

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the matter of the Arbitration Between

Name of Claimant(s)

Pessis Family Trust

NASD Arbitration
No. 96-00966

Name of Respondent(s)

Sutro & Co., Inc. and Harrison Lee

REPRESENTATION

For Claimant:

Michael A. Bertz, Esq.
Los Angeles, California

For Respondents:

Michael J. Abbott, Esq.
Jones, Bell, Simpson, Abbott, Fleming &
Taylor
Los Angeles, California

CASE INFORMATION

Statement of Claim filed:

March 4, 1996

Answer of Erman & Harriet Pessis to
Counterclaim filed:

On or about July 19, 1996

First Amended Statement of Claim filed:

October 14, 1996

Claimants' Submission Agreement signed:

February 29, 1996

Joint Statement of Answer filed by Respondents:

June 11, 1996

Amended Statement of Answer and Counterclaim
filed by Respondents:

August 26, 1996

Respondent Sutro & Co., Inc.'s
Submission Agreement signed:

April 16, 1996

Respondent Harrison Lee's Submission
Agreement signed:

May 5, 1996

HEARING INFORMATION

Pre-Hearing Conference Date / Session: October 17, 1996 (1 session)

Hearing Dates / Sessions: January 6, 1997 (2 sessions)
January 7, 1997 (2 sessions)
January 8, 1997 (2 sessions)

Hearing Location: Los Angeles, California

CASE SUMMARY

Claimants alleged that Respondents committed fraud, deceit and breach of fiduciary duty in connection with various municipal bonds purchased on behalf of Claimants. Specifically, Claimants alleged that Respondents made misrepresentations and omitted and concealed facts regarding the uninsured and risky status of various municipal bonds which caused Claimants to purchase bonds unsuitable for their investment objectives.

Claimants expressly denied each and every allegation in Respondents counterclaim.

Respondents denied Claimants' claims in their entirety. In addition, Respondents alleged in their counterclaim that Claimants' committed breach of fiduciary duty and sought indemnity and contribution.

RELIEF REQUESTED

Claimants sought damages in the amount of \$100,328.00, attorneys' fees, costs, interest on the damages awarded and dismissal of the counterclaim.

Respondents sought the dismissal of Claimants' Statement of Claim in its entirety, costs and that Claimants reimburse Respondents for costs and fees they have incurred in defending this action.

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. Claimant's claims are denied in their entirety.
2. Respondents' counterclaims are denied in their entirety.
3. Forum Fees are to be split equally between Claimant and Respondents.
4. Each party shall bear his/her/its own costs and attorneys' fees.

FORUM FEES

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

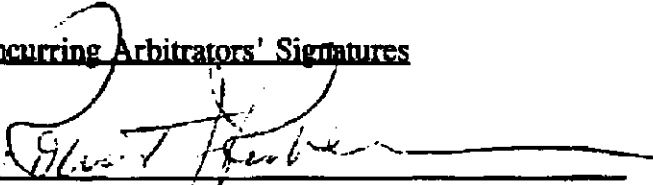
One (1) Pre-Hearing Conference @ \$600.00/Session	= \$600.00
<u>Six (6) Hearing Sessions @ \$600.00/Session</u>	<u>= \$3,600.00</u>
Total Forum Fees Assessed	= \$4,200.00
 Claimant's One-Half Share	= \$2,100.00
<u>Claimant's Credit for Hearing Session Deposit</u>	<u>= \$500.00</u>
Claimant's Balance Due	= \$1,600.00
 Respondents' (jointly and severally) One-Half Share	= \$2,100.00
<u>Respondents' Credit for Hearing Session Deposit</u>	<u>= \$600.00</u>
Respondents' (jointly and severally) Balance Due	= \$1,500.00

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

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
Robert J. Ruben, Esq.	Public Arbitrator
Tina L. Mitchell	Industry Arbitrator
Wayne J. Dankowski	Public Arbitrator

Concurring Arbitrators' Signatures



Robert J. Ruben, Esq.

Tina L. Mitchell

Wayne J. Dankowski


Date of Decision: _____

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
Robert J. Ruben, Esq.	Public Arbitrator
Tina L. Mitchell	Industry Arbitrator
Wayne J. Dankowski	Public Arbitrator

Concurring Arbitrators' Signatures

Robert J. Ruben, Esq.



Tina L. Mitchell

Wayne J. Dankowski

Date of Decision: 1-8-97

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
Robert J. Ruben, Esq.	Public Arbitrator
Tina L. Mitchell	Industry Arbitrator
Wayne J. Dankowski	Public Arbitrator

Concurring Arbitrators' Signatures

Robert J. Ruben, Esq.

Tina L. Mitchell



Wayne J. Dankowski

Date of Decision: Jan 8, 1997