

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between)	
Barry Devorzon, Trustee, et al)	
Claimants)	
vs.)	AWARD
Morgan Olmstead Kennedy & Gardner, Inc.)	
Wedbush Securities, Inc.)	NASD NO. 89-01707
Brian Abboud)	
Respondents)	

SUMMARY OF ISSUES

This case was filed with the National Association of Securities Dealers, Inc. ("NASD") on June 12, 1989. Claimant alleged: breach of fiduciary duty, fraud, negligence, violation of the Section 10b of the Securities and Exchange Act of 1934 and Rule 10b-5 promulgated thereunder and violation of the Racketeering Influenced and Corrupt Organizations Act (RICO) in the purchase of Newport Pharmaceuticals International.

Respondents Wedbush Securities and Morgan Olmstead, Kennedy & Gardner ("MOKG") denied all substantive allegations of the Claimant.

DAMAGES AND RELIEF REQUESTED

Claimant requested:

1. Compensatory damages of \$330,000.00;
2. Margin interest of \$8,000.00;
3. Commissions and markup of \$12,000.00;
4. Lost profit (interest at rate of 10%) from date the account was opened to the award of judgment;
5. Trebel damages pursuant to RICO;

6. Punitive damages of \$1,000,000.00;
7. Attorney's fees and costs.

DAMAGES AND RELIEF AWARDED

On July 24, 25, 26, 27 and August 6, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants on March 28, 1989 and by Respondents Wedbush Securities and MORG on July 28, 1989. The arbitrators determined Respondent Abboud is subject to the jurisdiction of the NASD under Sections 8 and 29 of the NASD Code of Arbitration Procedure. Respondent Abboud did not file a submission agreement or answer, or appear at the hearing although duly served with the claim and a subpoena to appear at hearing by Claimant. The hearing was conducted in Los Angeles, California and lasted 10 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. Respondents are jointly and severally liable for and shall pay to Claimant the sum of \$198,781.98 in compensatory damages.

2. Respondents are jointly and severally liable for and shall pay to Claimant lost profit (interest) at the rate of 10% on the above amount of \$198,781.98 from December 16, 1989 until the date the award is paid.

3. Respondents are jointly and severally liable for and shall pay Claimant the sum of \$120,000.00 in punitive damages pursuant to the Federal Arbitration Act and the case of Willoughby Roofing and Supply Co., Inc. v. Kajima International, Inc., 598 F.2d 353, affirmed 776 F.2d 269 (11th Circuit 1985).

4. Respondent Abboud, individually, is liable for and shall pay to Claimant the sum of \$70,000.00 in compensatory damages.

5. Respondent Abboud, individually, is liable for and shall pay to Claimant lost profit (interest) at the rate of 10% on the above amount of \$70,000.00 from August 9, 1988 until the date the award is paid.

6. The claims for margin interest, commissions and markup and RICO damages are dismissed.

7. The parties shall each bear their respective costs including attorney's fees.

8. In accordance with Section 43 of the NASD Code of Arbitration Procedure, the NASD shall retain the \$1000.00 filing fee previously deposited by the Claimant as an assessment of forum fees by the arbitrators. In addition, Respondents are jointly and severally assessed fees of \$10,000.00 representing charges for forum fees payable to the NASD.

ARBITRATORS CONCURRING

DATE SERVED: 09/19/90


Frank R. Smith

Samuel S. Dulberg

George N. Roy

7. The parties shall each bear their respective costs including attorney's fees.

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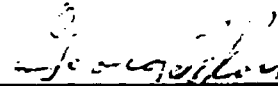
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vs.

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Brian Abboud

Respondents

PARTIAL VACATION
OF AWARD

NASD NO. 89-01707

Pursuant to settlement between Barry DeVorzon, Trustee for the benefit of Jelinda Music Production, Inc. Retirement Trust and Barry DeVorzon, claimants in the above proceeding (hereinafter "Clamaints"), on one hand, and respondent Wedbush Securities Inc., now known as Wedbush Morgan Securities, Inc. (hereinafter "Wedbush"), on the other,


IT IS HEREBY ORDERED by the undersigned Arbitrators that Items 1, 2 and 3 appearing on page 2 of the Award dated September 19, 1990 (the "Award") be, and they hereby are, vacated and set

aside as to all parties affected thereby and shall be of no force or further effect. The remainder of the Award is unchanged.

DATED: ^{December 5} November __, 1990

ARBITRATORS' CONSTITUTION

DATE SERVED: 12/11/90


George N. Roy

aside as to all parties affected thereby and shall be of no force or further effect. The remainder of the Award is unchanged.

DATED: November __, 1990

ARBITRATORS CONCURRING

DATE SERVED: 12/11/90


Frank R. Smith

aside as to all parties affected thereby and shall be of no force or further effect. The remainder of the Award is unchanged.

DATED: November __, 1990

ARBITRATORS CONCURRING

Frank R. Smith

DATE SERVED: 12/11/90

Samuel S. Dulberg

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