

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between)	
Sara M. Knowles)	
Claimant)	
vs.)	AWARD
Black & Co., Inc. and)	
George W. Scherzer)	CASE NO. 89-01710
Respondents)	

SUMMARY OF ISSUES

This case was filed with the National Association of Securities Dealers, Inc. ("NASD") on June 12, 1989. Claimant alleged the following: misrepresentation, excessive trading, and unauthorized trading in the management of her securities account by Respondents.

Respondents denied all claims.

DAMAGES AND RELIEF REQUESTED

Claimant requested the following damages: 1) Compensatory damages in the sum of \$23,700.00; 2) Punitive damages in the sum of \$60,000.00; and 3) Costs and attorneys' fees.

DAMAGES AND RELIEF AWARDED

On July 10 and 11, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant on May 24, 1989 and by Respondents on July 11, 1989. The hearing was conducted in Portland, Oregon and lasted six sessions. A prehearing conference was held on May 21, 1990, which comprised another session. 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 Nineteen Thousand, Nine Hundred Seventy-Nine Dollars and Zero Cents (\$19,979.00) in compensatory damages.

2. Respondents are jointly and severally liable for and shall pay to Claimant the sum of Fifteen Thousand Dollars and Zero Cents (\$15,000.00) in punitive damages pursuant to Lindgren v. Berg, 307 OR. 659, 772 P.2d 1336 (1989) and Noe v. Kaiser Foundation Hospital, 248 OR. 420, 425, 435 P.2d 306 (1967).

3. The parties shall each bear their respective costs including attorneys' fees.

4. In accordance with Section 43 of the NASD Code of Arbitration Procedure, the NASD shall retain the \$500.00 filing fee previously deposited by the Claimant as an assessment of forum fees by the arbitrators. In addition, Respondents are jointly and severally assessed forum fees of \$3,500.00, payable to the National Association of Securities Dealers, Inc.

PRESIDING ARBITRATORS

Martin Henner

Gary K. Sweitzer

DATE SERVED: 09/20/90



James A. Moore