

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between	)	
David Broida	)	
	)	
vs.	)	AWARD
	)	
E.F. Hutton, Co., Inc.	)	NASD NO. 89-01262
Steven Matthews and	)	
Eugene P. DePatie	)	
	)	
	)	

SUMMARY OF ISSUES

This case was filed with the National Association of Securities Dealers, Inc. ("NASD") on April 27, 1989. Claimant alleged that Respondents breached their fiduciary duty by failing to adequately disclose the risks associated with trading naked equity options, and did so in disregard to Claimant's expressed investment objectives.

Respondents denied the allegations and maintained that Claimant understood and consciously accepted the risks inherent in trading naked puts, that the trading activity was suitable to claimants investment objectives of growth, trading and speculation, and that any losses incurred were a result of the stock market crash of October 1987 rather than by any wrongdoing on the part of respondents.

DAMAGES AND RELIEF REQUESTED

Claimant requested damages, as amended at the hearing, in the amount of \$20,804.32, interest from date of loss, punitive damages, costs and attorney's fees.

Respondents requested dismissal of the claim and costs.

DAMAGES AND RELIEF AWARDED

On July 19, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant on April 7, 1989 and by Respondents on July 19, 1990. The hearing was conducted in Los

Angeles, California and lasted two 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. All claims are dismissed.
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: a) the NASD shall retain the \$400.00 filing fee previously deposited by the Claimant; and  
b) Respondents are jointly and severally assessed the sum of \$400.00 representing forum fees to be paid to the NASD directly.

#### OTHER ISSUES

The parties stipulated to the execution and service of the Award in counterpart copies.

#### ARBITRATORS CONCURRING

\_\_\_\_\_  
Norman R. Cohen

DATE SERVED: 09/10/90

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*Gordon C. Stubbs*  
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William C. Richardson

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OTHER ISSUES

The parties stipulated to the execution and service of the Award in counterpart copies.

ARBITRATORS CONCURRING

DATE SERVED: 09/10/90

  
Norman R. Cohen