

AWARD

NASD REGULATION, INC., OFFICE OF DISPUTE RESOLUTION

In the matter of the Arbitration Between

Name of Claimant(s)

Show-Mean Wu a/k/a Steve Wu

v.

Arbitration No.
96-02313

Name of Respondent(s)

Scott B. Forman
Andrew S. Friedman
Daniel Porush
Howard S. Gelfand
Irving Stitsky
Steven P. Sanders

REPRESENTATION

For Claimant: Shirli Fabbri Weiss, Esq.
 Gray Cary Ware & Freidenrich
 San Diego, California

For Respondent Forman:
 Scott Forman
 Brooklyn, New York

For Respondent Friedman:
 Andrew Friedman
 Plainview, New York

For Respondent Porush:
 Mark E. Gelfand, Esq.
 Hicksville, New York

For Respondent Gelfand:
 Howard Gelfand
 New York, New York

For Respondent Stitsky:

Irving Stitsky
Glenhead, New York

For Respondent Sanders:

Steven Sanders
Jericho, New York

CASE INFORMATION

Statement of Claim filed: May 28, 1996

First Amended Claim filed: February 18, 1997

Claimant's Submission Agreements signed: May 13, 1996 and April 7, 1997

Joint Answer filed by Forman and Friedman: July 22, 1996

Answer filed by Sanders: April 28, 1997

Answer filed by Porush: April 22, 1997

Answer filed by Gelfand: April 24, 1997

Answer filed by Stitsky: April 11, 1997

Submission Agreements signed by Respondents:

Scott Forman:	June 18, 1996
Andrew Friedman:	None Submitted
Daniel Porush:	July 1, 1996
Howard Gelfand:	None Submitted
Irving Stitsky:	None Submitted
Steven Sanders:	None Submitted

HEARING INFORMATION

Pre-hearing telephone conferences were held as follows:

February 10, 1997	-	1 session (3 arbitrators)
July 22, 1997	-	1 session (3 arbitrators)

The evidentiary hearing was held in San Diego, California, on April 20, 1998, and lasted 2 sessions.

CASE SUMMARY

Claimant alleged breach of fiduciary duty, fraud and deceit, violation of Section 10(b) of the Securities Exchange Act and Rule 10b-5, violations of the California Corporations Code, negligence and constructive fraud with respect to investments in common stocks solicited and recommended by Respondents. Claimant also alleged that Respondents used high pressure sales tactics, falsely marked solicited transactions as unsolicited and engaged in a scheme of market manipulation to induce Claimant to purchase securities from the house inventory or Respondents' own accounts at inflated prices. Claimant alleged Respondents knowingly engaged in a pattern of fraud, malice and oppression and acted in conscious disregard of Claimant's rights.

Respondents each denied the allegations of the claim, and asserted variously that the Claim failed to state specific allegations against them, that claimant understood and agreed to all investments purchased in his account and that all activities in the account were in compliance with all industry rules, regulations, standards and practices.

RELIEF REQUESTED

At hearing, Claimant requested compensatory damages of \$213,000.88, interest of \$29,166.53 (at 7% per annum from May 6, 1996, to date of hearing), plus post-hearing interest of \$40.85 per day. Claimant also requested punitive damages as follows: \$1,200,000.00 from Daniel Porush, \$300,000.00 from Irving Stitsky, \$100,000.00 from Scott Forman, and \$100,000.00 from Andrew Friedman.

Respondents' written answers requested dismissal of all claims.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Howard Gelfand and Steven Sanders settled with Claimant prior to hearing.

No Respondents appeared at hearing.

All motions to dismiss or to strike portions of the claim filed by Respondents were denied by the panel.

FINDINGS

Each of the four Respondents was served with the Statement of Claim, has appeared in this arbitration, filed pleadings and motions, had notice of the time and place of hearing and yet failed to appear at the hearing and present a defense. At the hearing, Claimant presented evidence consisting of exhibits and testimony which prove his claims and damages and support the findings made by the panel.

Each of the four Respondents (Daniel M. Porush, Irving Stitsky, Scott Forman and Andrew Friedman) engaged in acts and practices in the course of business that operated as fraud and deceit upon Claimant and employed devices, schemes and artifices to defraud Claimant in violation of Section 10(b) of the Securities Exchange Act of 1934, Section 3294 of the California Civil Code, and the common law.

Each of the four Respondents breached the fiduciary duty which he owed to Claimant, and committed common law fraud. The conduct of each Respondent was malicious and willful and justifies an award of punitive damages. Todd Shipyards, 943 F.2nd 1056 (9th Cir., 1991)

AWARD

The undersigned arbitrators, having considered the pleadings, the testimony and the evidence presented at the hearing, have determined in full and final resolution of the issues submitted for determination as follows:

1. The four Respondents Daniel M. Porush, Irving Stitsky, Scott Forman and Andrew Friedman are jointly and severally liable to Claimant and shall pay to Claimant the sum of \$213,000.88 as compensatory damages together with pre-hearing interest at the rate of 7% per annum from May 6, 1996 to April 20, 1998, in the amount of \$29,166.53, for a total of \$242,167.41 plus \$40.85 for each day after April 20, 1998, until the award is paid in full.

2. Pursuant to the finding of fraud, Respondents are jointly and severally liable for and shall pay to Claimant punitive damages in the following amounts:

Daniel M. Porush	-	\$ 700,000.00
Irving Stitsky	-	\$ 300,000.00
Scott Forman	-	\$ 100,000.00
Andrew Friedman	-	\$ 100,000.00

3. The parties shall bear their respective costs, including attorney's fees.

FORUM FEES

Pursuant to Section 10332 of the Code of Arbitration Procedure, the NASDR shall retain Claimant's \$200.00 non-refundable filing fee, but shall refund the \$750.00 hearing session deposit.

Respondents Daniel M. Porush, Irving Stitsky, Scott Forman and Andrew Friedman are jointly and severally assessed all forum fees:

2 pre-hearing telephone conferences (3 arbitrators)

2 hearing sessions

4 sessions @ \$750/session

\$ 3,000.00

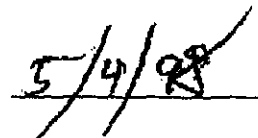
Fees are payable to the National Association of Securities Dealers Regulation, Inc.

Concurring Arbitrators Signatures:

Date signed:



Franklin G. Allen, Esq.
Presiding Chairperson
Public Arbitrator



Lawrence P. Scherb, II, Esq.
Public Arbitrator

Lewis C. Brown
Securities Industry Arbitrator

Date served: 5/7/1998

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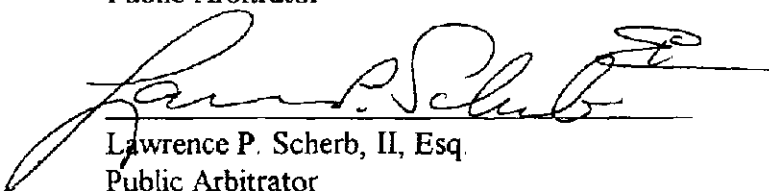
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5-4-98

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Securities Industry Arbitrator

Date served: 5/7/1998

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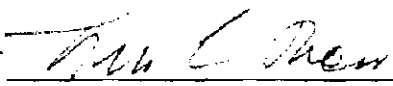
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