

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant

Kroll Family Trust

96-00266

Name of Respondents

A.S.B. Financial Services  
Rick Trenholme

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**CASE SUMMARY**

In a claim filed with the National Association of Securities Dealers, Inc. on January 18, 1996, Claimant Kroll Family Trust ("Claimant"), who appeared Pro Se, alleged that Respondents A.S.B. Financial Services ("ASB") and Rick Trenholme ("Trenholme"), failed to disclose information necessary for Claimant to make an informed investment in the Franklin U.S. Government Fund ("Fund"). Claimant contended that on August 13, 1993, she was at the Tarzana branch of the American Savings Bank and was introduced to an investment counselor at the bank, who was Trenholme. Claimant asserted that he did not identify himself as an employee of ASB and that the Claimant assumed that Trenholme was an employee of American Savings Bank. Claimant asserted that she mentioned to Trenholme that she had heard that the Fund was a good investment and that Trenholme concurred in this assessment. Claimant maintained that based on Trenholme's positive representation, she authorized Trenholme to transfer \$20,000.00 from a "cashed in" CD to the Fund. Claimant stated that on November 5, 1993, she transferred an additional \$43,682.56 to the Fund. Claimant contended that Trenholme failed to adequately disclose facts necessary for her to make an informed investment in the Fund. Claimant asserted that Trenholme failed to inform her that the principal in the Fund would fluctuate and was not insured by the FDIC. Claimant further contended that had these facts been disclosed, she would not have invested in the Fund. Claimant asserted that she did sign a statement which indicated that she had received a prospectus and that the Fund was considered an investment and was not insured by the FDIC, but she had not read the statement at the time she signed it. The Claimant contended that due to the Respondents' wrongdoing, she suffered damages for which the Respondents should be held liable.

Respondents A.S.B. Financial Services, Inc. and Rick Trenholme, through their representative and counsel, Lisa M. Simonetti, Esq., of Los Angeles, CA, maintained that Respondents informed Claimant of all risks inherent in Claimant's investment in the Fund through direct discussion and documentation. Respondents further maintained that the Claimant was provided with a prospectus and that she signed a statement which clearly indicated that the investment was not a savings account or deposit and was not insured by the FDIC.

Respondents contended that the statement which the Claimant signed clearly indicated that the investment was subject to risk. Respondents further contended that they committed no wrongdoing, and therefore, the claims against them should be dismissed.

#### **RELIEF REQUESTED**

Claimant Kroll Family Trust requested \$6,623.00 in actual damages.

Respondents A.S.B. Financial Services and Rick Trenholme requested that the claims of the Claimant be dismissed.

#### **AWARD**

Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Mary L. Williams, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant Kroll Family Trust, on May 2, 1995, and by the Respondent A.S.B. Financial Services, on March 27, 1996, and by Rick Trenholme, on May 30, 1996.

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 Kroll Family Trust, against the Respondents A.S.B. Financial Services and Rick Trenholme are dismissed in their entirety.
2. The parties shall bear their respective costs.
3. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant Kroll Family Trust, shall be retained by the NASD, Inc.

**AFFIRMATION**

I, **MARY L. WILLIAMS, 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.

  
**MARY L. WILLIAMS, ESQ.**

DATE OF DECISION:            July 22, 1996