

AWARD

**NASD REGULATION, INC.,
OFFICE OF DISPUTE RESOLUTION**

In the matter of the Arbitration Between

Name of Claimants

Maxwell Kaplan and Patricia Kaplan

v.

NASD Regulation, Inc.
Arbitration No. 96-00454

Name of Respondents

Monterey Bay Securities, Inc.,
Robert Blanchard, Kenneth Doolittle,
Walter Hickey, and Mitchell Brater

REPRESENTATION

For Claimants:

Irwin Stein
Investor Recovery Service
Novato, California

For Respondents Monterey Bay Securities, Inc.
and Kenneth Doolittle:

John Bender, Esq.
Weiss, Jensen, Ellis & Howard
Portland, Oregon

CASE INFORMATION

Joint Statement of Claim filed: January 30, 1996

Claimants' Submission Agreement signed: November 30, 1995

Statement of Answer filed by Respondents
Monterey Bay Securities, Inc. and Kenneth Doolittle: June 21, 1996

Respondent Monterey Bay Securities, Inc.
Submission Agreement signed: June 21, 1996

HEARING INFORMATION

Pre-Hearing Conference Date / Session: October 14, 1996 (1 Session)

Hearing Dates / Sessions: April 23, 1997 (2 Sessions)
April 24, 1997 (1 Session)

Hearing Location: Los Angeles, California

CASE SUMMARY

Claimants alleged that Respondents made misrepresentations in order to induce Claimants to purchase various securities. Claimants also alleged that Respondents were negligent in researching and recommending the securities to Claimants and that Respondents breached their fiduciary duty of care.

Respondents Monterey Bay Securities, Inc. and Kenneth Doolittle denied each and every allegation of wrongdoing set forth in the Claimant's Statement of Claim. Respondents alleged that Claimants were never clients of Monterey Bay Securities, Inc.

RELIEF REQUESTED

Claimants requested \$497,000 in compensatory damages, interest and punitive damages. Claimants also requested rescission of their purchase of the securities that were not properly registered.

- Respondents requested that the Claimant's claims be dismissed in their entirety.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Mitchell Brater filed for bankruptcy on April 11, 1996, thereby staying this arbitration as to him.

Respondent Walter Hickey was dismissed from this claim by Claimants on March 6, 1996.

Although Respondent Robert Blanchard made no appearance, the Arbitration Panel found that proper service had been made upon him.

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. Respondents Robert Blanchard, Kenneth Doolittle and Monterey Bay Securities, Inc., jointly and severally, are liable to and shall pay Claimants \$487,500.00 in compensatory damages.
2. Respondents Robert Blanchard, Kenneth Doolittle and Monterey Bay Securities, Inc., jointly and severally, are liable to and shall pay Claimants interest at 10% from February 23, 1993 until payment of the award is made.
3. Each party shall bear its own costs, including attorney's fees.

FORUM FEES

Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, the following forum fees are assessed against Respondents Robert Blanchard, Kenneth Doolittle and Monterey Bay Securities, Inc., jointly and severally:

One (1) Full Panel Pre-Hearing Conference @ \$1,000.00/Session	= \$1,000.00
Three (3) Hearing Sessions @ \$1,000.00/Session	= \$3,000.00
Total Fees Assessed	= \$4,000.00

Claimants shall be refunded Hearing Session Deposit in the amount of \$1,000.00 from the NASD.