

AWARD

NASD Regulation, Inc.

In the Matter of the Arbitration Between

Name of Claimants

Marc Attar
Nina Attar
Hazelnut Health & Diet Foods, Inc. Def.

Case No.
96-03240

Name of Respondents

Dan Glass
William C. Gerhauser
William H. Gerhauser
Rothschild Global Investments Inc.

REPRESENTATION

Marc Attar, Nina Attar, and Hazelnut Health & Diet Foods, Inc. Def. (collectively "Claimants") were represented by Dan A. Druz, Attorney at Law, Manasquan, New Jersey.

Respondent Dan Glass ("Glass") represented himself.

Respondents Rothschild Global Investments, Inc. ("RGI"), William H. Gerhauser, and William C. Gerhauser were represented by Daniel D. Dugan, Esq. of the law firm of Spector Gadon & Rosen, P.C., Philadelphia, Pennsylvania.

CASE INFORMATION

Marc Attar and Nina Attar's Statement of Claim was filed on June 28, 1996.
Claimants Marc Attar and Nina Attar's Submission Agreement was signed on February 28, 1996.
Claimant Hazelnut Health & Diet Foods', Inc. Def. Submission Agreement, executed by Marc Attar, Trustee of Hazelnut Health & Diet Foods, Inc. Def. was signed on October 25, 1996.

Statement of Answer filed by Respondents RGI, Dan Glass, William H. Gerhauser, and William C. Gerhauser was filed on 1997.

No Submission Agreements were signed by Respondents.

HEARING INFORMATION

Hearing Dates/Sessions:	March 11, 1998 - one session
	July 6, 1998 - two sessions
	July 7, 1998 - two sessions
	July 8, 1998 - two sessions
	July 9, 1998 - two sessions
	August 24, 1998 - two sessions
	August 25, 1998 - two sessions
	August 26, 1998 - two sessions

Hearing Location: NASD Regulation, Inc., Office of Dispute Resolution, New York,
New York

CASE SUMMARY

Claimants commenced this arbitration proceeding to recover actual damages in the amount of \$995,000 arising from alleged negligent administration of their investment and pension accounts maintained by RGI. Claimants alleged that RGI's registered representative, Dan Glass: (1) directed and effectuated unsuitable trades; (2) excessively traded in speculative and risky accounts; (3) misrepresented or failed to state material facts to Claimants regarding their accounts; and (4) facilitated and approved the transfer of funds from Claimants' accounts without proper authorization. Claimants alleged that their funds were diminished as a result of RGI's failure to supervise Mr. Glass's misconduct.

Respondents denied that they committed any wrongdoing alleged in Claimants' Statement of Claim. Respondents asserted that the Claimants were sophisticated and knowledgeable investors who failed to exercise reasonable and due care over their investments to mitigate any alleged misconduct. Respondents maintained that at all relevant times, Alan Attar, Claimants' son, had control over all accounts. Specifically, Respondents denied that Claimants were misinformed since account documentation signed by Claimants indicated that their investment objectives were to be speculative and short term. Respondents further stated that Claimants were apprised of each investment transaction through monthly statements and confirmation slips. Moreover, Respondents asserted that the above denials demonstrated that Mr. Glass did not have discretionary control over the funds and therefore no misconduct occurred.

RELIEF REQUESTED

Claimants requested actual damages in the amount of \$995,000, punitive damages, and Claimants' costs, expenses and disbursements, including attorneys' fees.

Respondents requested that Claimants' claims be denied in their entirety.

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, Inc. ("NASD Regulation").

Claimants request to amend the pleadings in order to add Hazelnut Diet Foods, Inc. Def. as another Claimant was granted by the Panel.

Respondents RGI, Dan Glass, William H. Gerhauser and William C. Gerhauser, at the close of Claimants' claim, requested that Claimant's claim be dismissed at that time. The Panel denied that motion.

Respondent William H. Gerhauser (sometimes "William Gerhauser Senior"), who resides in England, made himself available for questions during the arbitration via telephone.

Upon review of the file and the representations made by Claimants, the undersigned arbitrators have determined that Respondents RGI, Dan Glass, William H. Gerhauser, and William C. Gerhauser were properly served with the Statement of Claim pursuant to rule 10302 and Rule 10314 of the NASD Code of Arbitration Procedure (the "Code"). The undersigned arbitrators have also determined that Respondents RGI, Dan Glass, William H. Gerhauser, and William C. Gerhauser received due notice of the hearing as required under Rule 10315 of the Code and that arbitration of the matter would proceed pursuant to Rule 10318 of the Code. Notwithstanding Respondents RGI, Dan Glass, William H. Gerhauser, and William C. Gerhauser's failure to file a submission agreement, they are bound by the rulings and determinations of the Panel as set forth herein.

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 RGI, William H. Gerhauser, and Dan Glass are jointly and severally liable to Marc Attar and Nina Attar and shall pay to Marc Attar and Nina Attar, jointly the sum of \$300,000; post hearing interest will run at seven and one-half percent (7.5%) simple interest per annum from July 12, 1993 until the date the award is paid. The Panel finds that the reckless conduct of Respondents RGI, Dan Glass, and William H. Gerhauser constituted aiding and abetting the fraud perpetrated in this case.
2. That Claimants' request for punitive damages is denied in its entirety.
3. Each Party shall bear their own costs and attorneys' fees, except as costs and forum fees are addressed below.
4. Any and all claims for relief not specifically addressed herein are denied in their entirety.

OTHER COSTS

Costs of long distance telephone calls shall be assessed against Respondents Glass, for calls to Florida, and William H. Gerhauser, for calls to England. NASD Regulation, Inc. will invoice Messrs. Glass and Gerhauser for the costs separately.

Respondents RGI, William C. Gerhauser and William H. Gerhauser paid a postponement fee of \$1,000 for the adjournment of hearing dates. The Panel determined that the postponement fee shall be retained by NASD Regulation, Inc.

FORUM FEES

Pursuant to Rule 10332(c) of the Code, the following Forum Fees are assessed.

(15 Hearing Sessions x \$1,000) = \$15,000 total forum fees due to NASD Regulation.

Forum Fees Assessed Against: Respondents RGI, Dan Glass, William H. Gerhauser and William C. Gerhauser equally so that each Respondent is assessed forum fees in the amount of \$3,750. Fees are payable to the NASD Regulation, Inc. Office of Dispute Resolution.

Date Award Signed

Concurring Arbitrators' Signatures

10/7/98

Micalyn S. Harris
Micalyn S. Harris, Esq., Chairperson
Public Arbitrator

I, Micalyn S. Harris, Esq., do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

Micalyn S. Harris

Joel P. Mellis, Panelist
Public Arbitrator

I, Joel P. Mellis, Esq., do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

Theresa Y. Hu, Panelist
Industry Arbitrator

I, Theresa Y. Hu, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

Date Award Served by NASD Regulation:

October 12, 1998

Date Award Signed

Concurring Arbitrators' Signatures

Micalyn S. Harris, Esq., Chairperson
Public Arbitrator

I, Micalyn S. Harris, Esq., do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

10/7/98

Joel P. Mellis
Joel P. Mellis, Panelist
Public Arbitrator

I, Joel P. Mellis, Esq., do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

Joel P. Mellis

Theresa Y. Hu, Panelist
Industry Arbitrator

I, Theresa Y. Hu, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

Date Award Served by NASD Regulation:

October 12, 1998

Date Award Signed

Concurring Arbitrators' Signatures

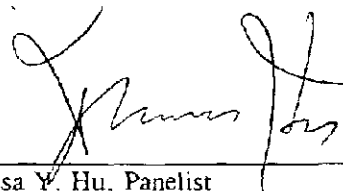
Micalyn S. Harris, Esq., Chairperson
Public Arbitrator

I, Micalyn S. Harris, Esq., do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

Joel P. Mellis, Panelist
Public Arbitrator

I, Joel P. Mellis, Esq., do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

10/7/98



Theresa Y. Hu, Panelist
Industry Arbitrator

I, Theresa Y. Hu, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

Date Award Served by NASD Regulation:

October 12, 1998