

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between	x	
	x	
Isadore Burstein and	x	
Warren Nachmann	x	
Claimants	x	
vs.	x	CASE NO.
	x	89-01837
	x	(Consolidated
D.H. Wallach Options, Inc., Wallach Group, Inc.,	x	with 89-01952
and David Wallach	x	and 90-00125)
Respondents	x	
	x	AWARD
Wallach, Inc.	x	
Claimant	x	
vs.	x	
	x	
Warren Nachmann and	x	
Isadore Burstein	x	
Respondents	x	
	x	

CASE SUMMARY

Claimants, Isadore Burstein ("Burstein") and Warren Nachmann ("Nachmann"), alleged that Respondent David Wallach ("Wallach") fraudulently induced them to sell their respective 11% interests in Respondent Wallach Group, Inc. ("WGI") by failing to disclose to Burstein and Nachmann all material information about the profitability of WGI and the value of the assets of Respondent D.H. Wallach Options, Inc. ("Wallach Options"). Burstein and Nachmann alleged that this information would have affected their decisions to sell their respective interests.

Wallach, WGI and Wallach Options contended that both Burstein and Nachmann were at all relevant times sophisticated and knowledgeable investors and businessmen who had full knowledge of the operations of the corporations in question and relevant facts, and that the Respondents always acted in good faith. Wallach asserted a counterclaim against Burstein in which he alleged Burstein made defamatory statements about him. Wallach Options and WGI asserted a counterclaim against Nachmann, and, in addition, Wallach, Inc. ("Wallach, Inc.") asserted a claim against Nachmann and Burstein, in the consolidated matter 90-00125, in which they alleged that Nachmann and Burstein acted with the intent to deceive and mislead WGI and its subsidiaries

as to their affiliations with an entity engaged in the same business as WGI and its subsidiaries, thereby breaching their fiduciary duties to WGI. Nachmann and Burstein contended that neither ever competed with WGI or its subsidiaries while they were associated with these firms, nor breached any fiduciary duties owed to these firms.

RELIEF REQUESTED

Isadore Burstein requested actual damages of \$331,399.00, plus treble damages, punitive damages, costs, attorneys' fees, and dismissal of all claims and counterclaims made against him. Warren Nachmann requested actual damages of \$307,209.46, plus treble damages, punitive damages, costs, attorneys' fees, and dismissal of all claims and counterclaims made against him. WGI, Wallach Options and Wallach requested dismissal of all claims made against them. David Wallach, pursuant to his counterclaim against Burstein, requested actual damages in excess of \$100,000.00, plus punitive damages, costs and attorneys' fees. Wallach Options and WGI, pursuant to their counterclaim against Nachmann, requested actual damages in excess of \$10,000.00, plus punitive damages, costs and attorneys' fees. Wallach, Inc. requested actual damages of approximately \$1,600,000.00, plus punitive damages, costs, attorneys' fees, and such other relief the arbitrators deem proper.

AWARD

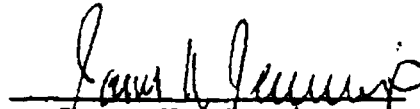
On July 9 & 10, September 13 & 14, and October 10, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in: submissions to arbitration (Claim No. 89-01837) signed by Isadore Burstein on June 22, 1989, and by David Wallach, D.H. Wallach Options, and Wallach Group on August 24, 1989; submissions to arbitration (Claim No. 89-01952) signed by Warren Nachmann on June 28, 1989, and by David Wallach, D.H. Wallach Options and Wallach Group on September 27, 1989; and submissions to arbitration (Claim No. 90-00125) signed by Wallach, Inc. on December 13, 1989, by Warren Nachmann on March 29, 1990, and by Isadore Burstein on March 20, 1990. Claim No. 89-01837 was filed on June 26, 1989; Claim No. 89-01952 was filed on July 10, 1989; Claim No. 90-00125 was filed on December 19, 1989.


The hearing was conducted at the offices of the National Association of Securities Dealers, Inc. in Philadelphia, PA, and consisted of nine (9) 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 all the issues submitted for determination as follows:

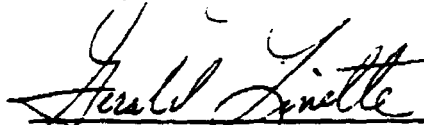
1. All claims asserted by Isadore Burstein be and hereby are dismissed in their entirety.
2. All claims asserted by Warren Nachmann be and hereby are dismissed in their entirety.
3. All claims and counterclaims asserted by Wallach, Inc., D.H. Wallach Options, Inc., Wallach Group, Inc. and David Wallach be and hereby are dismissed in their entirety.
4. The parties shall each bear their respective costs including attorneys' fees.
5. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain: from Claim No. 89-01837, (1) the \$1000.00 filing fee previously deposited by the Isadore Burstein, and (2) the \$1000.00 filing fee deposited by the Wallach parties; from Claim No. 89-01952, (1) the \$1000.00 filing fee deposited by Warren Nachmann, and (2) the \$1000.00 filing fee deposited by the Wallach parties; and from Claim No. 90-00125, (1) the \$1000.00 filing fee deposited by the Wallach parties. In addition, David Wallach, D.H. Wallach Options, Inc., Wallach Group, Inc., and Wallach, Inc. be and hereby are jointly and severally liable and shall pay to the NASD, Inc. the sum of Four Thousand Dollars and No Cents (\$4000.00), as costs of the nine(9) hearing sessions conducted in this matter.

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NASD No. 89-01837
(Consolidated with
89-01952 & 90-00125)

CONCURRING ARBITRATORS


James W. Jennings


Edward T. Borer


Gerald D. Linette

Dated: October 29 , 1990