

**NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
AWARD**

In the Matter of the Arbitration Between

Don E. Ehrlich

Claimant

NASD No. 93-01550

v.

Bruce A. Biddick
La Jolla Securities Corporation

Respondents

Bruce A. Biddick
La Jolla Securities Corporation

Counterclaimants

v.

Don E. Ehrlich
Does 1 through 20

Counterrespondents

REPRESENTATION

For Claimant: Gregg Johnson, Esq., San Diego, California

For Respondent: Richard Leuthold, Esq. of Raffee, Edwards & Leuthold, San Diego, California

CASE INFORMATION

Statement of Claim filed: April 19, 1993

Claimant's Submission Agreement signed: February 26, 1993

Statement of Answer filed on: June 21, 1993

Respondent Bruce Biddick's Submission Agreement signed on: June 24, 1993

Respondent La Jolla Securities Corporation did not file a submission agreement but appeared at the hearing and is subject to NASD (National Association of Securities Dealers) jurisdiction in accordance with Section 12 of the Code of Arbitration Procedure.

HEARING INFORMATION

Prehearing Conference Date(s) / Sessions: None

Hearing Date/Sessions: April 13, 1994 / Two
April 14, 1994 / Two

Hearing Location: San Diego, California

CASE SUMMARY

Claimant alleged:

Breach of contract, quantum meruit, fraud, negligent misrepresentation, conversion and request for declaratory relief in the sale of La Jolla Securities Corporation. Despite demand by Claimant, Respondent Bruce Biddick (Biddick) has refused to issue the promised shares of La Jolla Securities Corporation to consummate the sale of 50% interest.

Respondents alleged:

Claimant has breached the agreement and failed to disclose his prior history of disciplinary action taken by the NASD and Securities and Exchange Commission (SEC). Specifically, Claimant failed to disclose that the SEC permanently barred Ehrlich from any association with any broker, dealer, investment advisor, or affiliate thereof, other than in a non-supervisory and non-proprietary capacity. The findings and order of the SEC specifically bar Claimant from ownership in a broker/dealer company such as La Jolla Securities.

Respondents also filed a counterclaim for declaratory relief and rescission pertaining to the agreement of December 15, 1990, and for failure to disclose.

Claimant did not file a response to the Counterclaim.

RELIEF REQUESTED

Claimant requested:

ON THE FIRST CAUSE OF ACTION:

1. For an award compelling specific performance of the issuance of 5,000 shares of Respondent La Jolla Securities Corporation stock, or whatever number of shares represents 50% of the shares of La Jolla Securities Corporation stock;
2. In the event the arbitration panel does not compel specific performance as prayed for above, for an award of damages against Respondents, and each of them, in an

amount to be determined at the arbitration hearing;

3. For interest at the legal rate from December 15, 1990 to date of the arbitration award;
4. For attorney's fees;
5. For costs of suit herein incurred.

ON THE SECOND CAUSE OF ACTION:

1. For an award of damages against Respondents, and each of them, in an amount of the reasonable value of the services performed;
2. For costs of suit incurred herein;
3. For such other and further relief as the arbitration panel may deem just and proper.

ON THE THIRD CAUSE OF ACTION:

1. For an award of damages against Respondents, and each of them, in an amount to be determined at the arbitration hearing;
2. For punitive damages against Respondents, and each of them, in an amount to be determined at the arbitration hearing;
3. For prejudgment interest on such damages as are awarded from December 15, 1990 to the date award is entered;
4. For costs of this action;
5. For such further relief as the arbitration panel may deem just and proper.

ON THE FOURTH CAUSE OF ACTION:

1. For damages against Respondent Biddick in an amount to be determined at the arbitration hearing;
2. For punitive damages against Respondent Biddick in an amount to be determined at the arbitration hearing;
3. For prejudgment interest on such damages as are awarded from December 15, 1990 to date award is entered;

4. For costs of this action;
5. For such further relief as the arbitration panel may deem just and proper.

ON THE FIFTH CAUSE OF ACTION:

1. For a declaration determining the interest that Claimant owns in Respondent La Jolla Securities Corporation;
2. For such other and further relief as the arbitration panel deems just and proper.

Respondents requested:

1. For general damages according to proof at the time of trial;
2. For special damages according to proof at the time of trial;
3. For a determination of the respective rights and duties of the parties and each of them relating to the December 15, 1990 agreement;
4. For rescission of certain documents, to wit: December 15, 1990 agreement, and restitution and consequential damages;
5. For punitive damages according to proof at the time of trial;
6. For statutory costs of suit incurred herein;
7. For such other and further relief as may deem just and proper.

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. All claims are denied;
2. All counterclaims are denied;

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 44(f) of the Code of Arbitration Procedure, the following forum fees are assessed: The National Association of Securities Dealers, Inc., shall retain the \$750 previously paid by the Claimant. Forum fees are assessed against:

Claimant for \$1,200, minus \$750 already paid, leaving a balance of \$450;

Respondents, jointly and severally, for \$1,200,

calculated as follows: four hearing sessions at \$600/hearing session, equals \$2,400, divided equally between Claimant and Respondents.

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

ARBITRATORS

Name

Michael Brown, Esq.
Lewis Brown
James Schmidt

Public / Industry

Industry Arbitrator
Industry Arbitrator
Industry Arbitrator

Concurring Arbitrators' Signatures

Michael Brown, Esq.

Lewis Brown

James Schmidt

Date of Decision: _____