

**Award**  
**NASD Dispute Resolution, Inc.**

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In the Matter of the Arbitration Between:

Alisos Credit Union, Claimant v. Morgan Grant Capital Corp., Respondent

Case Number: 99-04693

Hearing Site: Los Angeles, California

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**REPRESENTATION OF PARTIES**

For Claimant:

R. Jeffrey More, Esq.  
Coleman, Rhine & Goodwin LLP  
New York, New York

For Respondent:

Did Not Appear

**CASE INFORMATION**

Statement of Claim filed: October 7, 1999

Claimant's Uniform Submission Agreement signed: October 12, 1999

**CASE SUMMARY**

Claimant alleged unauthorized trading, suitability, violation of §10(b) of the Securities Exchange Act of 1934, violation of NASD Rules, fraud, breach of fiduciary duty, breach of contract and conversion. The allegations involve the purchase and sale of two certificates of deposit, and the purchase of warrants of Play Company Toys and Entertainment.

Respondent did not submit an answer.

**RELIEF REQUESTED**

Claimant requested compensatory damages in the amount of \$211,000.00 and punitive damages, attorney's fees, costs and disbursements in the amount of \$500,000.00.

Respondent did not submit an answer.

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

Upon review of the file and the representations made on behalf of the Claimant, the undersigned Panel determined that Respondent Morgan Grant Capital Corp. was properly served with the Statement of Claim when Claimant served the Statement of Claim upon the New York Secretary of State pursuant to New York law.

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

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 is liable to and shall pay Claimant the sum of \$126,000.00 in compensatory damages.
- 2) Claimant's claim for punitive damages is denied in its entirety.
- 3) Each party shall bear its own costs including attorney's fees.
- 4) All other relief 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	= \$ 375.00
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**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 Morgan Grant Capital Corp. is a party and the following fees are assessed:

Member Surcharge	= \$ 2,000.00
Pre-Hearing Process Fee	= \$ 600.00
Hearing Process Fee	= \$ 3,500.00
Total Member Fees	= \$ 6,100.00

**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 @ \$1,200.00/session = \$ 1,200.00  
Pre-hearing conference: June 19, 2000 1 session

(1) Hearing session @ \$1,200.00/session = \$ 1,200.00  
Hearing: September 19, 2000 1 session

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Total Forum Fees = \$ 2,400.00

The Panel assessed \$ 2,400.00 of the forum fees jointly and severally to Claimant Alisos Credit Union

**Fee Summary**

1. Claimant Alisos Credit Union is charged with the following fees and costs:

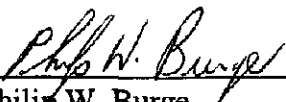
Initial Filing Fee	= \$ 375.00
Forum Fees	= \$ 2,400.00
Total Fees	= \$ 2,775.00
Less payments	= \$(1,575.00)
Balance Due NASD Dispute Resolution, Inc.	= \$ 1,200.00

2. Respondent Morgan Grant Capital Corp. is charged with the following fees and costs:

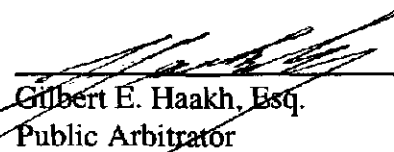
Member Fees	= \$ 6,100.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 6,100.00

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

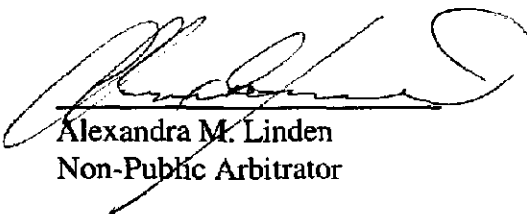
**Concurring Arbitrators' Signatures**

  
Philip W. Burge  
Chair, Public Arbitrator

Sept 19, 2000  
Signature Date

  
Gilbert E. Haakh, Esq.  
Public Arbitrator

Sept. 19, 2000  
Signature Date

  
Alexandra M. Linden  
Non-Public Arbitrator

Sept 19, 2000  
Signature Date

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Date of Service