

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between	x
	x
Danot Enterprises, Inc.,	x
Claimant,	x
vs.	x CASE NO.
	x 89-02483
	x
Hambrecht & Quist, Inc.,	x AWARD
Respondent,	x
vs.	x
	x
Abraham Dan	x
Third-Party Respondent.	x
	x

CASE SUMMARY

Claimant, Danot Enterprises, Inc. ("Danot"), alleged that Respondent Hambrecht & Quist, Inc. ("Hambrecht") effected numerous debt securities trades in its account without Danot's knowledge or consent. Danot further alleged that Hambrecht failed to properly supervise its employees and Danot's account.

Hambrecht denied the allegations made against it and contended that all trades in Danot's account were expressly authorized in advance by Abraham Dan ("Dan"), the sole stockholder of Danot, on behalf of Danot. Moreover, Hambrecht contended that Danot ratified all trades in their account by failing to object in a timely manner. Hambrecht also asserted counterclaims against Danot and Dan in which it alleged that Danot operated as Dan's agent and alter ego, and used by Dan for the purpose of perpetrating a fraud upon Hambrecht. Hambrecht alleged that Danot and Dan are liable on the outstanding debit balance in the Danot account, and that Danot is in material breach of the Margin Account Agreement and Loan Consent.

Danot denied the allegations made against it, and on May 4, 1990 District Judge Edelstein for the United States District Court for the Southern District of New York, issued an Order staying the arbitration of all claims made against Abraham Dan in this arbitration. Therefore, prior to the commencement of the first evidentiary hearing on August 6, 1990, Abraham Dan was removed as a party to this arbitration without prejudice to the Claimant or Respondent.

RELIEF REQUESTED

Danot requested actual damages in excess of \$2,500,000.00, plus interest, punitive damages, treble damages, special damages, consequential damages, exemplary damages, costs and attorneys' fees, and dismissal of all counterclaims made against it. Hambrecht requested dismissal of all claims made against it, plus, pursuant to its counterclaims, actual damages of \$2,962,656.00, and for entry of a declaratory judgment finding and declaring that Danot is in substantial and material breach of the Margin Account Agreement and Loan Consent and as a result of said breaches, Hambrecht owes no debt to Danot, and Danot and Dan are jointly and severally liable for the debit balance in the Danot account.

AWARD

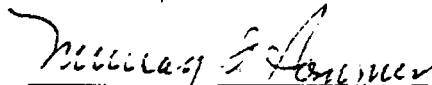
On the dates listed on the attached schedule, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimant Danot Enterprises, Inc. on September 26, 1989, and by Respondent Hambrecht & Quist, Inc. on November 27, 1989. The initial claim was filed on September 6, 1989. The hearing was conducted at the offices of the National Association of Securities Dealers, Inc. in New York City, NY, and consisted of thirty eight (38) hearing sessions, which includes two (2) single session prehearing conferences conducted on April 24 and June 15, 1990. The arbitration panel having considered the pleadings, the testimony, the briefs and the evidence presented at the hearing, has unanimously determined in full and final resolution of the issues submitted for determination as follows:

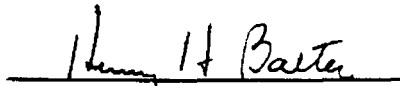
1. Respondent Hambrecht & Quist, Inc. be and hereby is liable and shall pay to the Claimant Danot Enterprises, Inc. the sum of Two Million One Hundred Thirty Four Thousand Three Hundred Twelve Dollars And No Cents (\$2,134,312.00), with no interest.
2. All counterclaims asserted against Claimant Danot Enterprises, Inc. be and hereby are dismissed in their entirety.
3. The parties each shall bear their respective costs, including attorneys' fees.

Forum Fees:

4. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$18,000.00 previously deposited by the Claimant, and the \$18,000.00 previously deposited by the Respondent, as the costs of thirty six (36) of the thirty eight (38) hearing sessions conducted in this matter. In addition, the Claimant be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of One Thousand Dollars And No Cents (\$1,000.00) and the Respondent be and hereby is 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 two (2) hearing sessions conducted on February 12, 1991.

CONCURRING ARBITRATORS


Murray I. Sommer


Henry H. Balter


Victor F. Alvarez

Dated: April 17th, 1991