

**NATIONAL ASSOCIATION OF SECURITIES DEALERS
AWARD**

In the Matter of the Arbitration Between

GLIKSMAN SECURITIES CORPORATION,
HARRY GLIKSMAN and
ROSEMARY E. SHANNON,

Claimants,

v.

NASD No. 93-916

WEDBUSH MORGAN SECURITIES, INC. and
EDWARD W. WEDBUSH,

Respondents.

Representation

For Claimant: Rosemary Shannon - Pro Se, Los Angeles, California; Gliksman Securities Corp. - Rosemary Shannon, Los Angeles, California; Harry Gliksman - M. Alyse Gliksman, Los Angeles, California

For Respondent: Diane Irvin, Esq. of Jones, Bell, Simpson & Abbott, Los Angeles, California

Case Information

Statement of Claim filed: March 1, 1993 and May 22, 1993

Claimant's Submission Agreement signed: Gliksman Securities Corp. - July 1, 1993; Harry Gliksman - June 2, 1993; Rosemary Shannon - June 9, 1993

Statement of Answer filed on: March 22, 1994

Respondent's Submission Agreement signed on: Edward Wedbush - September 21, 1993
Wedbush Morgan Securities - September 21, 1993 and March 29, 1994

Hearing Information

Prehearing Conference Date(s)/Sessions: June 16, 1994/one, June 24, 1994/one

Hearing Date/Sessions: September 27, 1994/two, September 28, 1994/two, October 19, 1994/two, October 20, 1994/two

Hearing Location: Los Angeles, California

Case Summary

Claimants alleged:

Fraud, violation of Rules of Fair Practice and interference with the ability to conduct business in the unlawful retention of funds from claimants by respondents. Claimant Gliksman Securities Corporation (GSC) was a broker-dealer clearing through Wedbush Noble Cooke, Inc., the predecessor in interest of Wedbush Morgan Securities (WMS). Harry Gliksman (Gliksman) was the president and sole shareholder of GSC until October 1, 1989, at which time he sold 50% of his stock to GSC to claimant Rosemary Shannon (Shannon).

Kyle Marburger, a customer of Gliksman purchased in excess of \$60,000 worth of Lifeline Healthcare Group Ltd. (Lifeline) with a debt to equity ratio of 51% to 49%. The account statement produced by WMS reflects that Lifeline was held in a margin account. As part of its contractual agreement with claimants, WMS provides all information regarding the marginability of all securities, and supplies the monitoring and approval of margin. GSC was subservient to WMS with respect to the requirement for margin accounts. WMS cleared the Lifeline trade as margined and respondents are therefore liable for the error of margining an unapproved security.

Respondents alleged:

Pursuant to the correspondent agreement between WMS and GSC, GSC agreed to take "responsibility for client reneges, failure to comply with margin calls and other similar matters" WMS requires that correspondents set up a reserve deposit account with WMS in the event a correspondent owes WMS for unsecured debit balances in a correspondent customer's account and clearing charges that exceed commissions payable to the correspondent. Gliksman had such a reserve deposit account with WMS which was the subject of this action.

Kyle Marburger opened a margin account with GSC and purchased 3850 shares of Lifeline with an outstanding margin debit balance in his account of \$29,838.32. At all times during July 1989 WMS believed Lifeline was a marginable security, but was not informed until November 1989 that Lifeline was not trading. Respondents contacted Gliksman in December 1989 regarding the large unsecured debit balance in the Marburger account. Gliksman stated he had been aware for several months that Lifeline was not trading, however failed to inform WMS and insisted Lifeline was still a marginable security. Marburger refused to pay the margin debit balance in his account.

An arbitration brought by Marburger against Gliksman, GSC and WMS was dismissed

with \$13,057 being awarded to WMS in connection with the outstanding debit balance. Funds are currently being held in a reserve account pending the outcome of all legal proceedings related to the Marburger account. WMS cannot release the funds until it is determined who is the rightful owner.

Relief Requested

Claimant requested:

1. Treble damages of the amount unlawfully withheld in November 1989, with interest thereon at the legal rate;
2. All fees and costs incurred in defending the Marburger claim;
3. The sum of \$42,930 with prejudgment interest at the legal rate from July 15, 1992;
4. Treble damages of the sum of \$42,930;
5. One million dollars for claimants' loss of business, reputation, pain and suffering;
6. Punitive damages in an amount sufficient to deter such future conduct.

Other Issues Considered and 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. Each and every claim alleged by Rosemary E. Shannon is dismissed;
2. Each and every claim alleged by Harry Gliksman is dismissed;
3. Each and every claim alleged against respondent Edward W. Wedbush is dismissed;
4. Respondent Wedbush Morgan Securities, Inc. is liable for and shall pay Gliksman Securities Corporation out of Wedbush Morgan Securities, Inc. Account Number 396 407798 255 the sum of \$26,835, which includes interest to the date of the award;
5. The remaining balance in Wedbush Morgan Securities, Inc.'s Account Number 396 407798 255 are the funds of Wedbush Morgan Securities, Inc.;
6. Each and every claim of punitive damages is dismissed;
7. Each and every other claim is dismissed;
8. The parties shall each bear their respective attorney's fees;
9. The parties shall each bear their respective costs.

Other Costs

None.

Forum Fees

Pursuant to Section 44(c) of the Code of Arbitration Procedure, the following forum fees are assessed: The National Association of Securities Dealers, Inc., shall retain the \$1,000 hearing session deposit previously paid by the claimant. Forum fees are assessed against:

Claimants, jointly and severally, for \$2,300, minus \$1,000 already paid as a hearing deposit, leaving a balance due of \$1,300;

Respondent Wedbush Morgan Securities for \$2,300,

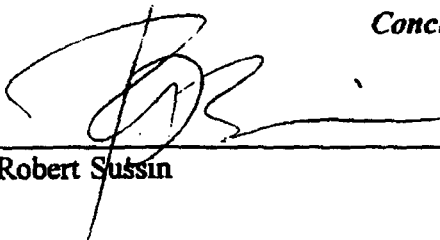
calculated as follows: two prehearing sessions at \$300/prehearing session, plus four hearing sessions at \$1,000/hearing session, equals \$4,600, divided evenly by the claimants and respondents.

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

Arbitration Panel

<i>Name</i>	<i>Public/Industry</i>
Robert Sussin	Public
John DeRosa	Industry
Richard Ramos	Public

Concurring Arbitrators' Signatures



Robert Sussin

John DeRosa

Richard Ramos

Date Served: 11-11-94

Date of Decision: 10/20/94