

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

In the matter of the Arbitration Between

**Name of Claimants**

Larry Paletz  
Anglo American Corporation

v.

Arbitration No.  
96-01061

**Name of Respondents**

Smith Barney, Inc.  
Anthony B.J. Black

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**REPRESENTATION OF PARTIES**

Larry Paletz and Anglo American Corporation ("**Claimants**") were represented by H. Thomas Fehn, Esq., Fields Fehn & Sherwin, Los Angeles, California.

Smith Barney, Inc. and Anthony B.J. Black ("**Respondents**") were represented by James S. Goddard, Esq., Smith Barney, Inc., New York, New York.

**CASE INFORMATION**

The Statement of Claim was filed on or about March 7, 1996. The Submission Agreements for both Mr. Paletz and Anglo American Corp. were signed on January 30, 1996.

Respondents Joint Statement of Answer was filed on or about May 28, 1996. The Submission Agreement for Smith Barney, Inc. was signed on May 28, 1996. The Submission Agreement for Anthony B.J. Black was signed on May 22, 1996.

**HEARING INFORMATION**

The hearing was held on July 23 and 24, 1997 in San Diego, California for a total of 4 sessions.

**CASE SUMMARY**

Claimants allege that the Respondents induced the Claimants to effect transactions in unsuitable securities with misrepresentations and failed to inform Claimants of the speculative nature of the

trades. Claimants allege that the Respondents recommended the sale of Qualcomm, Inc., and proceeded to advise the Claimants to continue to short the stock. Claimants further allege that the Respondents only motivation was to generate commissions. Additionally, Claimants allege that the Respondents breached their fiduciary duty owed to the Claimants.

Respondents denied the allegations set forth in the Statement of Claim. Respondents specifically argued that all the Claimants' investment losses are a result of the Claimants' own investment decisions.

### **RELIEF REQUESTED**

Claimants requested an award in the amount of \$250,000 plus interest, costs and attorneys' fees. Additionally, Claimants requested an award of unspecified punitive damages.

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded costs and expenses.

### **OTHER ISSUES CONSIDERED & DECIDED**

The parties have agreed that a handwritten, signed Award may be entered. The parties have agreed to receive conformed copies of the award while the original remains on file with NASD Regulation, Inc., Office of Dispute Resolution.

### **AWARD**

After considering the pleadings, the testimony, and the evidence presented at the hearing and the post-hearing submissions, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Each and every claim of the Claimant is denied.
2. Each side to bear their own costs.

### **FORUM FEES**

Forum fees are calculated at the rate of \$750 per hearing session and \$300 for each prehearing conference, if any. There were 4 sessions x \$750 = \$3,000 in forum fees. Pursuant to Rule 10332(b) of the NASD Regulation, Inc., Office of Dispute Resolution Code of Arbitration Procedure (the "Code"), a hearing session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with an arbitrator, which lasts four (4) hours or less. Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, all forum fees are assessed against the Respondents jointly and severally.

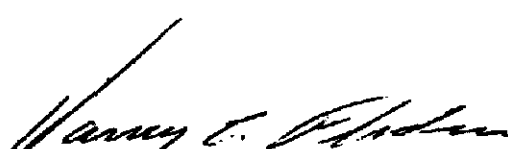
Total Fees  
4 Hearing Sessions @ \$750.00 = \$3,000.00  
Total \$3,000.00

Pursuant to Rule 10332(c) of the Code, NASD Regulation, Inc. shall **retain** the non-refundable filing fee in the amount of \$200 and shall **refund** the hearing session deposit in the amount of \$750 previously deposited with NASD Regulation, Inc. by the Claimants Larry Paletz and Anglo American Corporation.

Pursuant to Rule 10333 of the Code, the NASD shall retain the member surcharge fee in the amount of \$350 previously paid by Smith Barney, Inc.

**Fees are payable to the NASD, Regulation, Inc.**

Dated:

  
\_\_\_\_\_  
Harvey C. Flodin, Esq.  
Public Arbitrator, Presiding Chair

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Lawrence P. Scherb, II, Esq.  
Public Arbitrator

\_\_\_\_\_  
James R. Collins  
Industry Arbitrator

Date served: 8/15/1997

|                                 |                   |
|---------------------------------|-------------------|
| Total Fees                      |                   |
| 4 Hearing Sessions @ \$750.00 = | \$3,000.00        |
| Total                           | <u>\$3,000.00</u> |

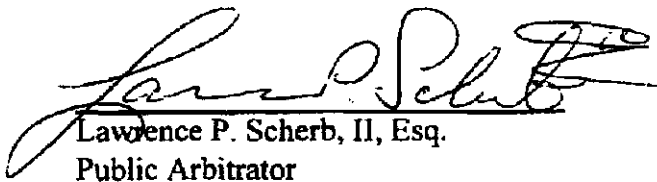
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Industry Arbitrator

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8-12-97

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Public Arbitrator

  
James R. Collins  
Industry Arbitrator

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12 Aug 1997

Date served: 8/15/1997