

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Dorothy Gross Beam

Claimant

vs.

Wedbush Securities, Inc. and
Rosemary Shannon

Respondents

AWARD

CASE NO. 89-00201

SUMMARY OF ISSUES

This case was filed with the National Association of Securities Dealers, Inc. ("NASD") on April 17, 1989. Claimant alleged that Respondents made misrepresentations and failed to disclose the risky and speculative nature of investments, that Respondents were aware of the lack of sophistication of Claimant, and that Respondents induced Claimant to invest in Ambush Entertainment Company and in Respondent Rosemary Shannon's son's rock group. In her Amended Statement of Claim, Claimant alleged that Respondents recommended that Claimant purchase shares in Great American Savings Bank, Mentor Condoms, Inc. and McLean Shipping and that Respondents failed to inform Claimant that these investments were highly risky, speculative and unsuitable for Claimant. Respondents alleged that Claimant made purchases for the rock band which were personal gifts, that Respondent Rosemary Shannon ("Shannon") advised Claimant that she could not offer Ambush Entertainment as an investment and that she was not a suitable client for any limited partnership investment, that Claimant decided on her own to invest in Ambush, and that Respondent received no compensation in connection with the sale of Ambush. With respect to the Amended Statement of Claim, Respondent Wedbush Securities, Inc. ("Wedbush") alleged that Claimant's presentation of damages is unbalanced, that Respondent cannot be held liable for any losses which resulted after Claimant's account left Wedbush and that Wedbush can be held liable only for the performance of the entire portfolio up to March, 1988, at which time there was a small profit. Wedbush requested that the claim be dismissed in its entirety.

DAMAGES AND RELIEF REQUESTED

Claimant requested an award of \$62,000.00, plus costs, interest, attorneys' fees, and punitive damages as deemed appropriate by the arbitration panel.

DAMAGES AND RELIEF AWARDED

On June 13, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant on January 18, 1989, by Respondent Wedbush Morgan Securities on April 5, 1989 and by Respondent Rosemary Shannon on April 14, 1989. A pre-hearing conference by telephone was held on April 9, 1990 and lasted one session. The hearing was conducted in Los Angeles, California and lasted one session. 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. Respondents are liable for and shall pay to Claimant the sum of One Thousand, Seven Hundred Fifty Dollars and No Cents (\$1,750.00), plus interest at the rate of 10% per annum if the amount is not paid within thirty days of the date of the award. Said liability is joint & several.

2. The parties shall each bear their respective costs including attorneys' fees.

3. In accordance with Section 43 of the NASD Code of Arbitration Procedure, the NASD shall retain the \$400.00 filing fee previously deposited by the Claimant as an assessment of forum fees by the arbitrators. Respondent Wedbush Securities, Inc. is liable for reimbursing Claimant said filing fee. In addition, Respondent Wedbush Securities, Inc. is also assessed forum fees of \$400.00.

PRESIDING ARBITRATORS

Richard Bryson

Daniel J. McCarthy, Jr.

DATE SERVED: 09/14/90



Mike McGowan

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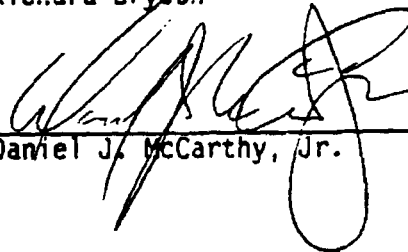
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A. James Miranti

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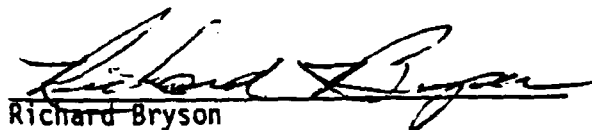
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