

A. 9. RD

NASD Regulation, Inc.

In the Matter of the Arbitration Between

Names of Claimants

Barbara J. Speenburgh, Individually and as
Trustee of the Barbara J. Speenburgh Trust

96-00607

Names of Respondents

Great American Financial Network, Inc. f/k/a
Marina Securities, Inc.
Victor Verola

REPRESENTATION

For Claimant Barbara J. Speenburgh, Individually and as Trustee of the Barbara Speenburgh Trust ("Claimant"): Mark S. Guramick, Esq., Deerfield Beach, Florida.

For Respondent Great American Financial Network, Inc. f/k/a Marina Securities, Inc. ("Great American"): Edward Fates of Great American Financial Network, Inc., Norcross, Georgia (see "Other Issues").

Respondent Victor Verola ("Verola") appeared pro se.

CASE INFORMATION

Statement of Claim filed: February 1, 1996.

Claimant's Submission Agreement signed: February 6, 1996.

Joint Statement of Answer filed by Respondents on: June 11, 1996.

Respondents did not file with NASD Regulation, Inc. properly executed Submission Agreements.

HEARING INFORMATION

On November 25, 1996 and May 5, 1998, the arbitration panel conducted pre-hearing telephonic conferences which lasted two (2) sessions.

On March 22, 1999, the evidentiary hearing which lasted two (2) sessions was conducted in Boca Raton, Florida.

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CASE SUMMARY

Claimant alleged that she was placed in several unsuitable investments by Respondents; that before coming in contact with the Respondents she was an unsophisticated and inexperienced investor; that Respondents knew, or should have known, that she was not suited to invest her limited funds in the highly volatile income funds known as Datronic Equipment Income Funds ("Datronic") and Divall Insured Income Properties ("Divall"); that Claimant attended a series of luncheon seminars given by Respondent's (Great American's) brokers, including owner, Verola; that initially, Claimant met with broker Sharon Jackson ("Jackson"); and, that following Jackson's advice Claimant invested \$25,000.00 in the purchase of 50 units of Datronic and \$15,000.00 in the purchase of 15 units of Divall. Claimant next alleged that soon after the foregoing transactions Jackson left town or undertook other business activities and Claimant was shuffled from one broker to another; that Marina Securities has no internal system of oversight; that brokers continued to mis-manage Claimant's investments in the unsuitable Datronic and Divall funds despite numerous requests by Claimant for Respondent Verola to intervene and to assist her; that Verola continued to authorize the conduct of his brokers while refusing to communicate with or to assist Claimant; and, that in late 1992, Claimant learned that the value of her Datronic and Divall investments had been ruptured by the fraud of its principals; that its directors were charged with theft and fraud; that in the end, Claimant recovered only \$650.00 from her \$25,000.00 investment in Datronic, and less than \$6,000.00 from her \$15,000.00 investment in Divall; and that while these misfortunes were unfolding, Marina Securities, Inc. was sold to Great American which allegedly assumed responsibility for Claimant's account.

Respondents denied the allegations of wrongdoing contained in the Statement of Claim and maintained that Verola was not the broker of record; that he was not the supervisor of Claimant's account; and, that he did not make any investment recommendations to the Claimant. Verola next alleged that Claimant's claims are barred in whole or in part by applicable Statutes of Limitations according to Florida law, and that the claims are barred in whole or in part by Rule 10304 of the Code of Arbitration Procedure ("the Code") as the purchases were made through Marina Securities in 1989 and 1990. Respondent Verola next alleged that the claim for the investment made in 1991 should not have been included as it was made at a different brokerage firm, Midamerica; that Claimant, by her own admission, invested with prior brokerage firms before coming to Marina; that Claimant would not or could not provide the requested tax returns during discovery; and that at the hearing Claimant's attorney alleged that her net worth was lower than stated on the new account form, but by Claimant's own testimony she admitted to receiving almost \$400,000.00 in a divorce settlement, which would have substantially raised the net worth stated on her new account form; and, that a mature individual with sufficient experience in life should understand that there is some risk inherent in every investment that is not guaranteed by the federal government. Respondent Verola maintained that he did not believe that Claimant incurred any losses, because Claimant received distributions and that Claimant sold the investments for an undisclosed sum. Respondent Verola further contended that since Respondent Great American was not present at the hearing and the broker and supervisor of the account at issue, Jackson, through whom all of the investments at issue investments were made, was not present at the hearing, and since Claimant did not respond to his (Verola's) discovery request.

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it was impossible for him (Verola) to adequately prepare for the hearing and present a defense. Verola further maintained that Marina was sold in 1994 to Great American, and all assets and liabilities were assumed by Great American.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$100,000.00 together with interest, costs, attorneys' fees and such other relief deemed appropriate by the panel.

Respondents requested a dismissal of the claim in its entirety, reimbursement of Respondents' costs and expenses in defending this claim and that all forum fees be assessed against the Claimant.

OTHER ISSUES CONSIDERED & DECIDED

The parties present 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 present at the hearing have agreed to receive conformed copies of the Award while the originals remain on file with NASD Regulation, Inc.

Respondent Great American did not attend the hearing. Upon review of the file and the representations made by the parties during the hearing, the undersigned arbitrators have determined that Respondent Great American has been properly served with the Statement of Claim pursuant to Rule 10314 of the Code of Arbitration Procedure ("the Code"). The undersigned arbitrators have also determined that Respondent Great American has received due notice of the hearing as required under Rule 10315 of the Code and that arbitration of the matter would proceed pursuant to Rule 10316 of the Code.

Respondents Great American and Verola did not file with the NASD Regulation, Inc. Office of Dispute Resolution, properly executed Submission Agreements but are both required to submit to arbitration pursuant to Rule 10301 of the Code and having answered the claim, and, in the case of Respondent Verola, having appeared and testified at the hearing, are bound by the determination of the arbitration panel on all issues submitted.

The parties did not stipulate regarding the panel's authority to address the issue of attorneys' fees incurred by the parties in this arbitration. Therefore, this panel made no determination regarding attorneys' fees incurred as a result of this arbitration.

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AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing and post hearing submissions (if any), the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents Great American and Verola are found liable, jointly and severally, and shall pay to Claimant the sum of \$50,000.00 including pre-judgment interest.
2. Claimant's request for costs is hereby denied.
3. Respondents' request for reimbursement of costs and expenses is hereby denied.

FORUM FEES

Pursuant to Rule 10332(b) of the Code, a hearing session is any meeting between the parties and the arbitrators, including a pre-hearing conference with an arbitrator, which lasts four (4) hours or less.

Pursuant to Rule 10332(c) the arbitration panel has assessed forum fees in the amount of \$2,000.00 (two (2) pre-hearing conferences (panel) x \$500.00 + two (2) hearing sessions x \$500.00) as follows:

Respondents Great American and Verola are assessed forum fees, jointly and severally, in the amount of \$2,000.00 payable to NASD Regulation, Inc.

OTHER FEES

Pursuant to Rule 10332 of the Code, Claimant has paid to NASD Regulation, Inc. the claim filing fee of \$150.00.

Pursuant to Rule 10333 of the Code, Respondent has paid to NASD Regulation, Inc. the member surcharge of \$300.00.

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Fees are payable to the NASD Regulation, Inc., Office of Dispute Resolution.

ARBITRATION PANEL

Concurring Arbitrators' Signatures

/s/
Steven R. Reisinger, Esq.

Public/Chairperson

/s/
Bonnie L. Roddenberry, Esq.

Public/Panelist

/s/
Sanford M. Naiditch

Industry/Panelist

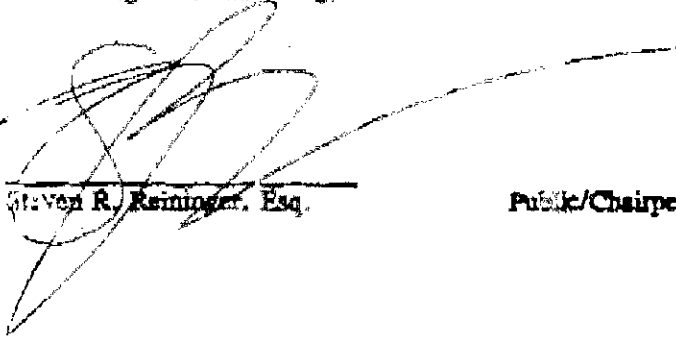
Date of Decision: May 3, 1999

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Fees are payable to the NASD Regulation, Inc., Office of Dispute Resolution.

ARBITRATION PANEL

Concurring Arbitrators' Signatures

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Steven R. Reininger, Esq.

Public/Chairperson

Bonnie L. Roddenberry, Esq.

Public/Panelist

Sanford M. Naiditch

Industry/Panelist

Date of Decision:

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Fees are payable to the NASD Regulation, Inc., Office of Dispute Resolution.

ARBITRATION PANEL

Concurring Arbitrators' Signatures

Steven R. Reininger, Esq.

Public/Chairperson

Bonnie L. Roddenberry
Bonnie L. Roddenberry, Esq.

Public/Panelist

Sanford M. Naiditch

Industry/Panelist

Date of Decision:

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Fees are payable to the NASD Regulation, Inc., Office of Dispute Resolution.

ARBITRATION PANEL


Concurring Arbitrators' Signatures

Steven R. Reininger, Esq.

Public/Chairperson

Bonnie L. Roddenberry, Esq.

Public/Panelist


Sanford M. Naiditch

Industry/Panelist

Date of Decision: _____