

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the matter of the Arbitration Between

Name of Claimant(s)

Frances R. Arrigo

NASD Arbitration

No. 95-01971

Name of Respondent(s)

La Jolla Securities Corp.

Bruce Alan Biddick

Peter A. Schur

Cary Wayne DePriest

REPRESENTATION

For Claimant: Morton Levy, Emeryville, California and Jay Jannsen, Los Altos, California

For Respondents La Jolla Securities Corp. and Bruce Alan Biddick: Richard R. Leuthold, Esq., San Diego, California

Respondents Peter A. Schur and Cary Wayne DePriest did not appear at the hearing.

CASE INFORMATION

Statement of Claim filed on or about: June 26, 1995

Claimant's Submission Agreement signed: April 11, 1995

Joint Statement of Answer filed by Respondents La Jolla Securities Corp. and Bruce Alan Biddick: August 14, 1995

Respondents' Submission Agreements signed as follows:

La Jolla Securities Corp.: July 31, 1995

Bruce Alan Biddick: July 31, 1995

Respondents Peter A. Schur and Cary Wayne DePriest did not file a Statement of Answer and Submission Agreements. However, they were duly served and are subject to National Association of Securities Dealers, Inc. (NASD) jurisdiction in accordance with Section 12 of the NASD Code of Arbitration Procedure.

HEARING INFORMATION

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

Hearing Date(s)/Session(s): March 13, 1996 (two sessions)

Hearing Location: San Francisco, California

CASE SUMMARY

Claimant alleged unauthorized trading, churning and fraud by Respondents with respect to various investments made in Claimant's account.

Respondents La Jolla Securities Corp. and Bruce Alan Biddick denied all claims made in Claimant's Statement of Claim and alleged that at all times they managed Claimant's account and supervised Respondents Peter A. Schur and Cary Wayne DePriest in a diligent and proper manner.

RELIEF REQUESTED

Claimant requested damages in the amount of \$55,771.50 plus punitive damages.

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.

The panel has reason to believe that certain violations of the NASD's rules may have occurred, as outlined in detail below. The panel, therefore, refers this matter to the NASD for disciplinary investigation with respect to the conduct of each of the Respondents with respect to:

1. the failure to obtain materially complete New Account information forms from customers, either at the inception of the account or at the time the account is accepted by La Jolla (See Exhibit H to Claim, Arbitrator's Exhibit 1);
2. the failure to obtain a Power of Attorney for customers, including Claimant Frances Arrigo, before accepting trading directions from another, in this case her adult son, Jay Jannsen, to trade in her account (see arbitration hearing testimony);
3. the failure to reflect the correct social security number for customer Frances Arrigo on account statements during the period from at least November 1993 through April 1994 (see Arbitrator's Exhibit 12);
4. the failure to communicate directly with customer Frances Arrigo concerning trading activity in her account (see Arbitrator's Exhibit 9 (summary) and 10 (telephone records) indicating a single 12 second telephone call to Mrs. Arrigo on April 4, 1994 (telephone number 415-948-6936);
5. the possible signing of a New Account Agreement form by a person other than the customer, as evidenced by the misspelling of the name of the customer ("Francis" instead of "Frances") on Arbitrator's Exhibit 8);
6. trading in securities unsuitable for the account of Frances Arrigo;
7. failing to know their customer Frances Arrigo; and
8. excessive trading in the account of Frances Arrigo.

The panel has determined that, although the foregoing activity has occurred in this account, the Claimant and her adult son, purporting to act on her behalf, knew, or in the exercise of reasonable care should have known, that such activity had occurred through receipt of transaction confirmations, monthly account statements and frequent telephone calls between La Jolla Securities and the son. The panel has determined that such actual and imputed knowledge, together with a repeated failure to make timely written protest, constituted a ratification and acceptance of otherwise inappropriate and unauthorized transactions.

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 claim for punitive 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, forum fees are assessed against: Respondent La Jolla Securities Corp., solely, in the amount of \$1,000.00, calculated as follows: Two hearing sessions times \$500.00/session.

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

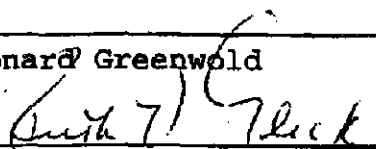
ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
Thomas J. LoSavio, Esq.	Public Arbitrator
Leonard Greenwold	Public Arbitrator
Ruth V. Glick, Esq.	Industry Arbitrator

Concurring Arbitrators' Signatures

Thomas J. LoSavio, Esq.

Leonard Greenwold



Ruth V. Glick, Esq.

Date of Decision: _____

Date Served: 5/30/96

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 claim for punitive damages, are dismissed.

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Ruth V. Glick, Esq.	Industry Arbitrator

Concurring Arbitrators' Signatures

Thomas J. LoSavio, Esq.



Leonard Greenwold

Ruth V. Glick, Esq.

Date of Decision: May 23, 1996

Date Served: 5/30/96

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 claim for punitive damages, are dismissed.

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

FORUM FEES

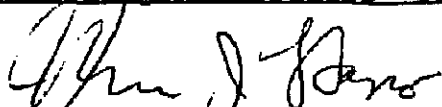
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Date of Decision: _____

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