

Award
NASD Dispute Resolution

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In the Matter of the Arbitration Between:

P.E. Kahn Family Trust UTD 10/06/88 Paulette E. Kahn TTEE and Paulette E. Kahn TTEE
Pabran Inc. Defined Benefit Pension Plan U/A DTD 08/26/86, Claimant v. Presidential
Brokerage, Inc. and Michele G. Savarese, Respondents

Case Number: 03-00859

Hearing Site: San Diego, California

Nature of the Dispute: Customer vs. Member and Associated Person

REPRESENTATION OF PARTIES

For Claimant:

Arthur S. Leider
Investors Arbitration Specialists
San Diego, California

For Respondents:

Gregg A. Johnson, Esq.
Law Office of Gregg A. Johnson
San Diego, California

CASE INFORMATION

Statement of Claim filed: January 31, 2003

Claimant's Uniform Submission Agreement signed: August 2, 2002

Joint Statement of Answer filed by Respondents: April 17, 2003

Respondent Presidential Brokerage, Inc.'s Uniform Submission Agreement signed:
April 17, 2003

Respondent Michele G. Savarese's Uniform Submission Agreement signed: April 17, 2003

CASE SUMMARY

Claimant alleged breach of fiduciary duty, negligence, fraudulent misrepresentation, omission, and failure to supervise. The dispute involved unspecified stocks, variable annuities, and municipal bonds.

Respondents denied the allegations of wrongdoing set forth in the Claimant's Statement of Claim.

RELIEF REQUESTED

In the Statement of Claim, Claimant requested compensatory damages in the amount of \$400,000.00, punitive or exemplary damages in the amount of \$100,000.00, pre-award and post-award interest, and arbitration costs.

In the Amended Prayer for Damages, Claimant requested compensatory damages in the amount of \$444,561.00, punitive or exemplary damages in the amount of \$500,000.00, pre-award and post-award interest, and arbitration costs.

In the Second Amended Prayer for Damages, Claimant requested compensatory damages in the amount of \$277,615.00, refund of commissions/fees in the amount of \$50,255.00, punitive or exemplary damages in the amount of \$500,000.00, pre-award and post-award interest, representation fees, and arbitration costs.

Respondents requested dismissal of the Claimant's Statement of Claim in its entirety, attorney's fees, arbitration costs, and that all forum fees be assessed to Claimant.

OTHER ISSUES CONSIDERED AND DECIDED

On February 20, 2003, Claimant and Claimant's representative 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 May 9, 2002, Respondents Presidential Brokerage, Inc. and Michele G. Savarese's compliance officer 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.

Pursuant to the Code of Arbitration Procedure IM-10100, the waiver of the Claimant shall constitute and operate as a waiver for all member firms and associated persons (including terminated or otherwise inactive member firms or associated persons) against whom the Claim has been filed.

At the hearing on the merits, the Panel accepted Claimant's First and Second Amended Prayer for Damages.

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

FINDINGS AND CONCLUSIONS

The Panel noted that if Presidential Brokerage, Inc. had documented the dollar amount of the sales charge/commission on the annuity change, it probably would not have been an issue in this case.

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) Claimant's claims are denied in their entirety.
- 2) Respondent Michele G. Savarese's request for expungement is denied.
- 3) The parties shall bear their respective costs, including attorney's fees.
- 4) 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 Presidential Brokerage, Inc. is a party and the following fees are assessed:

Member Surcharge	= \$ 1,700.00
Pre-Hearing Process Fee	= \$ 750.00
Hearing Process Fee	= \$ 2,750.00
Total Member Fees	= \$ 5,200.00

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 Panel. The following fees are assessed:

One (1) Pre-hearing conference session with the Panel @ \$1,125.00/session	= \$ 1,125.00
Pre-hearing conference: July 7, 2003	1 session
Six (6) Hearing sessions @ \$1,125.00/session	= \$ 6,750.00
Hearing: March 9, 2004	2 sessions
March 10, 2004	2 sessions
March 11, 1004	2 sessions

Total Forum Fees	= \$ 7,875.00
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The Panel assessed \$7,875.00 of the forum fees to Respondent Presidential Brokerage, Inc.

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.

Claimant = \$ 15.00

Fee Summary

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

Initial Filing Fee	= \$ 300.00
Administrative Costs	= \$ 15.00
Total Fees	= \$ 315.00
Less payments	= \$(1,425.00)
Refund Due Claimant	= \$(1,110.00)

2. Respondent Presidential Brokerage, Inc. is charged with the following fees and costs:

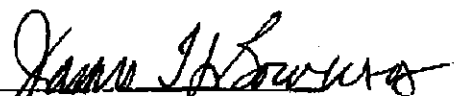
Member Fees	= \$ 5,200.00
Forum Fees	= \$ 7,875.00
Total Fees	= \$13,075.00
Less payments	= \$(5,200.00)
Balance Due NASD Dispute Resolution	= \$ 7,875.00

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

James H. Bowersox	-	Public Arbitrator, Presiding Chair
Lawrence Alexander Huerta, Esq.	-	Public Arbitrator
William J. Brack	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures


James H. Bowersox
Chair, Public Arbitrator

3-12-04
Signature Date

Lawrence Alexander Huerta, Esq.
Public Arbitrator

Signature Date

William J. Brack
Non-Public Arbitrator

Signature Date

March 12, 2004
Date of Service


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