

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Ronald P. Grunwald, M.D.

vs.

NASD #91-03654

Name of Respondents

Kochcapital
Russell G. Koch
Thomas F. White & Co., Inc.
National Securities Corporation

REPRESENTATION

For Claimant: Ronald P. Grunwald, M.D., pro se

For Respondents:

Kochcapital - Karen Wilsman, Kochcapital, Bellevue, Washington
Russell G. Koch - Russell G. Koch, pro se
Thomas F. White & Co. (White & Co.) and National Securities Corp. (NSC)
- C. Dean Little, Esq., Reed McClure, Seattle, Washington

CASE INFORMATION

Statement of Claim filed: November 19, 1991

Claimant's Submission Agreement signed: November 13, 1991

Statement of Answer filed by Respondents:

NSC and White & Co.: February 11, 1992

Respondents' Submission Agreements signed:

NSC - December 31, 1991

White & Co. - February 11, 1992

Respondents Kochcapital and Russell G. Koch did not file submission agreements or Answers but were duly served, appeared for approximately 80% of the arbitration, and are subject to the jurisdiction of the National Association of Securities Dealers (NASD) in accordance with NASD Code of Arbitration Procedure Sections 12 and 29.

HEARING INFORMATION

Prehearing Conference Date/Sessions: July 15, 1992 - one session

Hearing Date/Sessions: August 21, 1992 - two sessions

Hearing Location: Seattle, Washington

CASE SUMMARY

Claimant alleged fraud, negligence, breach of contract and breach of fiduciary duty in the purchase and sale of various shares of stock.

Respondents Koch and Kochcapital did not file an Answer.

Respondents NSC and White & Co. denied all substantive allegations of the Statement of Claim and alleged they acted only as clearing agents for Kochcapital, had no direct contact with Kochcapital customers, and that Kochcapital was solely responsible for all activity in its customers' accounts.

RELIEF REQUESTED

Claimant requested:

1. Compensatory damages of \$54,572.00;
2. Punitive damages;
3. Interest; and
4. Costs.

OTHER ISSUES CONSIDERED & DECIDED

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 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. Respondents Koch and Kochcapital are jointly and severally liable for and shall pay Claimant:

- A) Compensatory damages of \$54,572.00;
- B) Interest of \$5,457.20;

2. All claims against NSC and White & Co. are dismissed;
3. The claim for punitive damages is dismissed.
4. The parties shall each bear their respective costs including attorneys' fees.

OTHER COSTS

None.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed: The NASD shall refund the \$500.00 hearing session fee previously deposited by the Claimant. Forum Fees are assessed against Respondents Koch and Kochcapital only for \$1,000.00, calculated as follows: Two hearing sessions times \$500.00/session equals \$1,000.00.

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

ARBITRATION PANEL

Name

Public/Industry

Concurring Arbitrators' Signatures

Industry Arbitrator

I.

Public Arbitrator

Public Arbitrator


John A. Bender, Jr., Esq.

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Date of Decision: _____