

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

IN THE MATTER OF THE ARBITRATION BETWEEN

Alan R. Naftalis

**Claimant**

Case #89-01470

**vs.**

## AWARD

E.F. Hutton d/b/a Shearson Lehman Hutton  
and Ephraim Yurowitz

## Respondents

### CASE SUMMARY

Claimant Alan R. Naftalis ("Claimant") alleged that Respondent Ephraim Yurowitz ("Yurowitz"), an employee of Respondent E.F. Hutton ("Hutton"), repeatedly recommended stock of companies that had not been investigated by either Hutton or Yurowitz, namely Alfin Fragrances, Inc., Porta Industries, and Atlantis Mining and Manufacturing, Inc. Claimant also alleged that Yurowitz intentionally or recklessly misled the Claimant by holding back important information in making the recommendations on the stock purchases, and that Yurowitz participated in front-running and received unlawful compensations to place his clients in Alfin. Further, Claimant alleged that Hutton failed to adequately supervise Yurowitz.

Respondents Hutton and Yurowitz denied that Yurowitz engaged in any manipulation, deception or other unlawful activity, and contended that Yurowitz always acted in the Claimant's interests. Respondents also contended they never represented to the Claimant that Hutton followed or researched the stocks in question, and conceded that these stocks were not followed by Hutton or its research department.

RELIEF REQUESTED

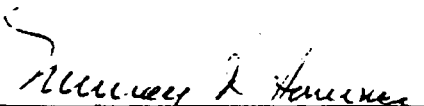
Claimant Alan R. Naftalis requested actual damages of \$52,792.36, plus interest, damages for lost economic opportunity, and punitive damages. Respondents Ephraim Yurowitz and E.F. Hutton requested dismissal of the Statement of Claim in its entirety.

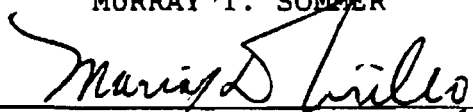
AWARD

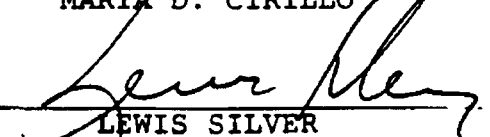
On April 3 and September 13, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Alan R. Naftalis on May 18, 1989, by Respondent E.F. Hutton on April 9, 1990 and by Respondent Ephraim Yurowitz on May 7, 1990. The hearing was conducted at the offices of the National Association of Securities Dealers, Inc. in New York City, NY and consisted of four (4) 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. All claims against Respondent E.F. Hutton be and hereby are dismissed in their entirety.
2. All claims against Respondent Ephraim Yurowitz 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 \$500.00 filing fee previously deposited by the Claimant and the Claimant be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of Five Hundred Dollars and No Cents (\$500.00) and the Respondents E.F. Hutton and Ephraim Yurowitz be and hereby are jointly and severally liable and shall pay to the National Association of Securities Dealers, Inc. the sum of One Thousand Dollars and No Cents (\$1,000.00), as costs of the four (4) hearing sessions conducted in this matter.

CONCURRING ARBITRATORS

  
MURRAY I. SOMMER

  
MARIA D. CIRILLO

  
LEWIS SILVER

DATED: September 14, 1990