

AWARD

NASD REGULATION, INC., OFFICE OF DISPUTE RESOLUTION

In the matter of the Arbitration Between

Name of Claimant

Marcia Sandusky, successor in interest to
Richard D. Wood

v.

Arbitration No.
96-00608

Name of Respondent

Merchant Banking Services, Jan Sanders,
Lance Van Alstyne, Victor Chu, Jeffrey A. Rieger,
Steven Hardage, Laticia Johnson, Timothy Stifler

REPRESENTATION

For Claimant:

Mathew Stephenson, Esq.
Kochan & Stephenson
San Francisco, California

For Respondent Lance Van Alstyne:

H. Thomas Fehn, Esq.
Fields, Fehn & Sherwin
Los Angeles, California

For Respondent Merchant Banking Services:

Timothy Stifler
Merchant Banking Services
Pinole, California

For Respondent Jan Sanders:

Jan Sanders
In Pro Per
Lake Forest, California

For Respondent Victor Chu:

Victor Chu
In Pro Per
Costa Mesa, California

For Respondent Jeffrey A. Rieger:

Jeffrey A. Rieger
In Pro Per
Mission Viejo, California

For Respondent Steven Hardage

Steven Hardage
In Pro Per
Costa Mesa, California

For Respondent Laticia Johnson:

Laticia Johnson
In Pro Per
Laguna Nigel, California

For Respondent Timothy Stifler:

Timothy Stifler
In Pro Per
Pinole, California

CASE INFORMATION

Statement of Claim filed:

February 9, 1996

Amendment to Statement of Claim filed:

June 19, 1996

Claimant's Submission Agreement signed:

May 3, 1996

Statement of Answer filed by
Respondent Lance Van Alstyn:

August 7, 1996

Statement of Answer filed by
Respondent Victor Chu:

January 21, 1997

Respondent Victor Chu's
Submission Agreement signed:

August 21, 1996

HEARING INFORMATION

Pre-Hearing Conference Dates / Sessions:

July 15, 1997 (1 Session)

Hearing Dates / Sessions:

December 2, 1997 (2 Sessions)

Hearing Location:

Los Angeles, California

CASE SUMMARY

Claimant alleged that Respondents engaged in misrepresentation, fraud, churning, and suggested unsuitable investments. Claimant also alleged Respondents improperly manipulated and supervised accounts and failed to follow investor's instructions or respond to investor's requests for information.

Respondent Lance Van Alstyne denied each and every allegation of wrongdoing set forth in the Claimant's Statement of Claim, and further asserted that all claims are barred by the statute of limitations.

Respondent Victor Chu denied Claimant's Statement of Claim in its entirety.

RELIEF REQUESTED

Claimant requested \$55,000.00 in compensatory damages as well as punitive damages and/or treble damages. Claimant also requested attorneys' fees, interest and costs.

Respondent Lance Van Alstyne requested that the Arbitration Panel dismiss the Claimant's claim in its entirety.

Respondent Victor Chu requested that the Arbitration Panel dismiss the Claimant's claim in its entirety.

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.

Respondents Merchant Banking Services, Jan Sanders, Jeffrey A. Rieger, Steven Hardage, Laticia Johnson, and Timothy Stifler did not file a Statement of Answer.

Respondent Jeffrey A. Rieger filed a petition in the United States Bankruptcy Court Central District of California on January 24, 1997. The notice of the automatic stay was received by the NASD on January 27, 1997, thereby staying this action against him.

Respondent Timothy Stifler was dismissed without prejudice by Claimant during the arbitration.

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 Lance Van Alstyne and Merchant Banking Services, jointly and severally, are liable to and shall pay the Estate of Richard Daniel Wood \$55,000.00 in compensatory damages.
2. Respondents Lance Van Alstyne and Merchant Banking Services, jointly and severally, are liable to and shall pay the Estate of Richard Daniel Wood ten percent interest commencing from February 15, 1995 until the award is paid.
3. Respondents Lance Van Alstyne and Merchant Banking Services, jointly and severally, are liable to and shall pay the Estate of Richard Daniel Wood \$55,000.00 in punitive damages pursuant to California Civil Code Section 3294.
4. All claims against Respondent Victor Chu are denied in their entirety.
5. Respondents Jan Sanders, Steven Hardage and Laticia Johnson are dismissed without prejudice from this matter for lack of proper service.

FORUM FEES

Pursuant to Rule 10332 (c) of the Code of Arbitration Procedure, the following forum fees are assessed against Respondents Lance Van Alstyne and Merchant Banking Services (jointly and severally):

One (1)Pre-Hearing Conference Session @ 750.00 / Session	= \$750.00
<u>Two (2)Hearing Sessions @ 750.00 / Session</u>	<u>= \$1500.00</u>
Total Forum Fees Assessed	= \$2250.00

Respondents Lance Van Alstyne and Merchant Banking Services (jointly and severally) Amount Due	= \$2250.00
---	-------------

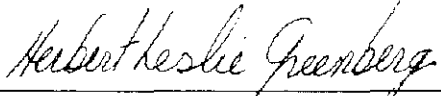
Claimant's Hearing Session Deposit in the amount of \$750.00 shall be refunded by NASD Regulation, Inc.

Fees are payable to NASD Regulation, Inc.

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
Herbert Leslie Greenberg, Esq.	Public Arbitrator
Milton C. Bennett	Industry Arbitrator
Pamela Kay Nemeth	Public Arbitrator

Concurring Arbitrators' Signatures



Herbert Leslie Greenberg, Esq.

Milton C. Bennett

Pamela Kay Nemeth

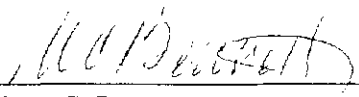
Date of Service: 3/10/98

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
Herbert Leslie Greenberg, Esq.	Public Arbitrator
Milton C. Bennett	Industry Arbitrator
Pamela Kay Nemeth	Public Arbitrator

Concurring Arbitrators' Signatures

Herbert Leslie Greenberg, Esq.



Milton C. Bennett

Pamela Kay Nemeth

Date of Service: 3/10/98

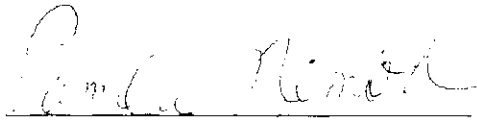
ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
Herbert Leslie Greenberg, Esq.	Public Arbitrator
Milton C. Bennett	Industry Arbitrator
Pamela Kay Nemeth	Public Arbitrator

Concurring Arbitrators' Signatures

Herbert Leslie Greenberg, Esq.

Milton C. Bennett



Pamela Kay Nemeth

Date of Service: 3 10 11