

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Irene A. Duffet as Executrix of the
Estate of George Wright

Claimant

vs.

CASE #89-00377
AWARD

G.K. Scott & Co., Inc.
Theodore P. Allocca, Sr.

Respondents

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on February 7, 1989, Claimant alleged Respondent Theodore P. Allocca, Sr. made unauthorized, excessive and unsuitable investments on behalf of the Decedent, George Wright, and following Mr. Wright's death continued to make unauthorized, excessive, and unsuitable investments with funds of the Estate of George Wright. Claimant further alleged the Estate was also made to suffer unnecessary capital gain taxes when the Respondent Allocca sold securities in Mr. Wright's account within a few weeks prior to his death. Claimant further alleged Respondent G.K. Scott & Co., Inc. failed to supervise the activities of the Respondent Allocca. Respondents maintained Claimant was at all times aware of the activities in the account as Respondent Allocca spoke with the Claimant regularly and she at all times voiced her confidence in Respondent Allocca's actions on her behalf. Respondents further maintained all investments were well and thoroughly researched by Respondents and were suitable for the Claimant taking into account all circumstances surrounding the investments. Respondents further maintained Respondent Allocca was not aware of the imminent death of Mr. Wright and it was the intention of the Claimant that securities be sold in order to make additional investments. Respondents further maintained that Respondent G.K. Scott & Co., Inc. had at all times established, maintained and enforced written procedures which enabled it to supervise properly the activities of its registered representatives to assure compliance with all applicable securities rules and regulations and further avers that Respondent Allocca was properly supervised during the period being complained about.

RELIEF REQUESTED

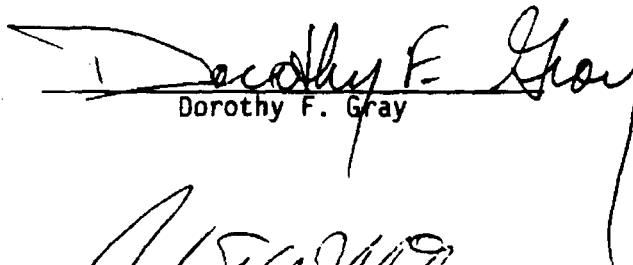
Claimant requested damages of \$142,283.45 with interest at the legal rate, costs, disbursements and attorneys' fees. Respondents requested denial of Claimant's claim and that they be awarded the costs and disbursements of the proceeding.

AWARD

On December 14, 1989 the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Irene A. Duffet as Executrix of the Estate of George Wright on November 15, 1988, and by Respondents G.K. Scott & Co., Inc. and Theodore P. Allocca, Sr. on April 28, 1989. The hearing was conducted at the offices of the National Association of Securities Dealers, Inc. located in New York City, NY and consisted of three (3) 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 Respondent Theodore P. Allocca, Sr. be and hereby is liable and shall pay to the Claimant the sum of Sixty Seven Thousand Five Hundred Fifty Six Dollars and Two Cents (\$67,556.02) inclusive of interest of which Forty Nine Thousand Nine Hundred Ninety Three Dollars and Fifty Three Cents (\$49,993.53.) represents damages from trading losses and interest, and Seventeen Thousand Five Hundred Sixty Two Dollars and Forty Nine Cents (\$17,562.49) represents damages for additional taxes incurred by the Estate.
2. The Respondent G.K. Scott & Co., Inc. be and hereby is liable and shall pay to the Claimant the sum of Twelve Thousand Four Hundred Ninety Eight Dollars and Thirty Eight Cents (\$12,498.38), inclusive of interest.
3. The parties shall each bear their respective costs including attorneys' fees.
4. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$750.00 filing fee previously deposited by the Claimant. In addition, the Respondents G.K. Scott & Co., Inc. and Theodore P. Allocca, Sr. be and hereby are liable jointly and severally and shall pay to the National Association of Securities Dealers, Inc. the sum of \$1,500.00 to represent forum fees.

CONCURRING ARBITRATORS


Dorothy F. Gray


Robert Milana


Robert Ira Rabinowitz

Dated: January 9, 1990