

AWARD

NASD REGULATION, INC., OFFICE OF DISPUTE RESOLUTION

In the matter of the Arbitration Between

Name of Claimants

Robert E. Steele and Jeannine A. Steele,
formerly known as Jeannine A. Cunningham

v.

Arbitration No.
96-00453

Name of Respondent

Kidder, Peabody, Inc.

REPRESENTATION

For Claimants:

Philip M. Aidikoff, Esq., and
Robert A. Uhl, Esq.
Aidikoff & Uhl
Beverly Hills, California

For Respondent:

William Phelps, Esq.
Kidder, Peabody, Inc.
Los Angeles, California

CASE INFORMATION

Statement of Claim filed:	January 31, 1996
Claimants' Submission Agreements signed:	January 26, 1996
Statement of Answer filed by Respondent:	August 9, 1996
Respondent's Submission Agreement signed:	August 9, 1996

HEARING INFORMATION

Pre-Hearing Conference Dates / Sessions: December 11, 1996 (1 Session)

Hearing Dates / Sessions: June 10, 1997 (2 Sessions)
June 11, 1997 (2 Sessions)

Hearing Location: Los Angeles, California

CASE SUMMARY

Claimants alleged that Respondent recommended unsuitable securities, including the K.P. Miller Realty Growth Limited Partnership, Polaris Aircraft IV Limited Partnership, Wingate Government Mortgage Partnership, and the Polaris Aircraft VI Limited Partnership.

Claimants further alleged that Respondent fraudulently concealed important information about the various Limited Partnerships. Claimants also alleged that Respondent breached a fiduciary duty owed to Claimants, engaged in fraud, and failed to supervise its broker. Claimants further alleged that Respondent violated Federal securities laws, NASD Rules of Fair Practice, and New York Stock Exchange Rules.

Respondent denied each of the allegations made in the Statement of Claim.

RELIEF REQUESTED

Claimant requested general and compensatory damages of \$420,000.00, lost opportunity costs consisting of what \$420,000.00 would have earned if invested properly from the date of purchase of each Limited Partnership, interest in all sums recovered at the legal rate from the date of purchase of each Limited Partnership up to the date of any arbitration award, costs of proceedings, punitive damages of at least \$420,000.00, and attorney's fees and costs.

Respondent requested dismissal of the Statement of Claim with prejudice and an award of costs and attorney's fees.

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 Regulation, Inc., Office of Dispute Resolution.

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. The Arbitration Panel determined that with respect to Robert E. Steele's investment in K.P. Miller Realty Growth, a Limited Partnership, Mr. Steele was on notice as of at least 1987 that something significant had happened with respect to his investment. Based upon the longest available statute of limitations, Mr. Steele had four years to bring his claim against Kidder, Peabody, Inc. Alternatively, even if the six year claim period of the National Association of Securities Dealers, Inc., is used, Mr. Steele would have had to have brought his claim against Kidder, Peabody prior to the end of 1993. The action in this matter was not brought until January 31, 1996. Therefore, Mr. Steele's claim with respect to K.P. Miller is barred by all applicable statutes of limitation.
2. With respect to Wingate Government Mortgage Partnership, the Arbitration Panel finds that while the ultimate return from the Wingate Limited Partnership did not meet expectations, there was indeed a return of some \$17,000.00 over and above the amount invested by Mr. and Mrs. Steele. As there was no net loss with respect to the Wingate Investment, the Arbitration Panel declines to award additional damages with respect to the Wingate Investment.
3. Apportioning negligence, culpability, and damages with respect to the Polaris Aircraft IV and Polaris Aircraft VI Limited Partnerships, the Arbitration Panel awards claimants Robert E. Steele and Jeannine A. Steele the sum of \$67,500.00.
4. The Claimants' claim for punitive damages is denied in its entirety.
5. The parties shall each bear their respective costs, including attorney's fees.
6. If the award herein is not paid by July 29, 1997, the award thereafter shall accrue ten percent (10%) interest per annum.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed:

One Pre-Hearing Conference Session @ \$1,000.00/Session	= \$1,000.00
Four Hearing Sessions @ \$1,000.00/Session	= \$4,000.00
<hr/> Total Fees Assessed	<hr/> = \$5,000.00

Claimants' one-half share	= \$2,500.00
Credit for Hearing Session Deposit	= \$1,000.00
<hr/> Total Balance Due	<hr/> = \$1,500.00

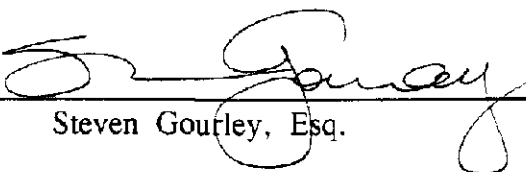
Respondent's one-half share	= \$2,500.00
<hr/> Total Balance Due	<hr/> = \$2,500.00

Fees are payable to NASD Regulation, Inc.

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
Steven Gourley, Esq.	Public
Ian M. Grant	Public
Craig A. Gordon	Industry

Concurring Arbitrators' Signatures



Steven Gourley, Esq.

Ian M. Grant

Craig A. Gordon

Date of Service: _____

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<u>Name</u>	<u>Public / Industry</u>
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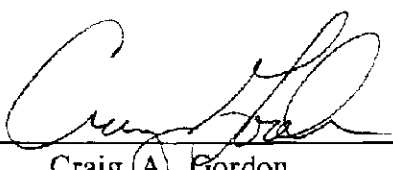
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Concurring Arbitrators' Signatures

Steven Gourley, Esq.

Ian M. Grant



Craig (A) Gordon

Date of Service: 7/15/97