

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Dean Witter Discover & Co.

93-01266

Name of Respondents

Andrea L. Printy Family Trust,
David L. Printy, David Luther Printy, and
Charles B. Printy, II

REPRESENTATION

For Claimant at the hearing: Michael J. Nilan and Mullen Dowdal, Esq. of Popham Haik Schnobrich & Kaufman Ltd., Minneapolis, Minnesota.

For Respondents at the hearing: Steven S. Hoge, Esq. of Arnold & McDowell, Minneapolis, Minnesota.

CASE INFORMATION

Statement of Claim filed: March 30, 1993. Claimant's Submission Agreement signed on: March 26, 1993.

Statement of Answer filed by Respondents on: May 28, 1993. Respondent, Andrea L. Printy Family Trust's Submission Agreement signed on: May 11, 1993. Respondent David Luther Printy's Submission Agreement signed on: May 12, 1993. Respondent Charles B. Printy, II's Submission Agreement signed on: May 11, 1993. Respondent David L. Printy's Submission Agreement signed on: May 17, 1993.

HEARING INFORMATION

Hearing Dates/Sessions: December 14, 1993 for two (2) sessions;
December 15, 1993 for two (2) sessions.

Hearing Location: Minneapolis, Minnesota.

CASE SUMMARY

Claimant, Dean Witter Discover & Co. ("Dean Witter") alleged that Respondents David L. Printy ("David"), Charles B. Printy, II, and David Luther Printy were co-trustees of Respondent, Andrea L. Printy Family Trust ("family trust"), and that David transferred the family trust account from First National Bank Association to Dean Witter's Minneapolis office. Dean Witter further alleged that upon transferring the family trust account, they mistakenly entered 150,000 shares of Health Concepts (Health Concepts has no liquid market value) into the account as 150,000 shares of Coastal HealthCare, Inc., which was then trading at \$24.50 a share. Dean Witter alleged that David did not notify Dean Witter of the mistake but began to withdraw funds from this account for, upon information and belief, the personal benefit of David L. Printy. In addition, Dean Witter alleged that David provided false stock powers to Dean Witter which facilitated the use of the non-existent Coastal Healthcare stock to support large purchases of securities on margin. Dean Witter alleged that they eventually discovered the fraudulent activity and corrected it, which left the family trust account with a negative debit balance. Dean Witter alleged that David L. Printy is liable for theft under Minn. Stat. Sec. 332.51, liable for receiving stolen property under Minn. Stat. Sec. 609.53, liable for common law fraud, liable for violation of Minnesota Securities law under Minn. Stat. Sec. 80A.01, liable for common law conversion, and liable for common law replevin. Dean Witter alleged that all other Respondents are liable for breach of contract and for indemnification.

Respondents, Andrea L. Printy Family Trust, David L. Printy, Charles B. Printy, II, and David Luther Printy, generally denied the allegations set forth in the Statement of Claim. Respondents alleged that they never stated, implied or in any way suggested to anyone at Dean Witter that the Family Trust held stock in Coastal HealthCare, Inc. David L. Printy alleged that in an effort to demonstrate to Dean Witter its error in listing the Coastal HealthCare stock as one of the assets, Printy asked Dean Witter to send him the Coastal HealthCare stock that appeared to be in the family trust.

RELIEF REQUESTED

Claimant requested damages in the amount of \$603,548.00 together with interest, attorney's fees and punitive damages as against David L. Printy and seeks damages in the amount of \$603,548.00 together with interest and attorney's fees against Respondents Charles B. Printy, II and David Luther Printy.

Respondents did not set forth a specific relief but generally denied the allegations set forth in the Statement of Claim.

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, Andrea L. Printy Family Trust, David L. Printy, David Luther Printy, and Charles B. Printy, II, shall be and hereby are jointly and severally liable for, and shall pay to the Claimant, Dean Witter Discover & Company, compensatory damages in the amount of Six Hundred Thirty Four Thousand, Eight Hundred Twenty Dollars and No Cents (\$634,820.00);

2. Respondents, Andrea L. Printy Family Trust, David L. Printy, David Luther Printy, and Charles B. Printy, II, shall be and hereby are jointly and severally liable for, and shall pay to the Claimant, Dean Witter Discover & Company, interest on the above stated sum of \$634,820.00 at the judgment rate from and after February 1, 1993 until the date the award is paid;

3. Respondent, David L. Printy shall be and hereby is also liable for and shall pay to the Claimant, Dean Witter Discover & Company, punitive damages in the amount of Three Hundred Seventy Five Thousand Dollars and No Cents (\$375,000.00). The panel awarded punitive damages under the authority of Minn. Stat. Sec. 549.20;

4. Each of the parties shall bear their own costs and expenses, including attorney's fees, other than those specifically set forth under Forum Fees below.

FORUM FEES

Pursuant to Section 44c of the Code of Arbitration Procedure, the following Forum Fees are assessed.

4 sessions X \$1000 = \$4000 minus hearing session deposit of \$1000 = net \$3000 due.

Forum fees are Assessed Against: Respondents, Andrea L. Printy Family Trust, David L. Printy, David Luther Printy, and Charles B. Printy, II, jointly and severally, in the amount of \$3000.00.

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

By The Arbitration Panel:

Dated:

1-20-94

s/s

Albert A. Woodward, Esq.

Albert A. Woodward, Esq.
Presiding, Public Arbitrator

1-20-94

s/s

William Z. Pentelovitch

William Z. Pentelovitch
Public Arbitrator

1-20-94

s/s

Lawrence J. Welte

Lawrence J. Welte
Industry Arbitrator

Date Award Served By The NASD: 1-21-94