

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the matter of the Arbitration Between

Name of Claimant(s)

Audrey Lambert

NASD Arbitration

No. 95-02018

Name of Respondent(s)

Dunhill Equities, Inc.  
Meridian, Dunhill & Co., Inc.  
Erwin Allen Porges  
Joseph Giulio Chiulli  
Phillip O. Gullo

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REPRESENTATION

For Claimant: Martin Mushkin, Esq., New York, New York

For Respondents: No Appearance By Respondents

CASE INFORMATION

Statement of Claim filed: April 10, 1995

Claimant's Submission Agreement signed: April 13, 1995

Respondents Dunhill Equities, Inc. and Meridian, Dunhill & Co., Inc. did not file a Statement of Answer and Submission Agreements. However, said Respondents 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/Session(s):                   October 27, 1995 (one session)  
Hearing Date/Session(s):                   October 30, 1995 (two sessions)  
Hearing Location:                   San Diego, California

### CASE SUMMARY

Claimant alleged that the purchase and sale of the various securities in Claimant's account by Respondents were contrary to the investment objectives of the Claimant, unsuitable for her account, and that the trading was excessive and undertaken primarily to generate commissions for the Respondents. Claimant further alleged breach of contract; negligence; violations of Section 10(b) of the Securities Exchange Act (15 U.S.C. Section 78j (b)) and Rule 10b-5 promulgated thereunder; common law fraud; aiding and abetting by Respondents; breach of fiduciary duty; conspiracy; violation of California Corporations Code and Corporate Securities Rules; and violation of RICO Sections 1962(a), 1962(b) and 1962(c).

### RELIEF REQUESTED

Claimant requested:

1. Compensatory damages in the sum of \$99,673.88;
2. Punitive damages;
3. Pre-judgment and post-judgment interest;
4. Costs, including attorneys fees; and
5. Such other and further relief as the arbitrators may deem just and proper.

### OTHER ISSUES CONSIDERED AND DECIDED

On or about September 21, 1995, the panel of arbitrators was advised of Respondent Joseph Giulio Chiulli's bankruptcy filing and that the above-captioned matter was stayed with respect to Mr. Chiulli.

On or about November 7, 1995, the panel of arbitrators was

advised of Respondent Erwin Allen Porges' bankruptcy filing and that the above-captioned matter was stayed with respect to Mr. Porges.

Prior to the evidentiary hearing, the panel of arbitrators was advised that Claimant reached a settlement with Respondent Phillip O. Gullo.

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, the evidence presented at the hearing and post-hearing submissions, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents Dunhill Equities, Inc. and Meridian, Dunhill & Co., Inc. are jointly and severally liable for and shall pay to Claimant the sum of \$100,000.00 in compensatory damages.

2. Respondents Dunhill Equities, Inc. and Meridian, Dunhill & Co., Inc. are jointly and severally liable for and shall pay to Claimant the sum of \$5,000.00 in interest.

3. Respondents Dunhill Equities, Inc. and Meridian, Dunhill & Co., Inc. are jointly and severally liable for and shall pay to Claimant the sum of \$3,000.00 in costs.

4. Claimant's claims for attorney's fees and punitive damages are denied.

#### FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, forum fees are assessed against Respondents Dunhill, Equities, Inc. and Meridian, Dunhill & Co., Inc., jointly and severally, in the amount of \$1,300.00, calculated as follows: One pre-hearing session times \$300.00/session plus two hearing sessions

times \$500.00/session.

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

**ARBITRATORS**

Name \_\_\_\_\_ Public / Industry

Diana G. Davis, Esq.

Public Arbitrator

Fred T. Kallet

Public Arbitrator

Robert H. Hughes

Industry Arbitrator

**Concurring Arbitrators' Signatures**



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Diana G. Davis, Esq.

\_\_\_\_\_  
Fred T. Kallet

\_\_\_\_\_  
Robert H. Hughes

Date of Decision: \_\_\_\_\_

times \$500.00/session.

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**ARBITRATORS**

Name ..... Public / Industry

Diana G. Davis, Esq.

Public Arbitrator

Fred T. Kallet

Public Arbitrator

Robert H. Hughes

Industry Arbitrator

**Concurring Arbitrators' Signatures**

\_\_\_\_\_  
Diana G. Davis, Esq.

*Fred T. Kallet*

Fred T. Kallet

\_\_\_\_\_  
Robert H. Hughes

Date of Decision: 1/12/96

times \$500.00/session.

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**ARBITRATORS**

Name ..... Public / Industry

Diana G. Davis, Esq.  
Fred T. Kallet  
Robert H. Hughes

Public Arbitrator  
Public Arbitrator  
Industry Arbitrator

**Concurring Arbitrators' Signatures**

\_\_\_\_\_  
Diana G. Davis, Esq.

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Fred T. Kallet

\_\_\_\_\_  
Robert H. Hughes

Date of Decision: 1/15/96