

CORRECTION AND MODIFICATION OF N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Edward Gregory Bauer Jr, et al

89-02318

Name of Respondent(s)

Dean Witter Reynolds, Inc.
Prudential-Bache Securities Inc.
Douglas A. Westcoat

SUMMARY OF ISSUES

This case was filed with the National Association of Securities Dealers, Inc. ("NASD") on August 17, 1989. Claimants alleged breach of contract, negligence, breach of fiduciary duty, fraud, and taking advantage by Respondents, in connection with limited partnership investments. Respondents alleged that the claims for breach of contract, negligence, breach of fiduciary duty, fraud and constructive fraud are totally without merit and should be dismissed; and that Mary Bauer ratified the handling of her accounts. Respondents asserted twenty-one affirmative defenses.

DAMAGES AND RELIEF REQUESTED

Claimants requested (1) special and general damages according to proof; (2) punitive damages of \$1,000,000.00; (3) disgorgement of the profits wrongfully gained by Respondents in the commission of the complained acts; (4) for reasonable attorneys' fees and actual costs; and (5) for such other and further relief as deemed necessary and proper. Respondents requested that all claims be dismissed.

DAMAGES AND RELIEF AWARDED

On September 26, 27, 28 and October 2, 1990 the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Edward Gregory Bauer, Jr. as Executor of the Estate of Mary Bauer Keller on November 22, 1989, by Claimant Jane Marie Bauer on May 10, 1989, by Claimant Mary Kristine Clark on May 8, 1989, by Claimant Edward Gregory Bauer, Jr., Successor Trustee of the Bauer Family Trust on November 22, 1989, by Claimant Stephen N. Bauer on May 5, 1989, by Claimant Katherine Mary Bauer Arena on May 17, 1989, by Claimant Edward Gregory Bauer, Jr. on May 4, 1989, by Claimant Elizabeth Jane Bauer Pinzon on May 15, 1989, by Claimant David Mark Bauer on May 9, 1989, and by Respondent Douglas A. Westcoat on April 28, 1989 and by Respondent Prudential-Bache Securities, Inc. on May 4, 1989.

The hearing was conducted in San Francisco, California and lasted nine 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:

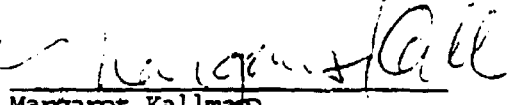
1. The Claimants filed their Statement of Claim within the statutory period.
2. The following investments shall be rescinded:
 - a) Prudential-Bache Energy Income Partnerships (all programs)
 - b) Prudential-Bache Watson & Taylor limited partnership
 - c) VMS Mortgage Investors L.P.
 - d) 600 Grant Street Associates (L.P.)
3. Respondent Prudential-Bache Securities, Inc. is liable for and shall pay to the Bauer Family Trust the sum of Two Hundred Ninety-Seven Thousand, Nine Hundred Eighty-Eight Dollars and No Cents (\$297,988.00), inclusive of interest.
4. Respondent Prudential-Bache Securities, Inc. is liable for and shall pay to Fremont Pediatric Pension Profit-IRA Rollover, the sum of One Hundred Twenty-Three Thousand, One Hundred Thirty-Six Dollars and No Cents (\$123,136.00), inclusive of interest.
5. Respondent Prudential-Bache Securities, Inc. is liable for and shall pay to the Estate of Mary L. (Bauer) Keller, the sum of One Hundred Seventy-Five Thousand, Six Hundred Twenty-Seven Dollars and No Cents (\$175,627.00), inclusive of interest.
6. Respondent Prudential-Bache Securities is liable for and shall pay to Elizabeth Bauer the sum of Twenty-One Thousand, Four Hundred Fifty-Two Dollars and Twenty-Three Cents (\$21,452.23), inclusive of interest.

7. Respondent Prudential-Bache Securities is liable for and shall pay to Katherine Bauer the sum of Twenty-One Thousand, Four Hundred Fifty-Two Dollars and Twenty-Three Cents (\$21,452.23), inclusive of interest.
8. Respondent Prudential-Bache Securities is liable for and shall pay to Jane Bauer the sum of Twenty-One Thousand, Four Hundred Fifty-Two Dollars and Twenty-Three Cents (\$21,452.23), inclusive of interest.
9. Respondent Prudential-Bache Securities is liable for and shall pay to David Bauer the sum of Twenty-Six Thousand Seven Hundred Forty-One Dollars and Ninety-Two Cents (\$26,741.92), inclusive of interest.
10. Respondent Douglas A. Westcoat is liable for and shall pay to the Bauer Family Trust the sum of Sixteen Thousand, Six Hundred Thirty-Five Dollars and No Cents (\$16,635.00), inclusive of interest.
11. The parties shall each bear their respective costs including attorneys' fees.
12. In accordance with Section 43 of the NASD Code of Arbitration Procedure, the NASD shall retain the \$1,000.00 filing fee previously deposited by the Claimant [as an assessment of forum fees by the arbitrators]. In addition, Respondent Prudential-Bache Securities, Inc. is also assessed fees of \$6,000.00 for forum fees, and Respondent Douglas A. Westcoat is assessed fees of \$2,000.00 representing forum fees.

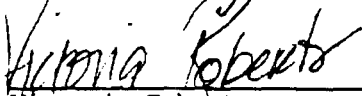
OTHER ISSUES

Respondent Dean Witter Reynolds was withdrawn as a Respondent by the Claimants prior to the commencement of the hearing. On December 21, 1990, Respondent filed an Application and Motion to Correct and Modify Award and Application for a Report of Arbitrators. Said Applications were opposed by Claimant. Having duly considered Respondent's Application and Claimant's response, the arbitrators determined that it was necessary to correct a mathematical miscalculation which does not change in any way their determination on the merits. Said correction and modification is reflected in paragraphs 6, 7, 8 and 9. The arbitrators further ruled to deny Respondent's Application for a Report of Arbitrators.

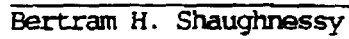
Arbitrator(s) Signature



Margaret Kallman



Victoria Roberts



Bertram H. Shaughnessy