

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Names of Claimants

Jack and Marlene Farbstein

and

Case Number: 02-06567
Hearing Site: Houston, Texas

Name of Respondent

Wachovia Securities, LLC

NATURE OF DISPUTE

Customers v. Member Firm

REPRESENTATION OF PARTIES

Jack and Marlene Farbstein ("**Claimants**") were represented by Samuel B. Edwards, Esq., of Shepard, Smith & Edwards, P.C., of Houston, Texas.

Wachovia Securities, LLC ("**Respondent**") was represented by Jack D. Ballard, Esq., of The Ballard Law Firm, of Houston, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about November 1, 2002.

The Submission Agreement of Claimants, Jack and Marlene Farbstein, was signed on or about September 11, 2002.

The Statement of Answer was filed by Respondent, Wachovia Securities, LLC, on or about January 13, 2003.

The Submission Agreement of Respondent, Wachovia Securities, LLC, was signed on or about December 27, 2002.

CASE SUMMARY

Claimants asserted the following causes of action: breach of contract and warranties, promissory estoppel, negligence, misrepresentations, and suitability. The causes of action

relate to the purchase of unspecified securities. Claimants alleged that upon gaining control of the Claimants' account, Respondent convinced Claimants to sell their conservative portfolio of bonds and began purchasing a series of risky and speculative stocks in domestic and foreign companies. Claimants further alleged that rather than purchase conservative securities that Claimants had requested, Respondent used its position to abuse the Claimants trust and place their life savings at great risk.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: the Statement of Claim is barred by the doctrines of laches, waiver and estoppel; Claimants ratified each and every transaction in their accounts; failure to mitigate; any alleged losses that may have occurred were the direct result of market conditions, and other factors beyond the control of Respondent; all transactions recommended to Claimants were suitable for and in accordance with their investment objectives and financial condition; there were no misrepresentations or omissions of material fact; and Respondent was not the proximate cause of Claimants' alleged damages.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory	\$1,000,000
Punitive/Exemplary	Unspecified
Interest	Unspecified
Attorney's Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

Respondent requested that the claims asserted against it be denied in their entirety and that it be awarded its costs and attorneys' fees.

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 Dispute Resolution ("NASD").

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, Wachovia Securities, LLC, is liable for and shall pay to Claimants, Jack and Marlene Farbstein, the sum of \$300,000 in compensatory damages;
- 2.) Respondent, Wachovia Securities, LLC, is liable for and shall pay to Claimants, Jack and Marlene Farbstein, the sum of \$35,000 in attorneys fees pursuant to Texas statute and case law;
- 3.) Respondent, Wachovia Securities, LLC, is liable for and shall pay to Claimants, Jack and Marlene Farbstein, interest on the sum of \$300,000 at the rate of 6% per annum from and including September 11, 2002 through and including February 26, 2004;
- 4.) Any relief not specifically enumerated, including punitive/exemplary damages, is hereby denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial claim filing fee = \$375.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated person at the time of the events giving rise to the dispute. In this matter, the member firm is Wachovia Securities, LLC.

Member surcharge	= \$2,250.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$4,000.00

Forum Fees and Assessments

The Arbitration Panel assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with a single arbitrator x \$450.00	= \$ 900.00
Pre-hearing conferences: December 11, 2003	1 session
December 15, 2003	1 session
One (1) Pre-hearing session with Panel x \$1200.00	= \$ 1,200.00
Pre-hearing conference: May 27, 2003	1 session
Number (#) Hearing sessions x \$1200.00	= \$ 9,600.00
Hearing Dates: January 13, 2004	2 sessions
January 14, 2004	2 sessions
January 15, 2004	2 sessions
February 26, 2004	2 sessions
Total Forum Fees	= \$11,700.00

The Arbitration Panel has assessed \$11,700 of the forum fees to Wachovia Securities, LLC.

FEE SUMMARY

Claimants, Jack and Marlene Farbstein, are jointly and severally liable for:

<u>Initial Filing Fee</u>	= \$ 375.00
<u>Total Fees</u>	= \$ 375.00
<u>Less payments</u>	= \$ 1,575.00
Refund Due from NASD Dispute Resolution	= \$ 1,200.00

Respondent, Wachovia Securities, LLC, is liable for:

Member Fees	= \$ 7,000.00
<u>Forum Fees</u>	= \$11,700.00
<u>Total Fees</u>	= \$18,700.00
<u>Less payments</u>	= \$ 7,000.00
Balance Due NASD Dispute Resolution	= \$11,700.00

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

ARBITRATION PANEL

J. Randle Henderson, Esq. - Public Arbitrator, Presiding Chair
Frank M. Romano - Public Arbitrator
Thomas H. Griffin - Non-Public Arbitrator

Concurring Arbitrators:

/s/ J. Randle Henderson, Esq.
J. Randle Henderson, Esq.
Public Arbitrator, Presiding Chair

March 3, 2004
Signature Date

/s/ Frank Romano
Frank M. Romano
Public Arbitrator

March 3, 2004
Signature Date

/s/ Thomas H. Griffin
Thomas H. Griffin
Non-Public Arbitrator

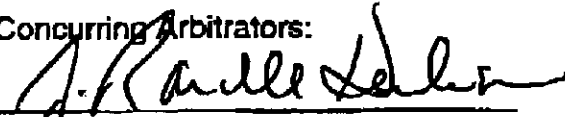
March 4, 2004
Signature Date

March 3, 2004
Date of Service (For NASD office use only)

ARBITRATION PANEL

J. Randle Henderson, Esq. - Public Arbitrator, Presiding Chair
Frank M. Romano - Public Arbitrator
Thomas H. Griffin - Non-Public Arbitrator

Concurring Arbitrators:



J. Randle Henderson, Esq.
Public Arbitrator, Presiding Chair

3/03/04

Signature Date

Frank M. Romano
Public Arbitrator

Signature Date

Thomas H. Griffin
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

ARBITRATION PANEL

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Frank M. Romano - Public Arbitrator
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Public Arbitrator, Presiding Chair

Signature Date

Frank M. Romano

Frank M. Romano
Public Arbitrator

3/3/04

Signature Date

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Non-Public Arbitrator

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Public Arbitrator, Presiding Chair

Signature Date

Frank M. Romano
Public Arbitrator

Signature Date



Thomas H. Griffin
Non-Public Arbitrator

3-4-04

Signature Date

Date of Service (For NASD office use only)