

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Antina Bedrosian v. Sigma Financial Corporation, Michael G. Zulinski, and Jerome Stanley Rydell, Donald G. Terns and East-West Capital Corporation

Case Number: 99-4513

Hearing Site: Southfield, Michigan

REPRESENTATION OF PARTIES

Claimant, Antina Bedrosian ("Bedrosian") hereinafter referred to as "Claimant": Anthony V. Trogan, Esq., West Bloomfield Hills, Michigan.

Respondents, Sigma Financial Corporation, Michael G. Zulinski, and Jerome Stanley Rydell, hereinafter collectively referred to as "Sigma Respondents: Joseph H. Spiegel, Esq., Ann Arbor, Michigan.

Respondent, Donald G. Terns ("Terns"), hereinafter referred to as "Respondent Terns": Dennis Levasseur, Esq., Bodman, Longley & Dahling, LLP. Detroit, Michigan.

Respondent, East-West Capital Corporation ("East-West"): did not appear.

CASE INFORMATION

Statement of Claim filed on or about: September 29, 1999

Claimant, signed the Uniform Submission Agreement: September 27, 1999

Statement of Answer filed by Respondents, Sigma Financial Corporation, Michael G. Zulinski, and Jerome Stanley Rydell, on or about: December 31, 1999

Respondent, Sigma Financial Corp., signed the Uniform Submission Agreement: November 16, 1999, by Michael Brooks

Respondent, Michael G. Zulinski, signed the Uniform Submission Agreement: December 29, 1999

Statement of Answer filed by Respondent, Donald G. Terns, on or about: January 31, 2000

Respondent, Donald G. Terns, signed the Uniform Submission Agreement on or about: February 7, 2000

Respondent East-West did not file an Answer.

CASE SUMMARY

Claimant submitted the following:

Claimant, Antina Bedrosian is a 76 year old widowed woman residing in Farmington Hills, Michigan. At the onset of Claimant's relationship with Respondents, Claimant divulged all pertinent personal and financial information about herself to Respondents, including the fact that her

livelihood was limited to social security benefits, a small pension, and a part-time sales job, whenever her health allowed her to work. Claimant advised that she had no investment experience, that she relied solely on her broker's recommendations, and that her risk tolerance was low and her investment objective was income.

Respondents recommended that Claimant purchase Mortgage Corporation of America Pool Participation Certificates, and Claimant invested \$65,000 for the purchase of four (4) MCA Participation Certificates. In 1999, Claimant learned of the financial problems that MCA was experiencing and learned that her investments were worthless or nearly so after receiving only partial repayment on her investments.

Claimant asserts that Respondents induced her to invest in the MCA products without conducting adequate investigation or exercise of due diligence in determining the material facts relating to the MCA investments; that Respondents willfully or negligently misrepresented the risk associated with ownership and repayment of the investments; and that Respondents sold the MCA investments to her despite the fact that the investments were not suitable for her and did not match her investment objectives; and believes that their recommendation of the MCA product was motivated by the high commissions and marketing bonuses paid to the brokers selling this product.

Claimant's claim is based upon the legal theories and principles of breach of contract, common law fraud, conspiracy, promissory estoppel, conversion, negligence, malpractice, breach of fiduciary duty, breach of Michigan securities law, and violation of Michigan Consumer Protection law.

Unless specifically admitted in its Answer, Respondents, Sigma Financial Corporation, Michael G. Zulinski, and Jerome Stanley Rydell, denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: the Statement of Claim fails to state a claim upon which relief can be granted; the Statement of Claim is barred by assumption of the risk; the Statement of Claim is barred by the doctrine of estoppel; the Statement of Claim is barred by the statute of frauds; the Statement of Claim is barred by the doctrine of laches; and the Statement of Claim is barred for want of failure of consideration

RELIEF REQUESTED

Claimant requested out-of-pocket losses of \$65,000.00, plus interest, costs, attorney fees, exemplary and punitive damages, unspecified additional damages, and rescission.

Respondent Sigma Financial Corporation, Michael G. Zulinski, and Jerome Stanley Rydell requested dismissal, costs, attorneys' fees and such other relief the panel deems equitable and just.

Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned arbitrators (the "Panel") determined that Respondent East-West Capital Corporation has been properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without said Respondent East-West present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

Respondent East-West Capital Corporation did not file with the NASD Dispute Resolution, Inc. a properly executed submission to arbitration but is required to submit to arbitration pursuant to the Code and is bound by the determination of the Panel on all issues submitted.

Respondent Jerome Stanley Rydell did not file with the NASD Dispute Resolution, Inc. a properly executed submission to arbitration but is required to submit to arbitration pursuant to the Code and, having answered the claim, appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

Claimant settled her claims against Respondent Donald G. Terns prior to the hearing in the above-captioned matter. The Panel did not adjudicate any claims against Respondent Terns.

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

- 1.) Respondents, Sigma Financial Corporation, Michael G. Zulinski, and Jerome Stanley Rydell are jointly and severally liable for and shall pay to Claimant Antina Bedrosian the sum of \$10,000.00 in compensatory damages;

Pursuant to the Code, the following fees are assessed:

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

Initial claim filing fee = \$ 225.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated persons at the time of the events giving rise to the dispute. In this matter, the member firm is a party.

Member surcharge	= \$ 1,000.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$ 1,500.00

Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with a single arbitrator x \$450.00	= \$ 450.00
Pre-hearing conference: August 3, 2000 1 session	

One (1) Pre-hearing session with Panel x \$750.00	= \$ 750.00
Pre-hearing conference: June 22, 2000 1 session	

Six (6) Hearing sessions x \$750.00	= \$ 4,500.00
Hearing Dates: February 26, 2001 2 sessions	
February 27, 2001 2 sessions	
February 28, 2001 2 sessions	

Total Forum Fees	= \$ 5,700.00
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The Panel has assessed \$2,850.00 of the forum fees to Antina Bedrosian.

The Panel has assessed \$2,850.00 of the forum fees, jointly and severally, to Sigma Financial Corporation, Michael G. Zulinski, and Jerome Stanley Rydell.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services including, but not limited to, additional copies of arbitrator awards beyond those provided without charge, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

Donald G. Terns requested awards = \$70.00.

Fee Summary

Claimant, Antina Bedrosian, be and hereby is solely liable for:

Initial Filing Fee	= \$ 225.00
Forum Fees	= \$ 2,850.00
Total Fees	= \$ 3,075.00
Less payments	= \$ 975.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 2,100.00

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Respondent, Sigma Financial Corporation, be and hereby is solely liable for:

Member Fees	= \$ 3,100.00
Total Fees	= \$ 3,100.00
Less payments	= \$ 1,500.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 1,600.00

Respondents, Sigma Financial Corporation, Michael G. Zulinski, and Jerome Stanley Rydell, be and hereby are jointly and severally liable for:

Forum Fees	= \$ 2,850.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 2,850.00

Respondent, Donald G. Terns, be and hereby is solely liable for:

Administrative Costs	= \$ 70.00
Total Fees	= \$ 70.00
Less payments	= \$ 70.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 0.00

All balances are due to NASD Dispute Resolution, Inc.

Concurring Arbitrators' Signatures

A. Robert Stevenson, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Harvey Frank
Public Arbitrator

Signature Date

Dissenting Arbitrator's Signature

Timothy D. Wassen
Industry Arbitrator

3/7/01

Signature Date

Date of Service (For NASD office use only)

NASD Dispute Resolution, Inc.
Arbitration # 99-4513
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Respondent, Sigma Financial Corporation, be and hereby is solely liable for:

Member Fees	= \$ 3,100.00
Total Fees	= \$ 3,100.00
Less payments	= \$ 1,500.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 1,600.00

Respondents, Sigma Financial Corporation, Michael G. Zulinski, and Jerome Stanley Rydell, be and hereby are jointly and severally liable for:

Forum Fees	= \$ 2,850.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 2,850.00

Respondent, Donald G. Terns, be and hereby is solely liable for:

Administrative Costs	= \$ 70.00
Total Fees	= \$ 70.00
Less payments	= \$ 70.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 0.00

All balances are due to NASD Dispute Resolution, Inc.

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Signature Date

Harvey Frank
Harvey Frank
Public Arbitrator

3/13/01
Signature Date

Dissenting Arbitrator's Signature

Timothy D. Wasson
Industry Arbitrator

Signature Date

Date of Service (For NASD office use only)

Respondent, Sigma Financial Corporation, be and hereby is solely liable for:

<u>Member Fees</u>	= \$ 3,100.00
<u>Total Fees</u>	= \$ 3,100.00
<u>Less payments</u>	= \$ 1,500.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 1,600.00

Respondents, Sigma Financial Corporation, Michael G. Zulinski, and Jerome Stanley Rydell, be and hereby are jointly and severally liable for:

Forum Fees	= \$ 2,850.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 2,850.00

Respondent, Donald G. Terns, be and hereby is solely liable for:

<u>Administrative Costs</u>	= \$ 70.00
<u>Total Fees</u>	= \$ 70.00
<u>Less payments</u>	= \$ 70.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 0.00

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