

**AWARD**

**NASD REGULATION, INC., OFFICE OF DISPUTE RESOLUTION**

In the matter of the Arbitration Between

**Name of Claimant(s)**

Dean N. Delis  
Monique L. Delis

v.

Arbitration No.  
96-00423

**Name of Respondent(s)**

Dakin Securities, Inc.  
Jeffrey P. Gradinger

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**REPRESENTATION**

For Claimants: Steven M. Sherman, Esq.  
San Francisco, California

For Respondents: Anthony M. Englese, Esq.  
San Francisco, California

**CASE INFORMATION**

Statement of Claim filed: January 29, 1996

Claimants' Submission Agreements signed:  
Dean Delis: January 3, 1996  
Monique Delis: September 6, 1996

Joint Statement of Answer filed: February 22, 1996

Respondents' Submission Agreements signed: None submitted.

## **HEARING INFORMATION**

Pre-hearing telephone conferences were held as follows:

October 17, 1996	-	1 session (full panel)
May 12, 1997	-	1 session (one panelist)
September 16, 1997	-	1 session (one panelist)

The evidentiary hearing was held in San Francisco, California, as follows:

December 15, 1997	-	2 sessions
December 16, 1997	-	1 session
March 31, 1998	-	2 sessions
April 1, 1998	-	2 sessions
April 2, 1998	-	3 sessions
April 3, 1998	-	2 sessions

## **CASE SUMMARY**

Claimants alleged common law fraud, negligent misrepresentation, breach of contract, breach of fiduciary duty, violations of state and federal securities laws and the NASD rules of fair practice with respect to Claimants' investments in the shares of MTC Electronic Technologies Co. Ltd. Claimants also alleged that trades in MTC were made in two accounts Claimants held in other brokerage houses at the recommendation of Respondent Grading.

Claimants also alleged they were induced to make additional purchases of MTC on margin, although MTC was not, in fact, marginable.

Claimants further alleged Respondents did not disclose the financial and organizational problems being experienced by MTC which negatively affected the price of MTC shares.

Respondents denied the allegations of wrongdoing, and stated that Dean Delis and Jeffrey Grading had been friends for over 18 years before transacting business at Dakin, and that the two had effected securities transactions, some of them speculative, for over 9 years at other firms where Jeffrey Grading had worked. Respondents denied liability for any transactions not effected through Dakin Securities.

## **RELIEF REQUESTED**

Claimants requested compensatory damages of at least \$215,758.25, plus lost opportunity costs of \$100,000.00, punitive damages of at least \$645,275.00, breach of contract damages of \$937.50, costs of arbitration and attorneys fees.

Respondents requested dismissal of all claims.

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

The parties have agreed to receive conformed copies of the Award while the originals remain on file with NASDR, Inc.

### **AWARD**

The undersigned arbitrators, having considered the pleadings, the testimony and the evidence presented at the hearing, have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents are jointly and severally liable for and shall pay to Claimants the sum of \$25,000.00 in satisfaction of all claims.
2. The claim for punitive damages is dismissed.
3. The parties shall bear their respective costs, including attorney's fees.

### **FORUM FEES**

Pursuant to Section 10332 of the Code of Arbitration Procedure, the NASDR shall retain the \$250.00 non-refundable filing fee paid by Claimants, but shall refund the Claimants' \$1000.00 hearing session deposit.

Respondent Dakin Securities, Inc., is assessed all forum fees, as follows:

One pre-hearing telephone conference (3 arbitrators)	
@\$1000/session	\$ 1,000.00
Two pre-hearing telephone conferences (1 arbitrator)	
@ \$300/session	\$ 600.00
12 hearing session @ \$1000/session	<u>\$ 12,000.00</u>
	<u>\$ 13,600.00</u>

**Fees are payable to the National Association of Securities Dealers Regulation, Inc.**


Concurring Arbitrators Signatures:

Date signed:

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Thomas C. McNally, III, Esq.  
Presiding Chairperson  
Public Arbitrator

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Thomas D. Reese, Esq.  
Public Arbitrator

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4/13/98

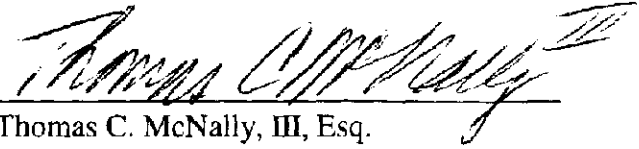
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Barry Mainardi  
Securities Industry Arbitrator

Date served: 4/14/1998

Concurring Arbitrators Signatures:

Date signed:

  
\_\_\_\_\_  
Thomas C. McNally, III, Esq.

Presiding Chairperson  
Public Arbitrator

4-10-98

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Thomas D. Reese, Esq.  
Public Arbitrator

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Barry Mainardi  
Securities Industry Arbitrator

Date served: 4/14/1998

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Public Arbitrator



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Barry Mainardi  
Securities Industry Arbitrator

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4/10/98

Date served: 4/14/1998