

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Adel F. Samaan, M.D., and Adel F. Samaan IRAs, Claimants v. Erland Peterson, William P. Barnard, Neal Edwin Nakagiri, John R. Lindsey, Sean P. McGaughey, Murli D. Sujani, Associated Securities Corporation fka Associated Planners Securities Corporation, Associated Planners Investment Advisory, Associated Financial Group, Philip N. Gainsborough, Respondents

Case Number: 00-04642

Hearing Site: Los Angeles, California

REPRESENTATION OF PARTIES

For Claimants:

David C. Voss, Jr., Esq.
Voss & Associates
Marina del Rey, California

For Respondents:

John L. Erikson, Jr., Esq.
Jones Bell Abbott Fleming & Fitzgerald
Los Angeles, California

CASE INFORMATION

Statement of Claim filed: October 10, 2000

First Amended Statement of Claim filed: August 30, 2001

Claimants' Uniform Submission Agreement signed: October 3, 2000

Joint Statement of Answer filed by Respondents Associated Securities Corporation and Erland Peterson: January 10, 2001

Joint Statement of Answer filed by Respondents William P. Barnard, Neal E. Nakagiri, John R. Lindsey, Sean McGaughey, Murli Suganani, and Philip Gainsborough: January 10, 2001

Notice of Refusal to Voluntarily Submit to Arbitration filed by Respondent Associated Financial Group: December 7, 2000

Notice of Refusal to Voluntarily Submit to Arbitration filed by Respondent Associated Planners Investment Advisory, Inc.: January 10, 2001

Respondent Associated Securities Corporation's Uniform Submission Agreement signed: December 6, 2000

CASE SUMMARY

Claimants alleged breach of contract, breach of fiduciary duty, negligence, failure to supervise, misrepresentation, non-disclosure, omission of material facts, and unsuitability, involving unspecified securities.

Respondents Associated Securities Corporation, Erlend Peterson, William P. Barnard, Neal E. Nakagiri, John R. Lindsey, Sean McGaughey, Murli Suganani, and Philip Gainsborough denied the allegations of wrongdoing set forth in the Claimants' Statement of Claim.

RELIEF REQUESTED

Claimants requested \$600,000.00 in actual damages, \$1,800,000.00 in punitive damages, and costs, including attorney's fees.

Respondents requested dismissal of the Claimants' Statement of Claim in its entirety, and requested reimbursement of arbitration costs.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Erlend Peterson did not file with the NASD Dispute Resolution a properly executed submission agreement but is required to submit to arbitration pursuant to the Code and having answered the claim, appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

On or about September 13, 2002, Claimants dismissed with prejudice Respondents William P. Barnard, Neal E. Nakagiri, John R. Lindsey, Sean McGaughey, Murli Suganani, and Philip Gainsborough.

At the hearing, Respondents Associated Securities Corporation and Erlend Peterson moved to dismiss, or alternatively, to exclude evidence, on the basis of Code of Arbitration Procedure section 10304 and applicable statutes of limitation. The panel ruled that claims relating to Claimants' investment in IDM securities are barred.

At the hearing, Claimants amended the Statement of Claim to allege fraud.

The parties agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

AWARD

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

1. Claimants' claims are denied in their entirety.
2. The parties shall bear their respective costs, including attorney's fees.
3. All other relief not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

| | |
|--------------------------|-------------|
| Initial claim filing fee | = \$ 500.00 |
|--------------------------|-------------|

Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events which gave rise to the dispute, claim, or controversy. Accordingly, the member firm Associated Securities Corporation is a party and the following fees are assessed:

| | |
|----------------------------|----------------------|
| Member Surcharge | = \$ 2,500.00 |
| Pre-Hearing Process Fee | = \$ 600.00 |
| <u>Hearing Process Fee</u> | <u>= \$ 4,500.00</u> |
| Total Member Fees | = \$ 7,600.00 |

Forum Fees and Assessments

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Chair/Panel. The following fees are assessed:

| | |
|-----------------------------------------------------------------------|-----------------------|
| 2 Pre-hearing conference sessions with the Panel @ \$1,200.00/session | = \$ 2,400.00 |
| Pre-hearing conferences: August 22, 2001 1 session | |
| June 24, 2002 1 session | |
| 8 Hearing sessions @ \$1,200.00/session | = \$ 9,600.00 |
| Hearings: September 16, 2002 2 sessions | |
| September 17, 2002 2 sessions | |
| September 18, 2002 2 sessions | |
| September 24, 2002 2 sessions | |
| Total Forum Fees | = \$ 12,000.00 |

1. The Panel assessed \$ 5,400.00 of the forum fees to Claimants.
2. The Panel assessed \$ 1,800.00 of the forum fees jointly and severally to Respondents Erland Peterson, William P. Barnard, Neal Edwin Nakagiri, John R. Lindsey, Sean P. McGaughey, Murli D. Sujanani, Associated Securities Corporation, and Philip N. Gainsborough.
3. The Panel assessed \$ 4,800.00 of the forum fees jointly and severally to Respondents Associated Securities Corporation and Erland Peterson.

Administrative Costs

Administrative costs are expenses incurred because a party requested additional services beyond the normal administrative services. These additional services include, but are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, security, and sundry other requests.

| | |
|----------------------------------------------------------------------------------------------------------|------------|
| Claimants requested 28 copies at \$0.50 each: | = \$ 14.00 |
| Respondents Associated Securities Corporation and Erland Peterson requested 10 copies at \$0.50 each: | = \$ 5.00 |

Fee Summary

| | |
|-------------------------------------------------------------|----------------------|
| 1. Claimants are charged with the following fees and costs: | |
| Initial Filing Fee | = \$ 500.00 |
| Forum Fees | = \$ 5,400.00 |
| Administrative Costs | = \$ 14.00 |
| Total Fees | = \$ 5,914.00 |
| Less payments | = \$ (1,700.00) |
| Less overpayment for Mediation services | = \$ (300.00) |
| Balance Due NASD Dispute Resolution | = \$ 3,914.00 |

2. Respondent Associated Securities Corporation is charged with the following fees and costs:
- | | |
|--------------------------------------------|------------------------|
| Member Fees | = \$ 7,600.00 |
| <u>Less payments</u> | <u>= \$ (7,600.00)</u> |
| Balance Due NASD Dispute Resolution | = \$ 0.00 |
3. Respondents Erland Peterson, William P. Barnard, Neal Edwin Nakagiri, John R. Lindsey, Sean P. McGaughey, Murli D. Sujanani, Associated Securities Corporation, and Philip N. Gainsborough are charged jointly and severally with the following fees and costs:
- | | |
|--------------------------------------------|----------------------|
| Forum Fees | = \$ 1,800.00 |
| <u>Less payments</u> | <u>= \$ 0.00</u> |
| Balance Due NASD Dispute Resolution | = \$ 1,800.00 |
4. Respondents Associated Securities Corporation and Erland Peterson are charged jointly and severally with the following fees and costs:
- | | |
|------------------------------------------------|----------------------|
| Forum Fees | = \$ 4,800.00 |
| <u>Administrative Fees</u> | <u>= \$ 5.00</u> |
| Total Fees | = \$ 4,805.00 |
| <u>Less overpayment for Mediation services</u> | <u>= \$ (300.00)</u> |
| Balance Due NASD Dispute Resolution | = \$ 4,505.00 |

All balances are payable to NASD Dispute Resolution and are due upon the receipt of the Award pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

| | | |
|---------------------------|---|------------------------------------|
| John F. Lagle, III, Esq. | - | Public Arbitrator, Presiding Chair |
| Joseph Richard Coscarelli | - | Public Arbitrator |
| Roger T. Verhage | - | Non-Public Arbitrator |

Concurring Arbitrators' Signatures

John F. Lagle, III, Esq.
Chair, Public Arbitrator

Signature Date

Joseph Richard Coscarelli
Public Arbitrator

Signature Date

Roger T. Verhage
Non-Public Arbitrator

Signature Date

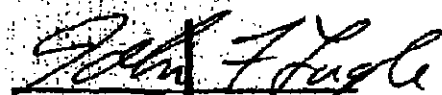
Date of Service

ARBITRATION PANEL

John F. Lagle, III, Esq.
Joseph Richard Coscarelli
Roger T. Vechage

Public Arbitrator, Presiding Chair
Public Arbitrator
Non-Public Arbitrator

Consent of Arbitrators' Signatures



John F. Lagle, III, Esq.
Chair, Public Arbitrator

September 26, 2002

Signature Date

Joseph Richard Coscarelli
Public Arbitrator

Signature Date

Roger T. Vechage
Non-Public Arbitrator

Signature Date

10/1/02

Date of Service

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ARBITRATION PANEL

| | | |
|---------------------------|---|------------------------------------|
| John F. Lagle, III, Esq. | - | Public Arbitrator, Presiding Chair |
| Joseph Richard Coscarelli | - | Public Arbitrator |
| Roger T. Verhege | - | Non-Public Arbitrator |

Concurring Arbitrators' Signatures

John F. Lagle, III, Esq.
Chair, Public Arbitrator

Signature Date

Joseph R. Coscarelli
Joseph Richard Coscarelli
Public Arbitrator

9/27/02
Signature Date

Roger T. Verhege
Non-Public Arbitrator

Signature Date

10/1/02
Date of Service