

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Philippe and Lauren Erramuzpe

96-01178

Name of Respondent

F.N. Wolf & Co., Inc.
Scott Sondak

REPRESENTATION

Claimants appeared Pro Se.

For Respondent Scott Sondak ("Sondak") appeared Russell C. Burk, Esq., a sole practitioner, located in Denver, Co.

CASE INFORMATION

The Statement of Claim was filed on March 15, 1996. Claimants' Submission Agreement was signed on February 23, 1996.

A Statement of Answer was filed by Respondent Sondak on May 10, 1996. Respondent Sondak's Submission Agreement was signed on May 10, 1996.

HEARING INFORMATION

Pre-Hearing Conference:	November 12, 1996	-	1 Session
Hearing Date/Sessions:	January 9, 1997	-	2 Sessions

The Hearing was conducted at the Nikko Hotel located in Atlanta, GA.

CASE SUMMARY

Claimants stated that in November of 1992 they were approached by Scott Sondak of F. N. Wolf & Co., Inc. According to claimants, who, through their profitable restaurant, had been able to accumulate substantial savings, they had no defined investment strategy or financial goals and relied on Sondak to offer his professional assistance. Sondak allegedly advised claimants to invest fully in small cap stocks since they were young and had time to see the company grow. Claiming to have followed Sondak's advice and the F.N. Wolf analyst's recommendations, claimants purchased and sold eleven different

securities from the period of November 24, 1992 through May 25, 1994.

Claimant contended he called Sondak after receiving his monthly statements which reflected his holdings were going down in value and that Sondak reassured him about the fundamentals of the companies he owned. Claimants further contended that the stock prices went down even faster and that Sondak reassured them by stating he was in constant contact with the management of those companies.

When F.N. Wolf went out of business in the summer of 1994, Rickel & Associates took over their accounts and had claimants liquidate most of their holdings.

Respondent Sondak generally denied all allegations and specifically denied that he had violated any state, federal or common law. Sondak further stated that claimants did not allege anything which would be actionable.

Sondak maintained that claimants opened a joint account with him at F.N. Wolf in November 1992 and listed their investment objectives as long term growth and speculation. In addition claimants allegedly indicated previous investment experience and listed their net worth as \$100,000, annual income of \$75,000 and liquid net worth of \$50,000 to \$75,000.

Sondak stated that claimants bought and sold several stocks on which they both made and lost money. He argued that he disclosed the risks associated with each investment and that he never prohibited them from selling any of their holdings. Sondak further argued that claimants had received all statements and confirmations and that, by their own admission, they followed them closely and held on to the securities long after Sondak left F.N. Wolf.

Sondak alleged that claimants had never complained about their stock positions to him.

Sondak asserted as defenses claimant's failure to state a cause of action, assumption of risk, statute of limitations, failure to mitigate damages, estoppel, waiver, laches, and unjust enrichment. Respondent Sondak also stated that he had no knowledge of any malfeasance by another against claimants, claimants had full knowledge of the risks, and there was full compliance with the NASD Rules of Fair Practice.

RELIEF REQUESTED

Claimants requested \$60,000 in actual damages plus interest.

Respondent Sondak requested dismissal of the Statement of Claim.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed that the Award in this matter may be executed in 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 originals remain on file with the NASD Regulation.

The parties were advised, by letter dated May 3, 1996, that F.N. Wolf, Inc. had filed for bankruptcy and that pursuant to the bankruptcy code this action is stayed as to it.

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. Respondent Sondak be and hereby is liable and shall pay to claimants Philippe and Lauren Erramuzpe the sum of \$26,136.01 in compensatory damages and prejudgment interest.
2. All other claims be and hereby are denied.

FORUM FEES

Pursuant to Rule 10332 (c) (formerly Section 43c) of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation shall retain the \$150.00 non-refundable filing fee and have assessed the following forum fees:

1 Pre-hearing conference x \$300.00	= \$ 300.00
2 Hearing Sessions x \$500.00	= \$1,000.00
Total forum fees	= \$1,300.00

The arbitrators have determined to assess one-third of the cost of this arbitration against claimants, jointly and severally, and two-thirds of the cost of this arbitration against Respondent Sondak.

Therefore, Claimants be and hereby are jointly and severally liable to the NASD Regulation, Inc. and shall pay the sum of \$433.33 less \$500.00 hearing session previously deposited, net \$0 due.

Respondent Sondak be and hereby is liable and shall pay to NASD Regulation, Inc. the sum of \$800.00 and shall reimburse claimants in the amount of \$66.67.

Fees are payable to NASD Regulation, Inc.

ARBITRATORS' SIGNATURES



Floyd C. Hale
Public Chairman

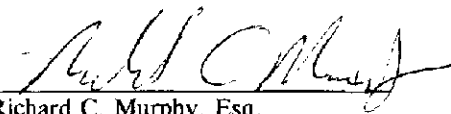
Date of Decision 3/7/97

Richard C. Murphy, Esq.
Public Panelist

Alfred M. Shams
Industry Arbitrator

ARBITRATORS' SIGNATURES

Floyd C. Hale
Public Chairman



Richard C. Murphy, Esq.
Public Panelist


Date of Decision 3/7/97

Alfred M. Shams
Industry Arbitrator

ARBITRATORS' SIGNATURES

Floyd C. Hale
Public Chairman

Richard C. Murphy, Esq.
Public Panelist



Alfred M. Shams
Industry Arbitrator

Date of Decision 3/7/97