

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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| In the Matter of the Arbitration Between |) | |
| John B. Nardone |) | Claimant |
| vs. |) | |
| Wilshire Discount Securities |) | |
| and Gene Roach |) | Respondents |
| |) | AWARD |
| |) | CASE NO. 90-00669 |

SUMMARY OF ISSUES

This case was filed with the National Association of Securities Dealers, Inc. ("NASD") on March 5, 1990. Claimant alleged that Respondents failed to provide a prospectus with Claimant's purchase of 2,000 shares of Prospect Street Hi-Income Fund as required by law, misrepresented the risks and nature of the Fund, and failed to disclose that the fund's underwriter was Drexel Burnham Lambert, Inc.

Respondents denied the allegations and maintained that both a preliminary prospectus was sent to Claimant prior to his investment and a final prospectus was sent to Claimant by the clearing agent upon his purchase. Respondents further maintained that the risks and nature of the investment, as well as the name of the underwriter, was fully disclosed in the preliminary and final prospectus.

DAMAGES AND RELIEF REQUESTED

Claimant requested rescission of the transaction plus interest at the money market rate.

Respondents requested dismissal of the claim.

DAMAGES AND RELIEF AWARDED

On September 18, 1990, the undersigned arbitrator heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant on February 27, 1990 and by Respondents April 5, 1990. The hearing was conducted in Los Angeles, California and lasted one session. The arbitrator, 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. All claims are dismissed based on Claimant's failure to sustain his burden of proof.
2. The parties shall each bear their respective costs including attorneys' fees.
3. In accordance with Section 43 of the NASD Code of Arbitration Procedure, the NASD shall refund the \$200.00 filing fee previously deposited by the Claimant.

OTHER ISSUES

None.

ARBITRATOR CONCURRING

DATE SERVED: 10/17/90


Joseph J. Aron