

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Ernst and Company

Claimant

vs.

George Pomerantz

Respondent

vs.

Wall Street Discount Corporation and
John Does 1 through 10

Third-Party
Respondents

CASE #88-01025
AWARD

CASE SUMMARY

In a claim filed at the National Association of Securities Dealers, Inc. on March 30, 1988 Claimant Ernst and Company alleged Respondent George Pomerantz failed to meet a margin call and after liquidation of an open position has a deficit balance in his account. Respondent George Pomerantz maintained he was diagnosed as suffering from Senile Dementia which would have been apparent to any brokerage firm. Respondent George Pomerantz further alleged Third-Party Respondent Wall Street Discount Corporation engaged in and Claimant Ernst and Company cleared numerous risky transactions in Respondent George Pomerantz's account which were totally unsuitable for him and failed to inform him of the risks involved in the transactions. Claimant Ernst and Company and Third-Party Respondent Wall Street Discount Corporation maintained the transactions executed by Wall Street Discount Corporation and cleared by Ernst and Company were totally unsolicited and were executed solely at the direction of George Pomerantz. Third-Party Respondent Wall Street Discount Corporation further maintained George Pomerantz acted in a manner consistent with sound mental health.

RELIEF REQUESTED

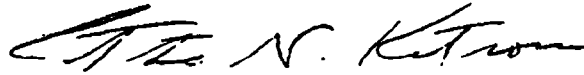
Claimant Ernst and Company requested damages of \$4,865.03 plus interest, attorneys fees, costs and disbursements and dismissal of the counterclaim. Respondent George Pomerantz requested dismissal of claim, damages on its counterclaim and third-party claim in the sum of at least \$222,560.03, punitive damages, pre and post judgement interest, costs and counsel fees. Third-Party Respondent Wall Street Discount Corporation requested the counterclaim and third-party complaint be dismissed and that it be granted costs, disbursements and counsel fees.

AWARD

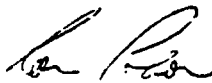
On August 15, September 7, 8, and November 9 and 10, 1989 the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Ernst and Company on March 25, 1988, and by Gary Pomerantz for Respondent George Pomerantz pursuant to a power of attorney from George Pomerantz on February 29, 1988 and by Third-Party Respondent Wall Street Discount Corporation on October 12, 1988. The hearings were held in New York City, NY. The hearings consisted of eight hearing sessions. The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

1. The arbitration panel has been advised that the third-party complaint of George Pomerantz against John Does 1 through 10 has been withdrawn without prejudice.
2. The claim by the Claimant Ernst and Company be and hereby is dismissed in all respects.
3. The counterclaims of the Respondent George Pomerantz against Claimant Ernst and Company be and hereby are dismissed in all respects.
4. The third-party claims of Respondent George Pomerantz against third-party Respondent Wall Street Discount Corporation be and hereby are dismissed in all respects.
5. The parties shall each bear their respective costs including attorneys' fees.
6. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain \$100.00 filing fee previously deposited by the Claimant. In addition, the Claimant Ernst and Company be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of \$1,900.00 to represent forum fees and the Respondent George Pomerantz be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of \$2,000.00 to represent forum fees and the third-party Respondent Wall Street Discount Corporation be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of \$2,000.00 to represent forum fees.

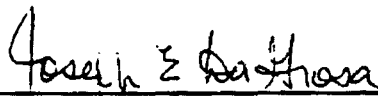
CONCURRING ARBITRATORS



Prof. Constantine Katsoris



Ron Pekoe



Joseph E. DaGrosa

DATED: November 13, 1989