

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Joan Ross Murphy
Joanie Castle

NASD Arbitration
No. 91-02508

Name of Respondent(s)

Gruntal & Co., Inc.
Milton Stanson
Peter Vita
Jay Gurley
Maurice Cohn

REPRESENTATION

For Claimants: Lionel Z. Glancy, Esq., Beverly Hills, California

For Respondents: Eric S. Hutner, Esq., Gruntal & Co., Inc., New York, New York

CASE INFORMATION

Statement of Claim filed: August 12, 1991

Claimants' Submission Agreement signed: August 6, 1991

Joint Statement of Answer filed by Respondents: November 27, 1991

Respondents' Submission Agreements signed: November 26, 1991

HEARING INFORMATION

Pre-Hearing Conference: February 3, 1993 (one session)

Hearing Date(s)/Sessions: December 15, 1992 (two sessions)
December 16, 1992 (two sessions)
February 11, 1993 (two sessions)

Hearing Location: Los Angeles, California

CASE SUMMARY

Claimants alleged that they are entitled to damages from Respondents, for violations of the following laws with respect to various transactions in their account: 1) Breaches of fiduciary duty to Claimants; 2) Permitting Claimants to have their funds placed in unsuitable investments; 3) Negligence in handling the account of Claimants, negligent misrepresentations to Claimants and negligent management of Claimants' account; 4) Negligent supervision of Milton Stanson's and Peter Vita's conduct as licensed employees; and 5) California Blue Sky Laws.

Respondents denied Claimants' allegations and alleged that Claimants were sophisticated investors when they opened their account at Gruntal & Co., Inc. Respondents further alleged that Claimants had engaged in both long and short trades prior to opening their account with Gruntal & Co., Inc. and asserted that Claimants' New Account Form at Gruntal & Co., Inc. stated, among other things, that their investment objectives included growth, capital gains, income, and speculation.

RELIEF REQUESTED

Claimants requested:

1. Compensatory damages of approximately \$75,000.00;
 2. Emotional Distress damages in the amount of \$250,000.00;
 3. Pre-judgment interest on the compensatory damages;
 4. Compensation for all costs and fees associated with this proceeding, including costs and expenses of expert witnesses;
 5. Compensation in a reasonable amount for attorneys' fees;
 6. Punitive or exemplary damages in the amount of \$1,000,000.00;
- and
7. Such other relief as the arbitration panel believes to be appropriate.

Respondents requested that Claimants' allegations be dismissed in their entirety and that Respondents be awarded costs and attorney fees.

OTHER ISSUES CONSIDERED & DECIDED

On December 15, 1992 Lionel G. Glancy, Esq. requested that the arbitrators permit him to submit for consideration the alleged failure of Respondents to comply with the California Blue Sky Laws. This was opposed by Respondents, and, following argument, the arbitrators ruled that they would consider and rule upon any Blue Sky issue presented.

Pursuant to Lionel G. Glancy, Esq.'s Arbitration Brief dated January 15, 1993, Claimants withdrew all claims asserted against Respondent Jay Gurley.

During a telephonic conference on February 3, 1993, the arbitrators heard arguments by the parties' counsel relative to a Motion for Continuance submitted by Eric S. Hutner, Esq. on behalf of Respondent Milton Stanson. The arbitrators denied the Motion and add that the ruling was predicated upon the understanding that Respondent Milton Stanson would be dismissed with prejudice, which was done by granted oral Motion made by Claimants at the hearing.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the Award while the originals remain on file with the National Association of Securities Dealers, Inc. (NASD).

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. All claims by Claimants, including the claims for punitive damages and including the issue of violation of California Blue Sky Laws, are dismissed.
2. The parties shall each bear their respective costs including attorney's fees.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following forum fees are assessed: The NASD shall retain the \$1,000.00 hearing session deposit previously deposited by the Claimants. Forum fees are to be split between Claimants and Respondent Gruntal & Co., Inc. and are calculated as follows:

One pre-hearing session	@ \$300.00/session	=	\$ 300.00
Six hearing sessions	@ \$1,000.00/session	=	<u>\$6,000.00</u>
Total fees assessed		=	\$6,300.00
Claimants' share (50%)		=	\$3,150.00
Credit for hearing deposit		=	\$1,000.00
Balance due		=	\$2,150.00
Gruntal & Co., Inc.'s share (50%)		=	\$3,150.00
Balance due		=	\$3,150.00

Fees are payable to the National Association of Securities Dealers, Inc.

ARBITRATORS

<u>Name</u>	<u>Public/Industry</u>
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Public Arbitrator
Public Arbitrator
Industry Arbitrator

is

Ronald K. Witter

Ronald K. Witter

Date of Decision: 3/11/93