by certified mail an overdue answer notice and notice of the identity of the arbitrator which were received as is evidenced by the signed return receipt card on file at the NASD.

Pursuant to the By-laws of the NASD, the arbitrator determined that Respondent Shelly Jones had notice of the claim and was required to submit to this arbitration proceeding and is therefore, bound by the arbitrator's ruling.

#### **RELIEF REQUESTED**

Claimant Ralph McConnell requested \$10,000.00 in actual damages.

Respondent Chatfield Dean & Co., Inc. requested that the claims of the Claimant be dismissed.

Respondent Shelly Jones failed to file a Statement of Answer.

**AWARD**

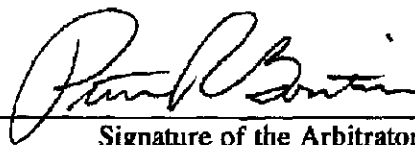
Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Peter R. Boutin, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant Ralph N. McConnell on November 22, 1995, and by the Respondent Chatfield Dean & Co., Inc. on March 22, 1996, but not by Respondent Shelley Jones 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. Respondent Chatfield Dean & Co., Inc. is liable and shall pay to Claimant Ralph N. McConnell \$1,500.00 in actual damages.
2. The claims of Claimant Ralph N. McConnell against Respondent Shelley Jones are dismissed in their entirety.
3. All other requests for relief are denied.
4. The parties shall bear their respective costs.
5. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant Ralph McConnell shall be retained by the NASD, Inc. Respondent Chatfield Dean & Co., Inc. is liable and shall pay to Claimant Ralph McConnell \$150.00 as reimbursement of the filing fee.

**AFFIRMATION**

I, PETER R. BOUTIN, 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 the Arbitrator

DATE OF DECISION: August 30, 1996