

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Patricia Solberg, Claimant v. Morley Securities, Inc., Bryan E. Gill, III, Wedbush Morgan Securities, Inc., Respondents

Case Number: 01-02669

Hearing Site: Los Angeles, California

REPRESENTATION OF PARTIES

For Claimant:

Robert S. Fink, Esq.
Law Offices of Robert S. Fink
Los Angeles, California

For Respondents:

Jerry S. Phillips, Esq.
Richman, Mann, Chizever, Phillips
& Duboff
Beverly Hills, California

CASE INFORMATION

Statement of Claim filed: May 11, 2001

Amended Statement of Claim filed: July 30, 2002

Claimant's Uniform Submission Agreement signed: March 16, 2001

Statement of Answer filed by Respondents Morley Securities, Inc. and Bryan E. Gill, III:
October 22, 2002

Statement of Answer to Amended Statement of Claim filed by Respondents Morley Securities, Inc., Bryan E. Gill, III, and Wedbush Morgan Securities, Inc.: August 15, 2002

Respondents Morley Securities, Inc. and Bryan E. Gill, III's Uniform Submission Agreement signed: Undated

CASE SUMMARY

In the Initial and Amended Statement of Claim, Claimant alleged churning, unauthorized trading, non-disclosure, violation of Rule 405 "know your customer rules", breach of fiduciary responsibility, breach of contract, fraud and Blue Sky violations against Respondents Morley Securities, Inc. and Bryan E. Gill, III involving various mutual fund investments.

In the Amended Statement of Claim, Claimant added Respondent Wedbush Morgan Securities, Inc. as a party and alleged churning and Blue Sky violations against Respondent Wedbush Morgan Securities, Inc.

Respondents Morley Securities, Inc. and Bryan E. Gill, III denied the allegations of wrongdoing set forth in the Claimant's Initial Statement of Claim and Amended Statement of Claim.

Respondent Wedbush Morgan Securities, Inc. denied the allegations of wrongdoing set forth in the Amended Statement of Claim.

RELIEF REQUESTED

In the Initial and Amended Statement of Claim, Claimant requested compensatory damages in the amount of \$350,640.00, punitive damages in the amount of \$100,000.00, interest, attorney's fees and costs, reimbursement for fees, trailers and all transaction costs and commission fees.

Respondents requested dismissal of the Claimant's Initial and Amended Statement of Claim in their entirety, attorney's fees and costs.

OTHER ISSUES CONSIDERED AND DECIDED

On December 2, 2002, Claimant and Claimant's counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On December 30, 2002, Respondents Morley Securities, Inc., Bryan E. Gill, III and Wedbush Morgan Securities, Inc.'s counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

Respondent Wedbush Morgan Securities, Inc. 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, is bound by the determination of the Arbitration Panel on all the issues submitted.

On August 26, 2003, the parties entered into a stipulated agreement wherein it was agreed between the parties by and through their attorneys of record that Respondent Wedbush Morgan Securities, Inc. is dismissed from the arbitration. It was further stipulated and agreed between the parties that Respondent, Wedbush Morgan Securities, Inc. assumes responsibility for all fees and expenses already assessed against it up to and including August 26, 2003 and that no additional fees would be assessed to Respondent, Wedbush Morgan Securities, Inc. The parties stipulated that each party would bear responsibility for their own attorney's fees and costs.

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) Respondents Morley Securities, Inc. and Bryan E. Gill, III are jointly and severally liable to and shall pay Claimant Patricia Solberg \$127.50 in compensatory damages.
- 2) Claimant's request for punitive damages is denied.
- 3) Respondent Wedbush Morgan Securities, Inc. is dismissed with prejudice from this arbitration pursuant to a stipulated agreement by and between the parties.
- 4) The parties shall bear their respective costs, including attorney's fees.
- 5) All other relief requested and 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	= \$ 300.00
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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 that gave rise to the dispute, claim, or controversy. Accordingly, the member firm Morley Securities, Inc. is a party and the following fees are assessed:

Member Surcharge	= \$ 1,500.00
Pre-Hearing Process Fee	= \$ 600.00
Hearing Process Fee	= \$ 2,500.00
Total Member Fees	= \$ 4,600.00

The member firm Wedbush Morgan Securities, Inc. is a party and the following fees are assessed:

Member Surcharge	= \$ 1,500.00
Pre-Hearing Process Fee	= \$ 600.00
<u>Hearing Process Fee</u>	<u>= \$ 2,500.00</u>
Total Member Fees	= \$ 4,600.00

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:

One (1) Pre-hearing conference session with the Chair @ \$ 450.00/session	= \$ 450.00
Pre-hearing conference: June 19, 2003	1 session
Three (3) Pre-hearing conference sessions with the Panel @ \$1,125.00/session	= \$ 3,375.00
Pre-hearing conferences: June 18, 2002	1 session
April 22, 2002	1 session
June 19, 2003	1 session
Four (4) Hearing sessions @ \$1,125.00/session	= \$ 4,500.00
Hearings: August 27, 2003	2 sessions
August 28, 2003	2 sessions
Total Forum Fees	= \$ 8,325.00

1. The Panel assessed \$4,162.50 of the forum fees to Claimant Patricia Solberg.
2. The Panel assessed \$1,912.50 of the forum fees jointly and severally to Respondents Morley Securities, Inc., Bryan E. Gill, III and Wedbush Morgan Securities, Inc.
3. The Panel assessed \$2,250.00 of the forum fees jointly and severally to Respondents Morley Securities, Inc. and Bryan E. Gill, III.

Fee Summary

1. Claimant Patricia Solberg is charged with the following fees and costs:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 4,162.50
Total Fees	= \$ 4,462.50
Less payments	= \$(300.00)
Balance Due NASD Dispute Resolution	= \$ 4,162.50

2. Respondent Morley Securities Inc. is charged with the following fees and costs

Member Fees	= \$ 4,600.00
Less payments	= \$(2,100.00)
Balance Due NASD Dispute Resolution	= \$ 2,500.00

3. Respondent Wedbush Morgan Securities Inc. is charged with the following fees and costs:

Member Fees	= \$ 4,600.00
Less payments	= \$(4,600.00)
Balance Due NASD Dispute Resolution	= \$ 0.0

4. Respondents Morley Securities Inc. and Bryan E. Gill, III are charged jointly and severally with the following fees and costs:

Forum Fees	= \$ 2,250.00
Balance Due NASD Dispute Resolution	= \$ 2,250.00

5. Respondent Morley Securities Inc., Bryan E. Gill, III, and Wedbush Morgan Securities Inc. are charged jointly and severally with the following fees and costs:

Forum Fees	= \$ 1,912.50
Balance Due NASD Dispute Resolution	= \$ 1,912.50

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

Martin J. Kotowski, Esq.	-	Public Arbitrator, Presiding Chair
Fred T. Kallet	-	Public Arbitrator
Michael W. Burnett, PhD	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Martin J. Kotowski, Esq.
Chair, Public Arbitrator

Signature Date

Fred T. Kallet
Public Arbitrator

Signature Date

Michael W. Burnett, PhD
Non-Public Arbitrator

Signature Date

September 3, 2003
Date of Service

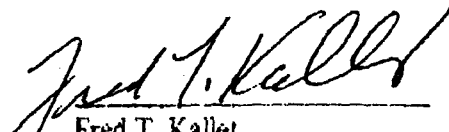
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Martin J. Kotowski, Esq.
Chair, Public Arbitrator

Signature Date



Fred T. Kallet
Public Arbitrator

9/3/03

Signature Date

Michael W. Burnett, PhD
Non-Public Arbitrator

Signature Date

9/3/03

Date of Service

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Fred T. Kaller	-	Public Arbitrator
Michael W. Burnett, PhD	-	Non-Public Arbitrator

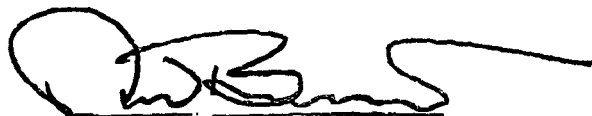
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Signature Date

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Signature Date



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Non-Public Arbitrator

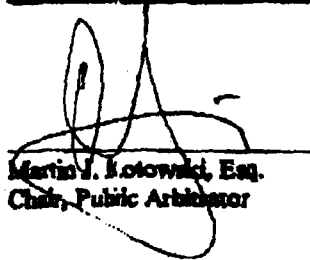
09/03/2003
Signature Date

9/3/03
Date of Service

ARBITRATION PANEL

Martin J. Kotowski, Esq.	-	Public Arbitrator, Presiding Chair
Fred T. Kallet	-	Public Arbitrator
Michael W. Burnett, PhD	-	Non-Public Arbitrator

Consenting Arbitrators' Signatures


Martin J. Kotowski, Esq.
Chair, Public Arbitrator

9/4/03
Signature Date

Fred T. Kallet
Public Arbitrator

Signature Date

Michael W. Burnett, PhD
Non-Public Arbitrator

Signature Date

9/4/03
Date of Service