

N.A.S.D. REGULATION AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the matter of the Arbitration Between

Name of Claimant

George Castelli

NASD Arbitration
No. 95-02862

Name of Respondent

Wedbush Morgan Securities

REPRESENTATION

For Claimant:

Carl A. Grubb, Esq.
Law Offices of Carl A. Grubb
San Diego, California

For Respondent:

Stephen Young
Keesal, Young & Logan
Long Beach, California

CASE INFORMATION

Statement of Claim filed:

June 12, 1995

Claimant's Submission Agreement signed:

June 8, 1995

Statement of Answer filed by Respondent:

September 7, 1995

Respondent's Submission Agreement signed:

September 14, 1995

HEARING INFORMATION

Pre-Hearing Conference Date / Session:

June 21, 1996 (1 session)

Hearing Dates / Sessions:

December 12, 1996 (2 sessions)

December 13, 1996 (2 sessions)

January 11, 1997 (2 sessions)

Hearing Location:

Los Angeles, California

CASE SUMMARY

Claimant alleged that Respondent committed fraud and deceit, breach of fiduciary duties, negligence, breach of contract, negligent supervision and violations of the NASD Rules of Fair Practice.

Respondent denied Claimant's claims in their entirety.

RELIEF REQUESTED

Claimant sought rescission of all investment interests, if applicable, compensatory damages in the amount of \$75,000.00, pre-award and post-award interest from the date of the original investments, costs of arbitration including attorneys' fees, consulting fees, expert witness fees, and punitive damages.

Respondent sought dismissal of Claimant's Statement of Claim in its entirety and judgement entered in favor of Respondent.

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 for and shall pay the sum of \$40,000.00 to Claimant.
2. Each side shall bear its own costs including attorneys' fees.
3. Forum Fees are assessed against Respondent due to the arbitration panel's finding that Respondent failed to conduct sufficient due diligence.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed against Respondent Wedbush Morgan Securities:

One (1) Pre-Hearing Conference @ \$500.00/Session	= \$500.00
<u>Six (6) Hearing Sessions @ \$500.00/Session</u>	<u>= \$3,000.00</u>
Total Forum Fees Assessed	= \$3,500.00

Respondent Wedbush Morgan Securities' Balance Due	= \$3,500.00
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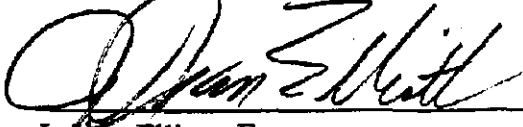
Claimant's Hearing Session Deposit of \$500.00 shall be returned by the NASD.

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

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
J. Jean Elliott, Esq.	Public Arbitrator
Gwendolyn Bandt	Industry Arbitrator
David Menaker	Public Arbitrator

Concurring Arbitrators' Signatures



J. Jean Elliott, Esq.

Gwendolyn Bandt

David Menaker

Date of Decision: 2/7/97

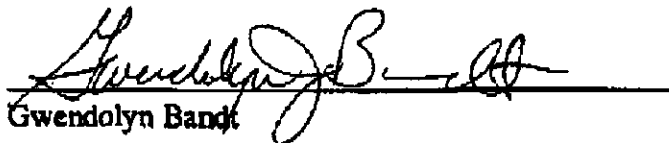
Date of Service: _____

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
J. Jean Elliott, Esq.	Public Arbitrator
Gwendolyn Bandt	Industry Arbitrator
David Menaker	Public Arbitrator

Concurring Arbitrators' Signatures

J. Jean Elliott, Esq.



Gwendolyn Bandt

David Menaker

Date of Decision: _____

Date of Service: _____

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
J. Jean Elliott, Esq.	Public Arbitrator
Gwendolyn Bandt	Industry Arbitrator
David Menaker	Public Arbitrator

Concurring Arbitrators' Signatures

J. Jean Elliott, Esq.

Gwendolyn Bandt



David Menaker

Date of Decision: 2/11/99

Date of Service: _____