

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimants

Edwin and Mary Snyder  
E.L. Snyder & Associates

96-02611

Name of Respondents

Dean Witter Reynolds, Inc.  
Edward Goddard

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REPRESENTATION

For Claimants: Stephen Murphy, Esq. of Pino & Dicks, Longwood, FL.

For Respondents: Debra Roth, Esq. of Dean Witter Reynolds, Inc.

CASE INFORMATION

Statement of Claim filed: June 14, 1996.

Claimants Mary and Edwin Snyder's Submission Agreement signed on: January 30, 1996.

Claimant E.L. Snyder and Associates' Submission Agreement signed on: June 6, 1996.

Joint Statement of Answer filed by Respondents on: September 3, 1996.

On behalf of Respondent Dean Witter Reynolds, Inc., Allison Barry Doneghey signed the Submission Agreement on: September 3, 1996.

Respondent Edward Goddard did not submit an executed Submission Agreement.

HEARING INFORMATION

On November 26, 1996 a telephonic pre-hearing conference lasting one session was conducted with the arbitration panel.

On April 16, 17, 18, 1997, hearings lasting six (6) sessions were conducted in Tampa, Florida.

## CASE SUMMARY

Claimants alleged that they informed Respondent Goddard that \$460,000.00 plus an additional \$200,000.00 that they were about to receive represented their entire savings and that they would be completely dependent on these funds to support their income needs of \$8,000.00 per month. The Claimants further alleged that Respondent Goddard represented to them that he could invest their funds and earn at least \$8,000.00 per month and Claimants alleged that Respondent Goddard maintained there would not be any fees or commissions charged to them.

Claimants further alleged the following: that they paid over \$50,000.00 in charges although Respondent Goddard represented that there would not be any charges; that Respondent Goddard *did not inform Claimants that earning \$8,000.00 per month would be very difficult to maintain* and that they might have to withdraw from their principal; that the track records of the investments Respondent Goddard selected for the Claimants made it extremely unlikely that their investment objectives would be met; and that at no time did Respondent Goddard inform Claimants that their account was losing money. The Claimants asserted claims for breach of fiduciary duty, negligence, negligent failure to supervise, fraud, and breach of contract.

Respondents alleged that in the summer of 1993, when the Claimants opened their account with Respondent Goddard, they informed him they needed \$8,000.00 per month in income from their principal of \$460,000.00 which Respondent Goddard informed Claimants was impossible to achieve. Respondents further alleged that the Claimants told Respondent Goddard that by February 1994, they expected to receive \$1.2 million and thereafter, Respondent Goddard recommended a well-diversified portfolio of mutual funds and placed approximately \$100,000.00 in a short term investment from which the Claimants could withdraw until they received the additional sum.

The Respondents further alleged the following: that in January 1994, Claimants deposited \$200,000.00 with Respondent Goddard in a variable annuity; that Claimants did not tell Respondent Goddard that the \$200,000.00 represented the total they expected to receive; that during 1994, the Claimants continued to make significant withdrawals for living expenses while continuing to tell Respondent Goddard that they expected to receive the additional \$1.2 million but that it would be delayed; that in January 1995, Respondent Goddard met with the Claimants and explained that their money would only last a few more years if they continued to withdraw and spend their money at the same rate; that shortly after the January 1995 meeting, the Claimants closed their account with the Respondents. The Respondents alleged that they bear no liability to Claimants for any losses in their account or for the money they withdrew and spent.

## RELIEF REQUESTED

Claimants requested compensatory damages in the sum of \$245,000.00 plus interest, costs, attorneys' fees, punitive damages in the sum of \$50,000.00, and such other relief as the arbitrators deemed appropriate.

Respondents requested that all claims asserted by the Claimants be denied in their entirety.

### AWARD

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

- 1) Respondent Dean Witter Reynolds, Inc. is found liable and shall pay to Claimants Edwin and Mary Snyder the sum of \$7,500.00, plus simple interest at the rate of 9% per annum from April 18, 1997 to the date of payment of the Award.
- 2) Respondent Dean Witter Reynolds, Inc. is found liable and shall pay to Claimant E.L. Snyder & Associates the sum of \$17,500.00, plus simple interest at the rate of 9% per annum from April 18, 1997 to the date of payment of the Award.
- 3) Respondent Edward Goddard is found liable and shall pay to Claimants Edwin and Mary Snyder the sum of \$1,500.00, plus simple interest at the rate of 9% per annum from April 18, 1997 to the date of payment of the Award.
- 4) Respondent Edward Goddard is found liable and shall pay to Claimant E.L. Snyder & Associates the sum of \$3,500.00, plus simple interest at the rate of 9% per annum from April 18, 1997 to the date of payment of the Award.
- 5) Respondent Dean Witter Reynolds, Inc. is found liable and shall pay the Claimants' legal fees and arbitration costs in an amount to be determined by a court of competent jurisdiction.
- 6) The Claimants' request for punitive damages is denied.

### FORUM FEES

Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, the Panel has assessed forum fees in the amount of \$5,250.00 (one pre-hearing conference with the full panel x \$750.00 plus six hearing sessions x \$750.00).

- 1) Respondent Dean Witter Reynolds, Inc. is hereby assessed \$5,250.00 for which National Association of Securities Dealers Regulation, Inc. shall retain the \$750.00 previously deposited by the Claimants in partial satisfaction thereof, leaving a balance due of \$4,500.00.
- 2) The National Association of Securities Dealers Regulation, Inc. shall retain the \$350.00 member surcharge previously paid by Respondent Dean Witter Reynolds, Inc.
- 3) The National Association of Securities Dealers Regulation, Inc. shall retain the \$200.00 claim filing fee previously deposited by the Claimants.

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

**Concurring Arbitrators' Signatures**

**Public/Industry**

/S/

Sam A. Giunta  
Chairperson

**Public**

/S/

W. A. Westlake

**Public**

/S/

Norman Morris

**Industry**

7/8/97

Date of Decision: \_\_\_\_\_