

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the matter of the Arbitration Between

Name of Claimant(s)

Wendy Kruthers, Trustee of
the Gertrude B. William Trust

NASD Arbitration
No. 94-00539

Name of Respondent(s)

Crowell, Weedon & Co.
Ralph Ames, III

REPRESENTATION

For Claimant: Dennis G. Merenbach, Esq., Santa Barbara, California

For Respondents: John A. Blue, Esq. and Kevin P. Farmer, Esq.,
Adams, Duque & Hazeltine, Los Angeles, California

CASE INFORMATION

Statement of Claim filed: February 7, 1994

Claimant's Submission Agreement signed: October 20, 1993

Joint Statement of Answer filed by Respondents: July 18, 1994

Respondents' Submission Agreements signed as follows:

Crowell, Weedon & Co.: March 29, 1994

Ralph Ames, III: March 21, 1994

HEARING INFORMATION

Pre-Hearing Conference Date(s)/Session(s): None

Hearing Date(s)/Session(s): May 11, 1995 (two sessions)
May 12, 1995 (one session)
August 22, 1995 (three sessions)

Hearing Location: Los Angeles, California

CASE SUMMARY

Claimant alleged the following claims with respect to Claimant's investment in MetLife State Street Government Income Fund: 1) violations of various California Code Sections and common law fraud for misrepresentation; 2) violation of NYSE 401 and 405, Know Your Customer Rules IV and NASD Rules of Fair Practice, Article III, Section 2, Recommendations to Customers; 3) breach of fiduciary duty alleged against all Respondents and violation of California Corporation Code Sections 25400, 25401 and 25402, and common law breach of fiduciary duty; 4) negligent misrepresentation; 5) breach of the implied covenant of good faith and fair dealing; 6) violation of NASD Rules of Fair Practice, Section 27, Supervision; 7) violation of NASD Rules of Fair Practice, Article III, Section 2, High Pressure Sales Tactics; and 8) punitive damages for common law fraud.

Respondents denied Claimant's allegations of wrongdoing and alleged that Claimant authorized the sales and purchases made in Claimant's account and further alleged that the sales and purchases made in Claimant's account were confirmed to Claimant in writing. Respondents also asserted affirmative defenses.

RELIEF REQUESTED

Claimant requested:

1. Rescission of all investment interests, if applicable;
2. Compensatory damages caused as a result of economic losses, less distributions or mitigations if applicable;
 - a. loss of commission paid for sale of bonds and purchase of mutual fund;

b. loss of income as to tax-free bonds in the approximate aggregate of 7% as compared to taxable 4% mutual funds;

c. loss of value of bonds from date of sale to present value;

3. Pre-award and post-award interest from the date of the original investments as allowed by law;

4. Costs of arbitration and expenses, including but not limited to, reasonable attorney's fees, consulting fees, expert witness fees, and any other costs deemed reasonable and just;

5. Punitive damages and exemplary damages in an amount to be determined by the panel of arbitrators; and

6. Such other and further relief as the arbitrators deem just and equitable.

Respondents requested:

1. An award in favor of Respondents against Claimant on all allegations contained in the Statement of Claim;

2. Costs; and

3. Such other and further relief as the arbitrators deem just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed that the Award in this matter may be executed in either 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 by Claimant, including the claims for punitive and exemplary damages, are dismissed.

2. The parties shall each bear their respective costs including attorney's fees.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed: The NASD shall retain the \$750.00 hearing session deposit previously deposited by the Claimant. Forum fees are to be split between Claimant and Respondents and are calculated as follows:

Six hearing sessions @ \$750.00/session	=	\$4,500.00
Total fees assessed	=	\$4,500.00

Claimant's share (50%)	=	\$2,250.00
Credit for hearing deposit	=	\$ 750.00
Balance due	=	\$1,500.00

Respondents' share, jointly and severally (50%)	=	\$2,250.00
Balance due	=	\$2,250.00

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

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
Merton A. Bobo, Esq.	Public Arbitrator
Leon H. Berger, Esq.	Public Arbitrator
Luther Delano Prater	Industry Arbitrator

Concurring Arbitrators' Signatures



Merton A. Bobo, Esq.

Leon H. Berger, Esq.

Luther Delano Prater

Date Served: 9/28/95

Date of Decision: _____