

**N.A.S.D. AWARD**

**NATIONAL ASSOCIATION OF SECURITIES DEALERS**

---

**In the Matter of the Arbitration Between**

**Name of Claimant**

Karen S. Ungar

NASD #92-03496  
AWARD

vs.

**Name of Respondents**

Richard E. Hanson and  
David Allard

---

**REPRESENTATION**

For Claimant: Carroll R. Melton, Arbitration Consultants, Inc.,  
Calabasas, California

For Respondents: Douglas B. Martin, Esq., San Francisco,  
California

**CASE INFORMATION**

Statement of Claim filed: October 15, 1992

Claimant's Submission Agreement signed: October 5, 1992

Statement of Answer filed by Respondents: September 15, 1993

Respondents' Submission Agreements signed on:

Richard E. Hanson on February 1, 1993

David Allard on January 25, 1993

**HEARING INFORMATION**

Prehearing Conference Date/Session: None.

Hearing Date/(Sessions): February 10, 1993 (two sessions)

Hearing Location: Los Angeles, California

**CASE SUMMARY**

Claimant alleged:

Breach of fiduciary duty, unsuitability and misrepresentation in the purchase of various limited partnership interests. Claimant and her late husband were introduced to respondent Richard Hanson (Hanson) in 1977. Claimant's husband essentially controlled the family investments largely without Claimant's knowledge or input, and represented to Hanson that their investment objectives were safety of principal and growth. Respondent David Allard (Allard) was the branch manager supervising Hanson.

**Respondents alleged:**

Claimant was employed at Hughes Aircraft earning approximately \$43,000 per year and receiving \$10,000 per year in benefits. Her net worth in 1985 was \$800,000 and approximately one million dollars in 1988. At the time the investments in issue were made, Claimant married Myron Olson, a retired University of Southern California professor with a net worth exceeding two million dollars, including over one million dollars in municipal bonds.

**RELIEF REQUESTED**

**Claimant requested:**

1. Actual damages of \$24,714 plus an amount to be proven at the hearing relating to losses from Public Storage and Storage Equities;
2. Rescission of the remaining limited partnerships in the amount of \$95,823;
3. Restitution of excess insurance premiums paid by Claimant;
4. Interest at the legal rate of 10% per annum;
5. Costs;
6. Such further relief as deemed proper.

**OTHER ISSUES CONSIDERED:**

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.

At the beginning of the hearing Claimant requested that the NASD's decision excluding certain elements of the Claimant in accordance with Section 15 of the code of Arbitration Procedure. The request was granted and the panel confirm the NASD's decision.

**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 are jointly and severally liable for and shall pay Claimant \$31,652;
2. All other claims are dismissed;
3. The parties shall each bear their respective attorney's fees;
4. The parties shall each bear their respective costs.

**OTHER COSTS**

None.

**FORUM FEES**

Pursuant to Section 43c of the Code of Arbitration Procedure, the following forum fees are assessed: National Association of Securities Dealers, Inc. shall refund the \$750 hearing session deposit previously deposited by the Claimant. Forum fees assessed against:

Respondents, jointly and severally, for \$1,500

calculated as follows: two hearing session at \$750/hearing session, \$1,500.

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

**ARBITRATION PANEL**

**Name**

Mark T. Dooks  
Milton C. Bennett  
Lou von Dyl

**Public/Industry**

Public Arbitrator  
Industry Arbitrator  
Public Arbitrator

Concurring Arbitrators' Signature

\_\_\_\_\_  
Mark T. Dooks

\_\_\_\_\_  
Milton C. Bennett

\_\_\_\_\_  
  
Lou von Dyl

Date of decision: 3/23/94

Date Served: 03/29/94