

AWARD

NASD REGULATION, INC., OFFICE OF DISPUTE RESOLUTION

In the matter of the Arbitration Between

Name of Claimant(s)

Thomas and Cherylann Sammons

v.

Name of Respondent(s)

Financial Network Investment Corporation
John Brackett
Bruce Kassab

Arbitration No.
96-03643

COPY

REPRESENTATION

For Claimants: Scot D. Bernstein, Esq.
Sacramento, California

For Respondents FNIC and John Brackett:

David S. Markon, Esq.
Jeffrey K. Compton, Esq.
Zelle & Larson LLP
San Francisco, California

CASE INFORMATION

Statement of Claim filed: August 23, 1996

Claimants' Submission Agreements signed:

Thomas Sammons: August 22, 1996
Cherylann Sammons: August 22, 1996

Joint Statement of Answer filed by Respondents FNIC and Brackett:
November 20, 1996

Respondents' Submission Agreements signed:

FNIC:	November 13, 1997
John Brackett:	None Submitted

HEARING INFORMATION

Pre-hearing telephone conferences were held as follows:

October 28, 1997	-	1 session
November 25, 1997	-	1 session

The evidentiary hearing held in San Francisco, California, as follows:

September 14, 1998	-	2 sessions
September 15, 1998	-	2 sessions
September 16, 1998	-	2 sessions
September 17, 1998	-	2 sessions

CASE SUMMARY

Claimants alleged breach of fiduciary duty, fraud, breach of contract and negligence arising out of Respondents' recommendation, solicitation and purchase of investments in a real estate investment trust and various limited partnerships. Claimants alleged they were inexperienced and unsophisticated in investment matters and placed their complete trust and confidence in Respondents to provide investments and investment advice that were appropriate for them and which met their stated investment objectives. Claimants alleged that Respondents repeatedly and knowingly misrepresented the risks, as well as the value, of the investments they made.

Respondents denied the allegations of the claim, and stated that they recommended investments that had solid track records and excellent prospects for success and which were consistent with Claimants' stated objectives. Respondents further stated that Claimants made all decisions to invest after being informed of the risks and potential rewards of each investment, and were kept informed of the status of their investments through quarterly and annual reports and other status updates. Respondents asserted that the claim was barred in whole or in part by the applicable state and federal statutes of limitations.

RELIEF REQUESTED

Claimants requested damages in excess of \$100,000.00, plus interest, punitive damages, attorney's fees and costs of arbitration.

Respondents requested dismissal of all claims, and an award of attorney's fees and costs of arbitration.

OTHER ISSUES CONSIDERED AND DECIDED

The panel found that Respondent Bruce Kassab had never been served with the Statement of Claim, and that it had no jurisdiction over him.

The parties have agreed to receive conformed copies of the Award while the originals remain on file with NASDR, Inc.

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 Financial Network Investment Corporation is liable for and shall pay to Claimants the sum of \$51,937.00 exactly, in satisfaction of all claims.
2. Respondent John Brackett is liable for and shall pay to Claimants the sum of \$22,259.00 exactly, in satisfaction of all claims.
3. All other claims, including the claim for punitive damages, are denied.
4. 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 the \$200.00 non-refundable filing fee paid by Claimants, but shall refund their \$750.00 hearing session deposit. Respondent FNIC's \$350.00 member surcharge will also be retained.

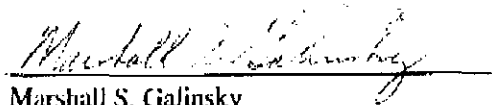
Respondent Financial Network Investment Corporation is assessed all forum fees, payable to NASDR, Inc.

Total fees:

2 pre-hearing telephone conferences @ \$300/session	\$ 600.00
8 hearing sessions @ \$750/session	<u>\$ 6,000.00</u>
	<u>\$ 6,600.00</u>

Concurring Arbitrators Signatures
Name

Public/Industry


Marshall S. Galinsky
Presiding Chairperson

Public

Sterling N. Frost

Public

George Stanley Guth

Industry

Date Served:

OCT 9 1998

SENT BY:

11-12-98 ; 8:24AM ;NASD ARBITRATION DPT-

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Presiding Chairperson

Public

Sterling N. Frost 10/5/98
Sterling N. Frost

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