

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Theodore B. & Lillie P. Atznasoff

96-01036

Name of Respondents

Chatfield Dean & Company, Inc.
Norman Kirby Farra, Jr.

REPRESENTATION

For Claimant: Stephen A. Baker, Esq. of the law firm of Allan & Shipp, P.A., St. Petersburg, FL.

For Respondent Chatfield Dean & Co., Inc. ("Chatfield Dean"): Christa D. Taylor, Esq., in-house counsel at Chatfield Dean.

Third Party Respondent Norman K. Farra, Jr. ("Farra") appeared pro se.

CASE INFORMATION

Statement of Claim filed: March 8, 1996.

Claimants' Submission Agreement signed on: March 4, 1996.

Statement of Answer filed by Respondent Chatfield Dean on: April 22, 1996.

Respondent Chatfield Dean's Submission Agreement signed on: April 18, 1996.

Statement of Answer of Third Party Respondent Farra filed on: November 6, 1996.

Third Party Respondent Farra's Submission Agreement signed on: October 30, 1996.

HEARING INFORMATION

Four hearing sessions were conducted on November 13, 1996 and April 16, 1997 in Tampa, Florida.

CASE SUMMARY

Claimants asserted that their claim alleged negligent mismanagement of their brokerage account, unsuitable trading, breach of fiduciary duty, federal and state securities act violations and breach of contract. Claimants alleged that their losses resulted from equities recommended and sold to Claimants which were not appropriate in light of their age, income needs, and express investment objectives. Respondent

Chatfield Dean & Co., Inc. denied all allegations of wrongdoing contained in the Statement of Claim. Chatfield Dean & Co., Inc. maintained that Claimants had wanted to speculate and that Claimants had signed a margin agreement; thus, margin trading was authorized. Chatfield Dean & Co., Inc. further maintained that Claimants' purchase of Spectrum Information Technologies was unsolicited; therefore, they could not charge Chatfield Dean & Co., Inc. with any losses suffered. As affirmative defenses, Chatfield Dean & Co., Inc. pled failure to state a cause of action, statutes of limitation, failure to mitigate and waiver, estoppel and laches.

The Respondent Chatfield Dean asserted a third party claim against Norman Farra alleging that Farra's failure to transact business in strict conformance with federal and state laws, the common law and rules and regulations of self-regulatory organizations and of Chatfield Dean obligates Farra to indemnify Chatfield Dean for any sums they may be required to pay Claimants as a result of violations, if any. Third Party Respondent Norman Kirby Farra, Jr. maintained that he and Chatfield Dean & Co., Inc. provided all needed documentation to show that Mr. Atanasoff's allegations about Norman Kirby Farra, Jr. and Chatfield Dean & Co., Inc.'s trading activities were false. Third Party Respondent Farra further maintained that he and Chatfield Dean & Co., Inc. had clearly marked unsolicited tickets, confirmations, and contemporaneous notes on his purchases of Spectrum Information Technologies. Third Party Respondent Farra further maintained that Mr. Atanasoff decided which securities to purchase and how much in every instance. Third Party Respondent Farra further maintained that as a broker he could only recommend securities and it was not his or Chatfield Dean & Co., Inc.'s responsibility to make any decisions for the Claimants. Third Party Respondent Farra further maintained Mr. Atanasoff had been investing for over 40 years and was capable of making his own investment decisions.

RELIEF REQUESTED

Claimants requested principal losses in the amount of \$60,221.00, together with loss of income, margin interest incurred, attorneys' fees and costs.

Respondent Chatfield Dean requested that the panel dismiss all claims against them and award them their costs and attorneys' fees. Respondent Chatfield Dean further requested that should the panel order them to pay an award to Claimants that the panel order Farra to pay to Chatfield Dean a sum equal to Claimants' award, if any, together with costs and attorneys' fees.

Third Party Respondent Farra requested a dismissal of the third party claim and an award of his attorneys' fees and costs.

OTHER ISSUES CONSIDERED & DECIDED

The parties have 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 have agreed to receive conformed copies of the Award while the original(s) remain on file with NASD Regulation, Inc.

During the hearing the arbitration panel was informed that the Respondent Chatfield Dean was dismissing with prejudice the third party claim against Mr. Farra.

The arbitration panel declines to provide a reason for their determination at the hearing to exclude as part of the record handwritten notes brought to the hearing by Mr. Farra.

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. The Respondent Chatfield Dean be and hereby is liable and shall pay to the Claimants the sum of \$56,675.92, inclusive of pre-judgment interest.
2. The Respondent Chatfield Dean be and hereby is liable and shall pay to the Claimants the sum of \$1500.00 representing reimbursement of the expert witness fees.
3. The Respondent Chatfield Dean be and hereby is liable and shall pay to the Claimants the sum of \$19,000.00 in attorneys' fees pursuant to the arbitration agreement entered into between the Claimants and the Respondent Chatfield Dean
4. The Respondent Chatfield Dean be and hereby is liable and shall pay to the Claimants the sum of \$650.00 representing reimbursement of the claim filing fee and the hearing session deposit previously paid by the Claimants to NASD Regulation, Inc.

FORUM FEES

Pursuant to Section 10332 of the Code of Arbitration Procedure, forum fees in the sum of \$2,000.00 are assessed as follows:

Chatfield Dean is hereby assessed the sum of \$2,000.00 for which NASD Regulation, Inc. shall retain the \$500.00 and \$600.00 previously deposited by the Claimant and the Respondent, respectively, in partial satisfaction thereof leaving a balance due in the sum of \$900.00.

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

Concurring Arbitrators' Signatures

Name
Public/Industry

/S/

Cynthia A. Henderson, Esq. Public

/S/

William H. Fleece, JD Public

/S/

Jerrold B. Shutzky Industry

Date of Decision: May 19, 1997