

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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In the Matter of the Arbitration Between )  
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GULSHAN B. and DALJIT SINGH, )  
INDIVIDUALLY AND AS TRUSTEES FOR )  
GULSHAN B. SINGH PROFIT SHARING PLAN, )  
 )  
 ) Claimants, )  
 )  
vs. ) Case #88-02226  
 ) Award  
 )  
DREXEL BURNHAM LAMBERT, INC., )  
DAVID PINES and GREGORY YANKWITT, )  
 )  
 ) Respondents. )  
 )  
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Heard before the members of the Arbitration Panel:

Anthony J. Titone, Esq.  
Arnold Sarrow  
Anthony S. Paetro, Esq.

CASE SUMMARY

This claim was filed with the NASD, Inc. on July 13, 1988. The hearing was conducted in Fort Lauderdale, Florida on November 14 and 15, 1989, January 3, 4, and 5, February 28 and March 1, 1990. Claimants, Gulshan B. Singh and Daljit Singh ("Singhs"), individually, and as trustees for the Gulshan B. Singh, MD, PA Profit Sharing Plan, Defined Benefit Pension Plan and Money Purchase Plan ("The Plans"), alleged that Respondents, Drexel Burnham Lambert, Inc. ("Drexel"), David Pines ("Pines") and Gregory Yankwitt ("Yankwitt"), made misrepresentations of material fact and omitted to state material facts; solicited and induced Claimants to transfer their accounts to Drexel with Yankwitt as account executive; induced Claimants to establish option and margin accounts; induced Claimants to give Yankwitt discretion over their options accounts in which Yankwitt initiated a course of trading exposing Claimants' capital to an unreasonable risk of loss; that Respondents' trading of Claimants' accounts in naked options was unsuitable to meet Claimants' stated investment objectives and were effected for the purpose of generating commissions for the Respondents. Claimants alleged that the foregoing actions by Respondents constituted common law fraud; a violation of Section 18 U.S.C. Section 1962 (RICO); and a breach of fiduciary duty. Respondents have not filed an Answer.

RELIEF REQUESTED

Claimants requested damages in the amount of \$410,000.00 plus interest; treble damages; punitive damages in the amount of \$1,000,000.00; attorney's fees and costs. Respondents have made no request for relief.

## AWARD

On November 14 and 15, 1989, January 3, 4 and 5, February 28 and March 1, 1990, the arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants on December 13, 1988, and by Respondents Yankwitt and Pines on January 3, 1990, and by Respondent Drexel on November 15, 1989. 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 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 originals remain on file with the NASD, Inc.
2. Respondents, Yankwitt and Drexel, are hereby liable, jointly and severally, and shall pay to Claimant, Daljit K. Singh, individually (account #41-03084), the amount of Sixty-Nine Thousand One Hundred Thirty and 28/100 (\$69,130.28) Dollars, plus interest at the legal rate of 12% per annum in the amount of Thirty Nine Thousand Six Hundred Forty Seven and 55/100 (\$39,647.55) Dollars, for a total of One Hundred Eight Thousand Seven Hundred Seventy Seven and 83/100 (\$108,777.83) Dollars.
3. Respondents, Yankwitt and Drexel, are hereby liable, jointly and severally, and shall pay to the Claimants as trustees (account #41-04854) the amount of One Hundred Thirty Eight Thousand Three Hundred Nine and 92/100 (\$138,309.92) Dollars, plus interest at the legal rate of 12% per annum in the amount of Seventy Nine Thousand Three Hundred Twenty Three and 40/100 (\$79,323.40) Dollars, for a total of Two Hundred Seventeen Thousand Six Hundred Thirty Three and 32/100 (\$217,633.32) Dollars.
4. Claimants' requests for treble damages, punitive damages and attorney's fees are hereby denied.
5. Pursuant to Section 43 of the Code of Arbitration Procedure, Respondents, Drexel and Yankwitt, are hereby assessed forum fees jointly and severally, in the amount of Fifteen Thousand and 00/100 (\$15,000.00) Dollars (15 sessions x \$1,000.00), of which One Thousand and 00/100 (\$1,000.00) Dollars shall be paid directly to the Claimant, and Fourteen Thousand and 00/100 (\$14,000.00) Dollars shall be paid to the National Association of Securities Dealers, Inc. The NASD, Inc. shall retain the One Thousand and 00/100 (\$1,000.00) Dollar filing fee previously deposited by the Claimants.
6. The NASD, Inc. shall refund (credit) the \$100.00 postponement fee deposited by Respondent, Yankwitt, with the adjournment request for November 14th and 15th, 1990, which was denied.
7. The parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including attorneys' fees.

OTHER ISSUES

Pursuant to Claimants' dismissal of Respondent Pines, Pines shall not be liable and, therefore, all claims against him are hereby dismissed.

ARBITRATORS CONCURRING

Anthony J. Titone Esq., Arnold Sarrow and Anthony S. Paetro Esq.

Received this 22nd day of March 1990.