

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

: In the Matter of the Arbitration Between :
: :
: Eugene Aaron :
: Mindy Dawn Aaron :
: Claimants : CASE# 89-00550
: :
: vs. : AWARD
: :
: Doft & Co., Inc. :
: Avrom I. Doft :
: Alan Doft :
: Respondents :
: :

CASE SUMMARY

Claimants allege that Respondents in breach of their fiduciary duty to them managed their account in a negligent fashion. They allege that Respondents over concentrated positions and did not trade the account as represented. Claimants contend that Respondents represented that they would trade the account in "risk reduced attempted takeovers", that they would trade the account in the "same manner" as their own. Claimants contend Respondents did not trade the account in the same manner and invested in certain "in-play" situations not genuine attempted takeover candidates.

Respondents deny that they were negligent in handling the account. They deny that any statement that there was "very little risk" in opening a risk arbitrage account was ever made. They also contend the Claimants never relied upon any special definition of "attempted takeover or reorganization" in opening the risk arbitrage account. They contend that Claimants never established through experts that the account was managed differently than other similarly situated risk arbitrage managers would have managed it. They contend that as a result of the Boesky Plea and the crash all Respondents, their families and their public risk arbitrage customers, including Claimants suffered dramatic losses during the period from November 1986 through October 1987.

RELIEF REQUESTED

Claimants amended the relief originally sought in their pleadings. At the conclusion of hearing they sought \$1,311,229.15 in losses plus approximately \$850,000.00 of attorneys' fees. Respondents sought dismissal, attorneys' fees of \$25,000.00 and costs of \$50,000.00.

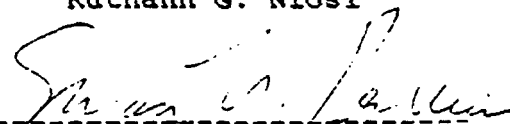
AWARD

On January 16, 17 and May 7, 8, 21, 1990 the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants on January 11, 1989 and by Respondents on February 14, 1989. The hearing was conducted at the offices of the National Association of Securities Dealers, Inc. located in New York, NY and consisted of ten (10) 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. Claims be and hereby are dismissed in their entirety.
2. Counterclaims similarly are dismissed.
3. The parties shall each bear their respective costs, including attorney's fees.
4. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$1,000.00 filing fee previously deposited by the Claimants, and assess an additional \$4,000.00 against Claimants and \$5,000.00 against Respondents Doft & Co., Inc., Avrom I. Doft and Alan Doft jointly and severally.

CONCURRING ARBITRATORS

/s/-----
Ruthann G. Niosi



Susan N. Perkins



Victor Alvarez

DATED: October 10, 1990