

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Alan and Lynda Herring

90-02426

Name of Respondent

Wedbush Morgan Securities Inc.

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. ("NASD") on or about August 31, 1990 Alan and Lynda Herring ("Claimants") alleged that Wedbush Morgan Securities, Inc. ("Respondent") failed to notify or inform them of two conversions of Consec convertible preferred stock. Claimants alleged that Respondent had an obligation to so notify them of the conversions. Claimants further alleged that Respondent acted in bad faith in failing to resolve the dispute.

In its Answer filed with the NASD on or about November 19, 1990, Respondent stated that it mailed the notices to Claimants in the regular course of business and when it did not receive an objection from Claimants submitted the shares for redemption. Respondent also stated that the Claimants received their monthly statements which reflected the redemption. Respondents further stated that by denying that they received proper notices and by ignoring the monthly statements, Claimants have devised a way to take a second bite of the apple and to reverse a poor market decision.

RELIEF REQUESTED

Claimants requested an award in the amount of \$10,917.00, an award of exemplary damages in the amount of \$10,917.00, prejudgment interest and attorneys' fees.

Respondents requested that the Statement of Claim be dismissed in its entirety.

PROCEDURAL MATTERS

On Wednesday, March 20, 1991 in Denver, Colorado during a hearing lasting a total of one (1) session, the undersigned arbitrator heard the controversy between the parties as set forth in submissions to arbitration signed on August 23, 1990 by Claimants Alan and Lynda Herring on November 16, 1990 by Marie E. Eaton on behalf of Respondent Wedbush Morgan Securities.

The parties have agreed that a handwritten, signed Award may be entered. The parties have agreed to receive conformed copies of the award while the original remains on file with the NASD.

AWARD

The arbitrator, having considered the pleadings, the testimony, and the evidence presented at the hearing, has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Wedbush Morgan Securities, Inc. shall be and hereby is liable for and shall pay to the Claimants Alan and Lynda Herring the sum of Ten Thousand Nine Hundred Seventeen Dollars (\$10,917.00);
2. Interest at the rate of 8% per annum is awarded on the above stated sum from and inclusive of December 1, 1989 to and inclusive of the date this award is paid;
3. Respondent Wedbush Morgan Securities, Inc. shall be and hereby is liable for and shall pay to the Claimants Alan and Lynda Herring the sum of One Thousand Dollars (\$1,000.00) as exemplary damages;
4. Each party shall bear its own costs and expenses incurred in this matter not specifically enumerated herein; and
5. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall refund the hearing session deposit in the amount of \$300.00 previously deposited with the NASD by the Claimants. Respondent Wedbush Morgan Securities, Inc. shall pay to the NASD the sum of \$300.00 as forum fees.

Dated:

March 20, 1991

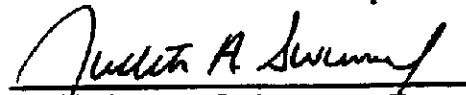
/s/ William F. Skewes, esq.
Presiding Chair

90-2426

3. Respondent Paul Van Meter shall be and hereby is liable for and shall pay to Claimant Merrill Lynch, Pierce, Fenner & Smith, Inc. attorney's fees in the amount of Two Thousand Dollars and No Cents (\$2,000.00);
4. Pursuant to Section 44(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the hearing session deposit in the amount of \$300.00 previously deposited with the NASD by the Claimant Merrill Lynch, Pierce, Fenner & Smith, Inc.
5. Respondent Paul Van Meter shall be and hereby is liable for and shall pay to the NASD the sum of \$300 which is the additional cost of the hearing session.

Dated:

9-28-91


Judith A. Swinney, Esq.
Presiding Chair
Public Arbitrator

Served by NASD
10.21.91