

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between :
: :
Morris Chafetz and Marion Chafetz : AWARD
: :
Claimants : #89-01237
vs. :
: :
Steven W. Dorman :
Washington Financial Group, Inc. :
Penn Mutual Equity Services :
Respondent :

Case Summary

Claimants Morris and Marion Chafetz alleged that Respondents Steven W. Dorman, Washington Financial Group, Inc. and Penn Mutual Equity Services placed the Claimants into two unsuitable real estate investment trusts. Claimants alleged that Respondents knowingly and recklessly misrepresented the investments to the Claimants in order to pressure Claimants into placing their money into investments that did not meet their goals. Claimants alleged that Respondents failed to explain the risks and that Respondents misrepresented to the Claimants the performance of their portfolio.

Respondents maintained that all investments recommended to the Claimants were suitable and were fully explained to the Claimants. Respondents maintained that while they retained Claimants' account, the account realized a profit.

Relief Requested

Claimants requested compensatory damages in the amount of at least \$100,000.00; punitive damages in an amount determined by the arbitrators; rescission of all unsuitable transactions; the restoration of Claimants balance to the status quo ante; for costs and expenses of these proceedings; for pre-judgement interest; and for reasonable attorneys fees.

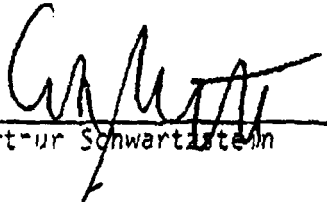
Respondents requested that Claimants' claim be dismissed in its entirety.

Award

On Thursday, April 12, 1990 and Friday April 13, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants on April 12, 1989, by Respondents Steven Dorman and Washington Financial Group, Inc. on July 19, 1989 and by Respondent Penn Mutual Equity Services, Inc. on July 18, 1989. The hearing was held in Washington, DC and consisted of 3 sessions. The arbitrators, 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. That by stipulation the parties agreed that Janney Montgomery Scott, Inc. be dismissed from this action.
2. That Claimants' claim is denied in its entirety.
3. That Claimants' claim for punitive damages was withdrawn at the hearing.
4. That the parties shall each bear their respective costs including attorney fees.
5. That 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, as forum fee costs for the first hearing session.
6. That Respondents and the Claimants are equally assessed forum fees for hearing sessions number two and three, so that the Respondents are jointly and severally assessed forum fees in the amount of \$750.00; Claimants are also assessed forum fees in the amount of \$750.00. Forum fees shall be made payable to the NASD, Inc. through its staff counsel in accordance with Section 43 of the Code of Arbitration Procedure.

CONCURRING ARBITRATORS


Arthur Schwartzstein

William H. Malloy, Jr.

Henry A. Goetzman

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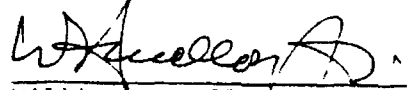
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