

NASD REGULATION, INC. OFFICE OF DISPUTE RESOLUTION AWARD

NASD REGULATION, INC. OFFICE OF DISPUTE RESOLUTION

In the matter of the Arbitration Between

Names of Claimants

Living Trust of John P. Klugh and
Klugheit Inc.

NASD Regulation, Inc.
Office of Dispute Resolution
Arbitration No. 95-01941

Name of Respondent(s)

Dean Witter Reynolds, Inc.

REPRESENTATION

For Claimant:

Kenneth L. Powell, Esq.
Law Office of Kenneth L. Powell
Arcadia, California

For Respondent:

Curt H. Mueller, Esq.
Dean Witter Reynolds, Inc.
San Francisco, CA

CASE INFORMATION

Statement of Claim filed:	March 23, 1995
Claimant's Submission Agreement signed:	March 28, 1995
Statement of Answer filed by Respondent:	July 10, 1995
Respondent's Submission Agreement signed:	July 10, 1995

HEARING INFORMATION

Hearing Dates / Sessions:

February 4, 1997 (2 Sessions)

Hearing Location:

Los Angeles, California

CASE SUMMARY

Claimant alleged that Mr. John Klugh's care-giver, Mr. Terry Pugh, wrote fraudulent checks on Mr. Klugh's Dean Witter Reynolds, Inc. accounts. Claimant further alleged that Respondent knew or should have known of Mr. Klugh's hospitalization, his financial situation and that checks were being drawn off of his accounts by an unauthorized party. Claimant alleged that Respondent violated its fiduciary duty to properly manage Mr Klugh's accounts.

Respondent denied any wrong doing, and alleges that the controversy is controlled by commercial banking law, not securities laws.

RELIEF REQUESTED

Claimant requested relief in the form of damages of \$250,000 for the funds fraudulently withdrawn from the Dean Witter Reynolds, Inc. accounts. Claimant also requested punitive damages in the amount of \$500,000.

Respondent requested that Claimant's claims be dismissed in their entirety.

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 original remains 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. Respondent is liable to and shall pay Claimant, The Living Trust of John P. Klugh the sum of \$10,000.00.
2. Respondent is liable to and shall pay Claimant Klugheit Inc. the sum of \$10,000.00.
3. Claimants' request for punitive damages is denied in its entirety.
4. 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 against Respondent:

2 Hearing Sessions @ \$1,000.00/session	=	\$2,000.00
Total Fees Assessed Against Respondent	=	\$2,000.00

Claimants' Hearing Session Deposit will be refunded by the NASD Regulation, Inc. Office of Dispute Resolution.

Fees are payable to the NASD Regulation, Inc.

ARBITRATORS

Name Public / Industry

Diana G. Davis, Esq.

Public


Leon Berger

Public

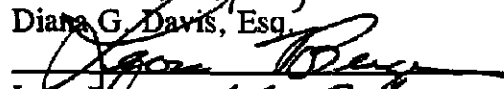
Donald L. Lisle

Industry

Concurring Arbitrators' Signatures



Diana G. Davis, Esq.



Leon Berger



Donald L. Lisle

Date of Decision: _____

Date of Service: _____