

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Gertrude Goldstein Revocable Trust, Claimant v. American Skandia Marketing, Inc. and
Washington Square Securities, Inc., Respondents

Case Number: 03-03319

Hearing Site: San Diego, California

Nature of the Dispute: Customer vs. Members

REPRESENTATION OF PARTIES

For Claimant:

Erwin J. Shustak, Esq.
Shustak Jalil & Heller
San Diego, California

For Respondent

American Skandia Marketing, Inc.:

Mark T. Cramer, Esq.
Kirkland & Ellis, LLP
Los Angeles, California

For Respondent

Washington Square Securities, Inc.:

Matthew Tracy, Esq.
Winget, Spadafora & Schwartzberg, LLP
New York, New York

CASE INFORMATION

Statement of Claim filed: April 28, 2003

Claimant's Uniform Submission Agreement filed: June 9, 2003

Statement of Answer filed by Respondent American Skandia Marketing, Inc.: August 6, 2003

Respondent American Skandia Marketing, Inc.'s Uniform Submission Agreement signed:
August 4, 2003

Statement of Answer filed by Respondent Washington Square Securities, Inc.: August 4, 2003

Respondent Washington Square Securities, Inc.'s Uniform Submission Agreement signed:
June 19, 2003

CASE SUMMARY

Claimant alleged suitability, common law fraud, violations of Rule 10(b)(5), breach of contract, breach of fiduciary duty, negligence, failure to supervise, and elder abuse. The dispute involved an American Skandia annuity and Reliastar annuity.

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

RELIEF REQUESTED

Claimant requested compensatory damages of more than \$200,000.00, reimbursement of filing, forum and hearing fees, unspecified punitive damages, and attorney's fees.

Respondent American Skandia Marketing, Inc. requested dismissal of the Claimant's Statement of Claim in its entirety and arbitration costs.

Respondent Washington Square Securities, Inc. requested dismissal of Claimant's Statement of Claim in its entirety, expungement, attorney's fees, costs, and that forum fees be assessed to the Claimant.

OTHER ISSUES CONSIDERED AND DECIDED

On June 11, 2003, 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.

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.

On March 23, 2004, NASD Dispute Resolution received notice that Claimant settled this matter with Respondent American Skandia Marketing, Inc.

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) Respondent Washington Square Securities, Inc. is liable to and shall pay Claimant \$153,500.00 in compensatory damages (costs and attorney's fees for elder abuse based on the State of California elder abuse statutes are included in the compensatory damages).
- 2) Respondent Washington Square Securities, Inc. is liable to and shall pay Claimant interest on the sum of \$153,500.00 at the rate of 10% per annum from the date of service of the Award until the Award is paid in full.
- 3) Claimant's request for punitive damages is denied.
- 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 American Skandia Marketing, Inc. is a party and the following fees are assessed:

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

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

Member Surcharge	= \$ 1,700.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	<u>= \$ 2,750.00</u>
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:

Three (3) Pre-hearing conference sessions with the Panel @ \$1,125.00/session = \$ 3,375.00

Pre-hearing conferences: November 4, 2003 1 session
 December 11, 2003 1 session
 February 18, 2004 1 session

Six (6) Hearing sessions @ \$1,125.00/session = \$ 6,750.00

Hearings: April 14, 2004 2 sessions
 April 15, 2004 2 sessions
 April 16, 2004 2 sessions

Total Forum Fees **= \$10,125.00**

The Panel assessed \$10,125.00 of the forum fees to Respondent Washington Square Securities, Inc.

Fee Summary

1. Claimant Gertrude Goldstein Revocable Trust is charged with the following fees and costs:

Initial Filing Fee	= \$ 300.00
<u>Less payments</u>	<u>= \$(1,425.00)</u>
Refund Due Claimant	= \$(1,125.00)

2. Respondent American Skandia Marketing, Inc. is charged with the following fees and costs:

Member Fees	= \$ 5,200.00
<u>Less payments</u>	<u>= \$(5,200.00)</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondent Washington Square Securities, Inc. is charged with the following fees and costs:

Member Fees	= \$ 5,200.00
<u>Forum Fees</u>	<u>= \$10,125.00</u>
Total Fees	= \$15,325.00
<u>Less payments</u>	<u>= \$(5,200.00)</u>
Balance Due NASD Dispute Resolution	= \$10,125.00

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

Robert F. Ames, Esq.	-	Public Arbitrator, Presiding Chair
William R. Newsome, Esq.	-	Public Arbitrator
Arnold Packer	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Robert F. Ames, Esq.
Chair, Public Arbitrator

4/26/04
Signature Date

William R. Newsome, Esq.
Public Arbitrator

Signature Date

Arnold Packer
Non-Public Arbitrator

Signature Date

4/27/04
Date of Service

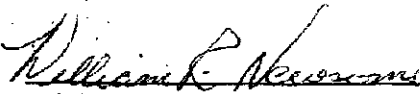
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William R. Newsome, Esq.	-	Public Arbitrator
Arnold Packer	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Robert F. Ames, Esq.
Chair, Public Arbitrator

Signature Date


William R. Newsome, Esq.
Public Arbitrator

26 April 2004
Signature Date

Arnold Packer
Non-Public Arbitrator

Signature Date

4/27/04
Date of Service


ARBITRATION PANEL

Robert F. Ames, Esq.	-	Public Arbitrator, Presiding Chair
William R. Newsome, Esq.	-	Public Arbitrator
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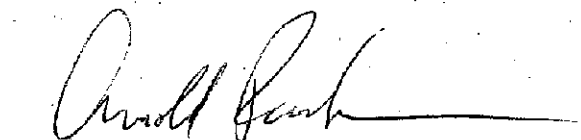
Concurring Arbitrators' Signatures

Robert F. Ames, Esq.
Chair, Public Arbitrator

Signature Date


William R. Newsome, Esq.
Public Arbitrator

26 April 2004
Signature Date


Arnold Packer
Non-Public Arbitrator

5/12/04
Signature Date

4/27/04
Date of Service