

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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In the Matter of the Arbitration Between/Among *
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People's Securities, Inc.                        *      Case #89-01179
                                                    *      AWARD
Claimant                                         *
                                                    *
vs.                                              *
                                                    *
Richard & Maribeth Rizzardi                    *
                                                    *
Respondents                                    *
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CASE SUMMARY

Claimant People's Securities, Inc. ("PSI") alleged that the major market downturn of October 19, 1987 required PSI to purchase large volumes of stock for Respondents Richard and Maribeth Rizzardi's ("Rizzardis") account, which resulted in substantial deficiencies in the Rizzardis' margin account. PSI alleged that the Rizzardis then continued to trade options and to transfer stock out of their PSI account to another broker/dealer, and that this transfer further increased the deficiency in the Rizzardis' margin account. PSI further alleged that it was forced to liquidate the Rizzardis' accounts, leaving a deficiency in the Rizzardis' account which, despite repeated demand, the Rizzardis have refused to pay PSI.

The Rizzardis contended that PSI breached its various agreements with the Rizzardis, negligently handled the Rizzardis' accounts, and breached its fiduciary obligations to the Rizzardis. Moreover, the Rizzardis asserted a counterclaim in which they alleged that as a result of the negligent manner in which PSI handled the Rizzardis' accounts and as a result of PSI's breaches in fiduciary, contractual and statutory obligations, the Rizzardis have been damaged. PSI denied it committed any acts in connection with its handling of the Rizzardis' accounts which would subject it to liability to the Rizzardis.

RELIEF REQUESTED


Claimant PSI requested actual damages of \$928,250.00, plus interest, attorneys' fees of \$181,820.45, and costs. PSI also requested dismissal of the Rizzardis' counterclaim in its entirety. Respondents Richard and Maribeth Rizzardi requested dismissal of the Statement of Claim in its entirety, plus, pursuant to its counterclaim, actual damages of at least \$300,000.00, plus interest, cost and attorneys' fees.

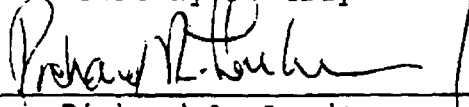
AWARD

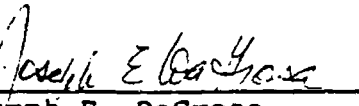
On June 21 and 22, August 6 and 7, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant People's Securities, Inc. on April 18, 1989, and by Respondents Richard and Maribeth Rizzardi on November 27, 1989. The initial claim was filed on April 20, 1989. The hearing was conducted at the offices of the National Association of Securities Dealers, Inc. in New York City, New York and consisted of eight (8) hearing sessions. The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at and after the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

1. Respondents Richard and Maribeth Rizzardi be and hereby are jointly and severally liable and shall pay to the Claimant People's Securities, Inc. the sum of Seven Hundred Eight Thousand Dollars And No Cents (\$708,000.00), inclusive of interest.
2. All counterclaims against Claimant People's Securities, Inc. be and hereby are dismissed in their entirety.
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 \$1500.00 filing fee previously deposited by the Claimant and the Claimant People's Securities, Inc. be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of Three Thousand Dollars And No Cents (\$3000.00) and the Respondents Richard and Maribeth Rizzardi be and hereby are jointly and severally liable and shall pay to the National Association of Securities Dealers, Inc. the sum of Four Thousand Dollars And No Cents (\$4000.00), as costs of the eight (8) hearing sessions conducted in this matter.

CONCURRING ARBITRATORS


Dorothy F. Gray


Richard A. Lordon


Joseph E. DaGrosa

DATED: August 31st, 1990