

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Millie Caraba and Sam Caraba

92-03960

Name of Respondents

Dean Witter Reynolds Inc.
York Securities, Inc.
Yaeger Securities, Inc.
Robert Wood
Debra Goldsmith
David Khalilzad
Harvey Rudowitz
Martin Pike

REPRESENTATION

For Claimants Millie and Sam Caraba ("Claimants") appeared Dan Druz, Esq., Sea Girt, New Jersey.

For Respondents Dean Witter Reynolds, Inc. ("Dean Witter") and Harvey Rudowitz ("Rudowitz") appeared Edward W. Larkin, Esq. in-house counsel with Dean Witter Reynolds, New York, New York.

For Respondents Yaeger Securities, Inc. ("Yaeger") and Martin Pike ("Pike") appeared David N. Mahler, Esq. in-house counsel for Yaeger Securities, Inc., Encino, California.

For Respondent Robert Wood ("Wood") appeared Stephen W. Wilk, Esq., New York City, New York.

For Respondent David M. Khalilzad ("Khalilzad") appeared Martin J. Auerbach, Esq., New York, New York.

For Respondents York Securities, Inc. ("York") and Debra Goldsmith ("Goldsmith") appeared Thomas J. McCabe, Esq., New York, New York.

CASE INFORMATION

The Statement of Claim was filed on November 13, 1992 and the claimants' Submission Agreement was executed on October 1, 1994.

A Statement of Answer was filed on behalf of Respondents Yaeger Securities, Inc. ("Yaeger") and Martin Pike ("Pike") on March 2, 1993. Respondent Yaeger's Submission Agreement was executed on March 2, 1993. Respondent Pike's Submission Agreement was executed on March 2, 1993.

A Statement of Answer was filed on behalf of Respondent Robert Wood ("Wood") on March 8, 1993. Respondent Wood executed a Submission Agreement on February 2, 1993.

A Statement of Answer was filed on behalf of Respondents Dean Witter and Rudowitz on March 8, 1993. Respondents Dean Witter and Rudowitz did not execute Submission Agreements.

A Statement of Answer was filed on behalf of Respondent Khalilzad on March 9, 1993. Respondent Khalilzad executed a Submission Agreement on March 9, 1993.

A Statement of Answer was filed on behalf of Respondent York on February 22, 1993. A Submission Agreement was executed on behalf of Respondent York on February 22, 1993.

Respondent Goldsmith did not file a Statement of Answer and did not execute a Submission Agreement.

HEARING INFORMATION

Hearing Dates/Sessions:	January 17, 1995	-	One Session
	January 18, 1995	-	Two Sessions
	January 19, 1995	-	One Session

CASE SUMMARY

Claimants alleged that they suffered significant damages as a result of fraudulent and deceitful sales practices perpetrated by all Respondents. Claimants also alleged that the fraudulent and manipulative practices allegedly committed by the respondents included directing and effecting excessive trades in the claimants' accounts and churning claimants' accounts for the purpose of producing substantial amounts of commissions; making unauthorized trades in claimants' accounts without having been granted discretionary authority; directing and effecting unsuitable trades in the claimants' accounts; misrepresenting and/or omitting to state material facts to the claimants regarding their investments; and providing false information on company forms regarding the claimants, their assets and their investment goals.

Claimants further alleged that these acts constituted breach of contract; breaches of fiduciary

duty; violations of federal and state securities laws; and violations of the rules and regulations of the NASD and the various exchanges. In addition, claimants alleged that the respondent member firms failed to reasonably supervise or prevent the fraudulent activities which occurred in the Carabas' accounts.

Respondents Yaeger and Pike denied all allegations of wrongdoing asserted against them in the Statement of Claim. Respondents Yaeger and Pike maintained that claimants asked respondent Pike to transfer claimants account from Dean Witter to Yaeger. Respondents further maintained that although Pike normally did not trade Americus Scores ("Scores") he agreed to accept the account as an accommodation to claimants. After receiving the account, respondent Pike allegedly recommended on at least three (3) occasions to claimants that they sell their scores. Respondents maintained that despite Pike's recommendations, and that of his manager, claimants refused to take their advice. Further, respondents Yaeger and Pike maintained that without claimants' authorization, the Scores could not be sold.

Respondent Wood denied all allegations of wrongdoing asserted in the statement of claim as they pertained to him. Respondent Wood maintained that while he was an account executive with Dean Witter Reynolds, Inc. claimants opened an account in or about June 1986 and that claimants sold units of the Empire State Municipal Exempt Trust 14 and 16. Respondent wood also maintained that the proceeds of sale of approximately \$99,000.00 were invested in the Putnam High Income Government Trust in or about 1987. Further, Respondent maintained that Claimants purchased other stocks for which he was the account executive for such transactions. In addition, Respondent Wood maintained that he left Dean Witter in December 1987 and could not be held liable for any alleged losses incurred since that time.

As affirmative defenses, Respondent Wood asserted that the claims against him are barred by statute of limitations; claimants failed to mitigate their damages; and that punitive damages are not permitted in an arbitration proceeding pursuant to New York law.

OTHER ISSUES CONSIDERED AND DECIDED

Claimants settled their dispute with Respondents Dean Witter Reynolds, Inc.; Harvey Rudowitz; and David Khalizad. Claimants withdrew their claims against Respondents York Securities, Inc. and Debra Goldsmith, with prejudice.

RELIEF REQUESTED

Claimants requested an award for actual damages in the amount of \$100,000.00 such amount to be determined based upon the proof of specific damages presented before the panel; for all of the claimants' costs, expenses and disbursements, including reasonable attorneys fees in pursuing this arbitration proceeding; for punitive damages in the amount of \$50,000.00; and for such other relief as the arbitration panel deems just and proper.

Respondents Yaeger Securities, Inc. and Martin Pike requested that the claims brought against them be dismissed and no arbitration fees be assessed against them.

Respondent Robert Wood requested that the claim be dismissed and that he be awarded the costs and disbursements, including attorneys fees, of this action.

AWARD

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

1. All claims be and hereby are dismissed in their entirety.
2. Each party shall bear their respective costs, including attorneys fees.
3. All claims for punitive damages be and hereby are denied.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fee(s) are assessed:

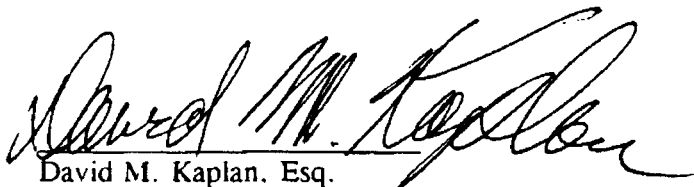
4 sessions X \$750.00 = \$3,000 minus hearing session deposit of 750 = net \$2,250.00 due.

Forum fees Assessed Against:

1. Claimants be and hereby are liable and shall pay to the NASD the sum of \$750.00 representing one-fourth of the outstanding forum fees assessed against the parties. However, Claimants previously deposited \$750.00 with the NASD. Therefore, the amount due and owing from the claimants is zero.
2. Respondent Yaeger be and hereby is liable and shall pay to the NASD the sum of \$750.00 representing one-fourth of the outstanding forum fees assessed against the parties.
3. Respondent Pike be and hereby is liable and shall pay to the NASD the sum of \$750.00 representing one-fourth of the outstanding forum fees assessed against the parties.
4. Respondent Wood be and hereby is liable and shall pay to the NASD the sum of \$750.00 representing one-fourth of the outstanding forum fees assessed against the parties.

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

Concurring Arbitrators' Signatures
Name

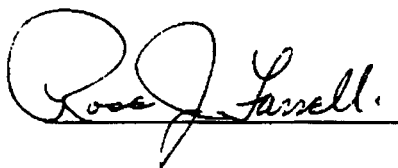

David M. Kaplan, Esq.
Chairperson - Public Arbitrator

Theodore Kimelman
Industry Arbitrator

Seymour Freed
Public Arbitrator

STATE OF New York
COUNTY OF Queens

On this 9th day of May, 1995, before me personally appeared
DAVID M. KAPLAN known to me to be the individual described in and who executed the
foregoing instrument and duly acknowledged to me that he executed the same.

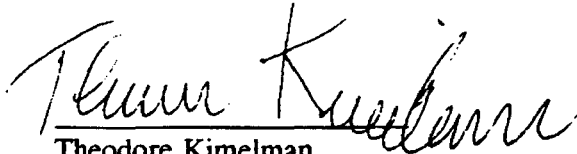


ROSE J. FARRELL
NOTARY PUBLIC, State of New York
Commission Expires 12/21, 1996

Date of Decision: May 23, 1995

Concurring Arbitrators' Signatures
Name

David M. Kaplan, Esq.
Chairperson - Public Arbitrator

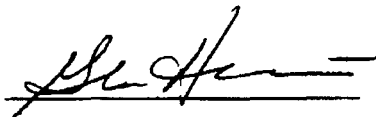


Theodore Kimelman
Industry Arbitrator

Seymour Freed
Public Arbitrator

STATE OF NEW YORK
COUNTY OF NASSAU

On this 10 day of May, 1995, before me personally appeared
THEODORE KIMELMAN known to me to be the individual described in and who executed the
foregoing instrument and duly acknowledged to me that he executed the same.



GLORIA HEWITT
NOTARY PUBLIC, State of New York
No. 01 - 084865
Qualified in Nassau County
Commission Expires April 30, 1996

Date of Decision: May 23, 1995

Concurring Arbitrators' Signatures
Name

David M. Kaplan, Esq.
Chairperson - Public Arbitrator

Theodore Kimelman
Industry Arbitrator

Seymour Freed
Seymour Freed
Public Arbitrator

STATE OF NEW YORK
COUNTY OF WESTCHESTER

On this 19 day of May, 1995, before me personally appeared
SEYMOUR FREED known to me to be the individual described in and who executed the
foregoing instrument and duly acknowledged to me that he executed the same.

Jeffrey M. Miller
NOTARY PUBLIC

JEFFREY M. MILLER
Notary Public, State of New York
No. 60-7948968
Qualified in Westchester County
Commission Expires 8/31 1996

Date of Decision: May 23, 1995