

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Superior Paper & Plastic and Mourice Penhasian, Claimants v. 1st Cleveland Securities Corp.,
David Kauffman and John Hartman, Respondents

Case Number: 99-04361

Hearing Site: Los Angeles, California

REPRESENTATION OF PARTIES

For Claimants Superior Paper & Plastic
and Mourice Penhasian:

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

For Respondent 1st Cleveland Securities Corporation
and John Hartman:

Gary W. Elsmore
1st Cleveland Securities Corporation
Cleveland, Ohio

For Respondent David Kauffman:

David Kauffman
In Pro Per
Sherman Oaks, California

CASE INFORMATION

Statement of Claim filed: September 23, 1999

Claimants' Uniform Submission Agreement signed: September 23, 1999

Joint Statement of Answer filed by Respondents 1st Cleveland Securities Corporation, David
Kauffman and John Hartman: December 10, 1999

Respondent 1st Cleveland Securities Corporation's Uniform Submission Agreement signed:
January 11, 2000

Respondent David Kauffman's Uniform Submission Agreement signed: January 11, 2000

Respondent John Hartman's Uniform Submission Agreement signed: January 11, 2000

CASE SUMMARY

Claimants alleged fraud, unsuitability, failure to supervise, breach of fiduciary duty, and unauthorized trading. The allegations arose out of the purchase and/or sale of securities in Microsoft, Amazon, Yahoo, American Online, Cisco, and At Home.

Respondents denied the allegations of wrongdoing set forth in the Claimants' Statement of Claim.

RELIEF REQUESTED

Claimants requested \$37,000.00 in compensatory damages and sought punitive damages, interest, attorney's fees and costs of arbitration.

Respondents requested dismissal of the Claimants' Statement of Claim in its entirety, and sought attorney's fees and costs of arbitration.

OTHER ISSUES CONSIDERED AND DECIDED

On November 14, 2000, the NASD Dispute Resolution, Inc. received notice from Claimants that all claims against Respondents 1st Cleveland Securities Corporation and John Hartman were withdrawn with prejudice.

The parties agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

AWARD

After considering the pleadings, testimony, and evidence presented at the hearing, the Panel decided in full and final resolution of the issues submitted for determination as follows:

- 1) Respondent David Kauffman is liable to and shall pay Claimants \$10,200.00 in compensatory damages.
- 2) Claimants' request for punitive damages is denied.
- 3) Each party shall bear its own costs of arbitration, including attorney's fees.
- 4) All other relief requested and not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution, Inc. received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 175.00
--------------------------	-------------

Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the event of the dispute. Accordingly, the member firm 1st Cleveland Securities Corporation is a party and the following fees are assessed:

Member Surcharge	= \$ 800.00
Pre-Hearing Process Fee	= \$ 600.00
<u>Hearing Process Fee</u>	<u>= \$ 1,000.00</u>
Total Member Fees	= \$ 2,400.00

Forum Fees and Assessments

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Panel. The following fees are assessed:

(1) Pre-hearing conference session with the Panel @ \$600.00/session	= \$ 600.00
Pre-hearing conference: June 6, 2000 1 session	
(2) Hearing sessions @ \$600.00/session	= \$ 1,200.00
Hearings: November 14, 2000 2 sessions	

Total Forum Fees	= \$ 1,800.00
-------------------------	----------------------

The Panel assessed \$ 1,800.00 of the forum fees to Respondent David Kauffman.

Fee Summary

1. Claimants Superior Paper & Plastic and Mourice Penhasian are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 175.00
<u>Less Payments</u>	= \$ (775.00)
Refund due Claimants	= \$ (600.00)

2. Respondent 1st Cleveland Securities Corporation is charged with the following fees and costs:

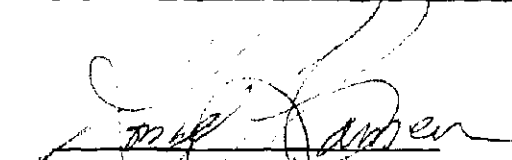
<u>Member Fees</u>	= \$ 2,400.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 2,400.00

3. Respondent David Kauffman is charged with the following fees and costs:

<u>Forum Fee</u>	= \$ 1,800.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 1,800.00

All balances are payable to NASD Dispute Resolution, Inc. and are due within 30 days of the Award's date of service.


Concurring Arbitrators' Signatures



Ronald L. Cameron
Chair, Public Arbitrator

11/14/00

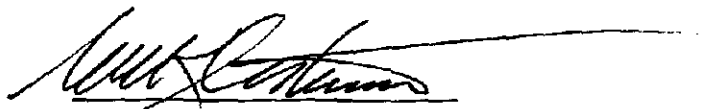
Signature Date



George Hubner
Public Arbitrator

11/14/00

Signature Date



Walter W. Klosteman
Non-Public Arbitrator

11/14/00

Signature Date

November 16, 2000

Date of Service