

**AWARD**

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

In the matter of the Arbitration Between

**Name of Claimants**

Armin Esmacili-Tehrani,  
Firouzeh Sarraf,  
Mehdi Sarraf, and  
Hoday Sarraf

v.

Arbitration No.  
96-03981

**Name of Respondents**

Pacific Coast Financial Securities, Inc.,  
Scott A. Presta,  
Thomas Gans,  
Don Tullio Morandini, and  
Alan Lund

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**REPRESENTATION**

For Claimants:

Paul W. Thomas, Esq.  
Law Offices of Paul W. Thomas  
Carlsbad, California

For Respondents:

No Appearance

**CASE INFORMATION**

Statement of Claim filed:

September 3, 1996

Claimant Armin Esmacili-Tehrani's  
Submission Agreement signed:

August 29, 1996

Claimant Firouzeh Sarraf's Submission Agreement  
signed as Trustee of the Firouzeh Sarraf Trust:

November 22, 1996

Claimant Mehdi Sarraf's  
Submission Agreement signed: August 29, 1996

Claimant Hoday Sarraf's  
Submission Agreement signed: August 29, 1996

Statement of Answer filed by Respondents: none filed

### **HEARING INFORMATION**

Pre Hearing Conference Dates / Sessions: October 22, 1997 (1 Session)

Hearing Dates / Sessions: March 9, 1998 (2 Sessions)

Hearing Location: Los Angeles, California

### **CASE SUMMARY**

Claimant alleged that Respondents engaged in fraud, misrepresentation, deceit, concealment of material facts, breach of fiduciary duty, and violation of NASD Rules. Claimants also alleged that Respondents Don Tullio Morandini, Thomas Gans, and Alan Lund, as principals of Pacific Coast Financial Securities, Inc., failed to supervise their registered representatives.

### **RELIEF REQUESTED**

Claimant requested compensatory damages in the amount of \$328,000.00, or subject to proof at the time of the arbitration. Claimants also sought punitive damages, costs and expenses, attorney's fees, and prejudgment interest.

### **OTHER ISSUES CONSIDERED AND DECIDED**

The parties have agreed that the Award in this matter may be executed either 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 original remains on file with the NASD Regulation, Inc., Office of Dispute Resolution.

Claimants reached a settlement with Respondent Scott A. Presta as evidenced by a letter dated February 11, 1997 from Paul W. Thomas to the NASD Regulation, Inc. Office of Dispute Resolution.

The Arbitration Panel found that service of process was effected on each Respondent except Alan Lund. The Arbitration Panel found that service of process was not effected on Respondent Alan Lund. Therefore, the Arbitration Panel dismissed Respondent Alan Lund without prejudice.

Respondent Don Tullio Morandini filed a Chapter 7 voluntary petition with the United States Bankruptcy Court, Central District of California, resulting in a stay of this action as to Respondent Morandini.

### **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 Pacific Coast Financial Securities, Inc. and Thomas Gans are jointly and severally liable to and shall pay Claimants the sum of \$395,256.00. This award is based upon a specific finding of fraudulent conduct on the part of Respondents.
2. Respondents Pacific Coast Financial Securities, Inc. and Thomas Gans are jointly and severally liable to and shall pay Claimants the sum of \$200.00 to compensate Claimants for the non-refundable NASD filing fee. This award is based upon a specific finding of fraudulent conduct on the part of Respondents.
3. Respondent Alan Lund was dismissed without prejudice due to lack of service of process.
4. Except as noted above, the Parties shall each bear their respective costs, including attorney's fees.

### **FORUM FEES**

Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, the following forum fees are assessed:

|   |   |            |
|---|---|------------|
| One Full-Panel Pre-Hearing Conference Session @ \$750.00/Session  | = | \$750.00   |
| Two Hearing Sessions @ \$750.00/Session   | = | \$1,500.00 |
| <hr/>   |   |            |
| Total Fees Assessed Against Pacific Coast Financial Securities, Inc. and Thomas Gans, jointly and severally | = | \$2,250.00 |

The NASD Regulation, Inc. Office of Dispute Resolution will refund Claimant's Hearing Session Deposit of \$750.00.

Fees are payable to NASD Regulation, Inc.

**ARBITRATORS**

| <u>Name</u> .....  | <u>Public / Industry</u> |
|--------------------|--------------------------|
| Kenan Oldham, Esq. | Public Arbitrator        |
| Robert H. Bothner  | Industry Arbitrator      |
| Philip P. Tamoush  | Public Arbitrator        |

**Concurring Arbitrators' Signatures**

  
\_\_\_\_\_  
Kenan Oldham, Esq.

\_\_\_\_\_  
Robert H. Bothner

\_\_\_\_\_  
Philip P. Tamoush


Date of Service: \_\_\_\_\_

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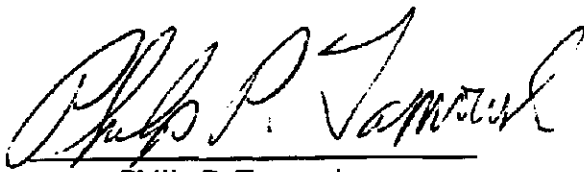
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Kenan Oldham, Esq.

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Robert H. Bothner

  
\_\_\_\_\_  
Philip P. Tamoush

Date of Service: APRIL 21, 1998