

## **AWARD**

NASD Regulation, Inc. Office of Dispute Resolution

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**In the Matter of an Arbitration  
between:**

**Chris & Maryse Peers,**

**NASD Arbitration No. 97-06047**

**Claimants,**

**v.**

**Sauceda & Granville Securities, Inc., Benito Saucedo, III, James B. Hancock, Peter J. Matera, Jr., Hristoforatos Kyriakis, Raymond O. Daniels, Stephen P. Boruchin and Martha W. Granville,**

**Respondents.**

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### **REPRESENTATION OF PARTIES**

Claimants Chris J. Peers and Maryse Peers were represented by Thomas A. Hargett, Esq. and Mark E. Maddox, Esq. of the Indianapolis office of Maddox Koeller Hargett & Caruso.

Respondents Saucedo & Granville Securities, Inc., Benito Saucedo, Raymond Daniels, Stephen Boruchin and Martha Granville were originally represented by Michael P. Cillo, Attorney at Law, Denver, Colorado.

Respondent Hristoforatos Kyriakis was represented by David A. Gehn, Attorney at Law, New York, New York.

Saucedo & Granville Securities, Inc., James B. Hancock, Peter J. Matera, Jr. and Martha W. Granville were unrepresented at the hearing.

### **CASE INFORMATION**

Claimants Chris J. Peers' and Maryse Peers' Statement of Claim was filed with the NASD on or about December 29, 1997.

Claimants Uniform Submission Agreement was executed on December 19, 1997.

Claimants Chris J. Peers and Maryse Peers filed an Amended Statement of Claim with the NASD on or about April 10, 1998.

Respondents Saucedo & Granville Securities, Inc. and Benito Saucedo III filed Joint Answers and Motions to Dismiss with the NASD on or about March 27, 1998.

Respondents Raymond O. Daniels, Stephen P. Boruchin and Martha W. Granville

filed a Joint Statement of Answer with the NASD on or about May 19, 1998.

Respondents Saucedo & Granville Securities, Inc.'s and Benito Saucedo's Uniform Submission Agreements were executed on March 26, 1998.

Respondents Raymond O. Daniels', Stephen P. Boruchin's and Martha W. Granville's Uniform Submission Agreements were executed on May 21, 1998, June 5, 1998 and May 21, 1998, respectively.

The NASD has no record of Respondent Hristoforatos Kyriakis, James B. Hancock or Peter J. Matera, Jr. filing Statements of Answer.

### HEARING INFORMATION

No pre-hearing conferences were held.

An initial hearing was held on January 26, 1999 for one (1) session in Indianapolis, Indiana, to consider Claimants' evidence against Respondents Saucedo & Granville Securities, Inc., Benito Saucedo, III, James B. Hancock, Peter J. Matera, and Martha W. Granville. Chris J. Peers was the only party present at the hearing; his counsel, Thomas A. Hargett, Esq., was the only attorney present.

On May 18, 1999, a second hearing for one (1) was conducted to consider Claimants' evidence against Respondent Benito Saucedo, III. Mark E. Maddox, attorney for Claimants, was the only person present at the hearing.

There were a total of two (2) hearing sessions.

### CASE SUMMARY

In their Statement of Claim, Claimants asserted that, between January and December of 1997, through a continuing and unrelenting series of high pressure sales tactics, omissions and misrepresentations of material facts, as well as outright lies, they were solicited, induced and/or coerced by Respondents into purchasing, on a cash, borrowed and/or margin basis, \$413,893 of high risk and speculative securities.

Claimants asserted the following legal claims against Respondents: violation of Sections 23-2-1-12 and 23-2-1-3 of the Indiana Securities Act.

In Respondents' Answers they denied any and all allegations of wrongdoing that had been set forth in the Statement of Claim.

### OTHER ISSUES

Respondents Saucedo & Granville Securities, Inc., Benito Saucedo, III, Raymond

O. Daniels, Stephen P. Boruchin and Martha Granville each filed Motions to Dismiss. Various Respondents filed various additional motions to adjourn the hearing and to appear telephonically in the hearing. Each of these Motions were reviewed and considered by the full panel of arbitrators and were subsequently denied.

Upon review of the file and documents admitted into evidence at hearing, the undersigned arbitrators have determined as follows:

1. Each of the Respondents was properly served with the Statement of Claim in accordance with Rule 10314 of the NASD Code of Arbitration Procedure (the "Code");
2. Respondents James B. Hancock, Peter J. Matera, Jr., and Hristoforatos Kyriakis did not file executed Uniform Submission Agreements with the NASD, as required to submit to the arbitration of this dispute in accordance with Rules 10101 and 10301 of the Code, Respondents Hancock, Matera, and Kyriakis are required to be and shall be bound by the determination of the undersigned arbitrators;
3. Each of Respondents was properly served with the Notice of the Selection of the Panel of Arbitrators in accordance with Rule 10310 of the Code;
4. Each of Respondents was properly served with the Notice of the Time and Place for the Hearing in accordance with Rule 10315 of the Code;
5. It has been agreed by the parties at the hearing that the award rendered in this matter may be executed in counterpart copies and that a handwritten, signed award may be entered. It has been further agreed that the parties shall receive conformed copies of the award while the original shall remain on file with the NASD.

#### **RELIEF REQUESTED**

Claimants requested an Award against Respondents as follows:

- (a) For the sum of \$384,893.00, jointly and severally, representing their alleged compensatory damages;
- (b) For an award of interest, jointly and severally, at the rate of 8%;
- (c) For the sum of \$21,000.00, jointly and severally, representing necessary, reasonable and equitable attorney's fees, in accordance with 23-2-1-19(a), associated with the initiation of this matter;
- (d) For an award of \$1,577.45, jointly and severally, representing reimbursement of the costs and expenses associated with the prosecution of this proceeding, in accordance with IC 23-2-1-19(a) of the Indiana Securities Act;
- (e) For the imposition of all forum fees solely against Respondents; and

(f) For the imposition of punitive damages in such an amount as may be deemed fair, just and equitable under the circumstances presented.

Respondents requested that the Statement of Claim be dismissed in its entirety.

### **SPECIFIC ISSUES CONSIDERED AND DECIDED**

Upon review of the file and documents admitted into evidence at hearing, the undersigned arbitrators have determined and specifically find as follows:

1. Respondents Raymond O. Daniels, Stephen P. Boruchin and Hristoforatos Kyriakis (collectively, the "Dismissed Respondents"), have been dismissed from this action by Claimants;

2. Respondent James Hancock was the supervisor of Respondent Peter J. Matera, Jr.; directly and/or indirectly controlled the activities of Respondent Peter J. Matera, Jr.; and did not sustain the burden of proof that he did not know and, with the exercise of reasonable care, could not have known of the existence of the facts by reason of which the liability asserted against him in the Statement of Claim was alleged to have existed;

3. Benito Saucedo, III, was director, President, CEO, CCO, SROF, and a control person of Saucedo & Granville Securities, Inc.;

4. Martha W. Granville was a shareholder and control person of Saucedo & Granville Securities, Inc.;

5. Each and all of the Respondents, except the Dismissed Respondents, obtained money from Claimants through actual fraud, false pretenses and the willful and malicious false representation of material facts which they knew to be false and which were justifiably relied upon by Claimants; and

6. The conduct of each and all of the Respondents, except the Dismissed Respondents, with respect to Claimants, was willful, malicious and performed with either the actual intent of causing financial injury to Claimants and/or under circumstances where such financial injury was substantially certain to occur.

### **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. Respondents Saucedo & Granville Securities, Inc., James B. Hancock, Peter J. Matera, Jr., Benito Saucedo, III, and Martha Granville are jointly and severally

liable to and shall pay to Claimants the sum of Three Hundred Eighty-four Thousand Eight Hundred Ninety-three Dollars (\$384,893.00), representing their compensatory damages.

2. Respondents Saucedo & Granville Securities, Inc., James B. Hancock, Peter J. Matera, Jr., Benito Saucedo, III, and Martha Granville are jointly and severally liable to and shall pay to Claimants the sum of Fifty-three Thousand Two Hundred One and 26/100 Dollars (\$53,201.26) representing lost interest.

3. Respondents Saucedo & Granville Securities, Inc., James B. Hancock, Peter J. Matera, Jr., Benito Saucedo, III, and Martha Granville are jointly and severally liable to and shall pay to Claimants, the sum of One Thousand Five Hundred Seventy-seven and 45/100 Dollars (\$1,577.45) representing reimbursement of the costs and expenses associated with the prosecution of this proceeding, in accordance with Section 23-1-1-19(a) of the Indiana Securities Act.

4. Respondents Saucedo & Granville Securities, Inc., James B. Hancock, Peter J. Matera, Jr., Benito Saucedo, III, and Martha Granville are jointly and severally liable to and shall pay to Claimants, the sum of Twenty-one Thousand Dollars (\$21,000.00) representing necessary, reasonable and equitable attorneys' fees, in accordance with 23-2-1-19(a) of the Indiana Securities Act.

5. Subject to the limitations set forth in paragraph 6 of this Award, Respondents shall pay Claimants punitive damages as follows:

a) Respondent James B. Hancock shall pay the sum of One Million One Hundred Thousand Dollars (\$1,100,000.00) representing punitive damages for his conduct herein;

b) Respondent Peter J. Matera, Jr. shall pay the sum of One Million One Hundred Thousand Dollars (\$1,100,000.00) representing punitive damages for his conduct herein;

c) Respondent Benito Saucedo, III, shall pay the sum of One Million One Hundred Thousand Dollars (\$1,100,000.00) representing punitive damages for her conduct herein

d) Respondent Martha W. Granville shall pay the sum of One Million One Hundred Thousand Dollars (\$1,100,000.00) representing punitive damages for her conduct herein; and

e) Respondent Saucedo & Granville Securities, Inc. shall pay the sum of One Million One Hundred Thousand Dollars (\$1,100,000.00) representing punitive damages for their conduct herein.

6. Notwithstanding the provisions of paragraph 5 of this Award, punitive

damages shall be limited as follows:

a) Respondents, collectively, shall not be obligated to pay more than an aggregate of One Million One Hundred Thousand Dollars (\$1,100,000.00) in punitive damages.

b) In accordance with Indiana Code sec. 34-51-3-6, of each dollar of punitive damages awarded, Respondents shall pay 25% to Claimants and 75% to the Treasurer of the State of Indiana.

7. Respondents Saucedo & Granville Securities, Inc., James B. Hancock, Peter J. Matera, Jr., Benito Saucedo, III, and Martha Granville are jointly and severally liable to and shall pay to Claimants, interest on each and all of the preceding amounts, from the date of service of this award until the date of full payment thereof, at the annual rate of eight percent (8%) per annum; and

8. Other than forum fees, which are addressed below, all other claims and requests for relief, not specifically awarded herein, have been considered and each of them is hereby denied with prejudice.

#### **FORUM FEES**

Forum fees are calculated at the rate of \$600.00 per hearing session and \$300.00 for each pre-hearing conference.

A hearing session is any meeting between the parties and the arbitrators which lasts four (4) hours or less.

There were no pre-hearing sessions. There were a total of two (2) hearing session, for a total due of \$1,200.00 in forum fees.

Pursuant to Rule 10332 of the Code, the NASD shall retain the non-refundable filing fee of \$200.00 that was paid by Claimants.

Respondents Saucedo & Granville Securities, Inc., James B. Hancock, Peter J. Matera, Jr., and Martha Granville are jointly and severally liable to and shall pay to the NASD forum fees in the amount of \$600.00.

Respondent Benito Saucedo, III, is liable to and shall pay to the NASD forum fees in the amount of \$600.00.

The NASD shall refund the Claimants' initial hearing session deposit of \$600.00.

#### **OTHER FEES**

Pursuant to Rule 10333 of the Code, Saucedo & Granville Securities, Inc. is liable

for and shall pay the \$1,200.00 member surcharge previously charged.

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

Concurring Arbitrator:

Dated:

/s/ Jerome O. Pitt

June 25, 1999

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Jerome O. Pitt, JD  
Chairman  
Public Arbitrator

/s/ F. Wesley Bowers

June 24, 1999

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F. Wesley Bowers, JD  
Panelist  
Public Arbitrator

/s/ Michael J. Kelly

June 30, 1999

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Michael J. Kelley, CPA, CFP  
Panelist  
Industry Arbitrator

**OTHER FEES**

Pursuant to Rule 10333 of the Code, Saucedo & Granville Securities, Inc., ~~James B. Hancock, Peter J. Matora, Jr., Benito Saucedo, III, and Martha Granville~~ are liable for and shall pay the \$1,200.00 member surcharge previously charged. 75

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

Concurring Arbitrator:

Dated:

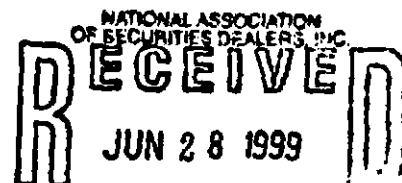
  
Jerome O. Pitt, JD  
Chairman  
Public Arbitrator

6/25/99

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F. Wesley Bowers, JD  
Panelist  
Public Arbitrator

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Michael J. Kelley, CPA, CFP  
Panelist  
Industry Arbitrator





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Concurring Arbitrator:

Dated:

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Jerome O. Pitt, JD  
Chairman  
Public Arbitrator

*F. Wesley Bowers*  
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F. Wesley Bowers, JD  
Panelist  
Public Arbitrator

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Michael J. Kelley, CPA, CFP  
Panelist  
Industry Arbitrator

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*6/24/99*  
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**OTHER FEES**

Pursuant to Rule 10333 of the Code, Saucedo & Granville Securities, Inc., ~~James B. Hancock, Peter J. Matara, Jr., Benito Saucedo, III, and Martha Granville~~ are liable for and shall pay the \$1,200.00 member surcharge previously charged. 15

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Concurring Arbitrator:

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Public Arbitrator

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Panelist  
Industry Arbitrator

6-30-99

**OTHER FEES**

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Concurring Arbitrator:

Dated:

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Public Arbitrator

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