

PACIFIC STOCK EXCHANGE INCORPORATED
301 Pine Street
San Francisco, California 94104

Sabrina Safiin)	DECISION IN THE MATTER OF ARBITRATION BETWEEN SABRINA SAFRIN AND MOTTI ESSAKOW (A/K/A MALCOLM ESSAKOW); AND SHEARSON LEHMAN BROTHERS INC.; LEHMAN BROTHERS INC.; SMITH BARNEY SHEARSON INC. AND MOTTI ESSAKOW (A/K/A MALCOLM ESSAKOW)
CLAIMANT)	
V.)	
Motti Essakow (a/k/a Malcolm Essakow))	
RESPONDENT)	
Shearson Lehman Brothers Inc.; Lehman Brothers Inc.; Smith Barney Shearson Inc.)	
CROSS-CLAIMANTS)	
V.)	
Motti Essakow (a/k/a Malcolm Essakow))	
CROSS-RESPONDENT)	

PSE CASE #: ARF-11023

The undersigned Arbitrators, having read and considered the Claim submitted by Claimant on November 2, 1993, the Cross-Claim of Cross-Claimants submitted on August 3, 1994; and having not received an Answer of Respondent; considered all testimony given on October 11, 1995 at San Francisco, California, lasting one (1) hearing session; and having considered all papers submitted in this matter, hereby render the following Decision pursuant to Rule 12.29(a) of the Rules of the Pacific Stock Exchange:

REPRESENTATION OF PARTIES

Of Claimant: Cary Lapidus, Esq. - San Francisco, CA

Of Respondent: No appearance

Of Cross-Claimants: Peter Morgan III, Esq.
Of Keesal, Young & Logan - San Francisco, CA

SUMMARY OF ISSUES

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scheme to induce Claimant, and others, to invest money with Shearson. Claimant was induced to wire money ~~or write~~ personal checks to Respondent which he claimed would be deposited ~~with~~ Shearson to open an account to purchase securities such as RJR Nabisco, Telephono de Mexico, Microsoft, and other well know companies. Rather than make such investments, Respondent converted the money he obtained from Claimant for his personal use. ~~In~~ November 1992, Claimant discovered the fraudulent scheme when she inquired about the status of her account. She ~~was~~ advised by a broker who had a prior working relationship with Respondent that she had no account. Claimant has been unable to recover the monies directly from Respondent.

Respondent was ~~served~~ with a copy of the Statement of Claim on December 14, 1993, via certified mail, return receipt requested. The return receipt was received by the Pacific Stock Exchange on December 27, 1993, signed by an unidentified person. No Answer to the Statement of Claim was ever received ~~from~~ Respondent. Respondent was also notified as to the date of this hearing. Respondent did not appear at the hearing. PSE Rule 12.17(b) states as follows, "If any of the parties, after due notice, fails to appear at the hearing...the arbitrators may, ~~in~~ their discretion, proceed with the arbitration of the controversy. ~~In such cases, all awards shall be rendered as if each party had entered an appearance in the matter submitted.~~" The arbitrators, after reviewing the correspondence forwarded to Respondent regarding service of the Claim and notice of hearing, determined to proceeding with the hearing as scheduled.

RELIEF REQUESTED

Claimant requests relief in the amount of \$40,000.00, for losses incurred as a result of Respondent's fraudulent actions, plus an amount that Claimant would have earned if the funds had been properly invested. In addition, Claimant requests treble damages, exemplary damages, attorneys' fees and costs.

Cross-Claimants request indemnification ~~from~~ Cross-Respondent for any amount paid to Claimant resulting from losses resulting from the actions of Cross-Respondent, plus costs, attorneys' fees or expenses.

DECISION

Claimant Sabrina Safrin is awarded \$40,883.00 in compensatory damages; \$12,831.00 representing interest; reimbursement of Claimant's filing fee and hearing session deposit in the amount of \$520, plus other costs of arbitration; ~~and~~, an award of punitive damages for outrageous and egregious fraud in the amount of \$500,000.00 against Respondent Motti Essakow.'

On its Cross-Claim, Cross-Claimants Shearson Lehman Brothers Inc., Lehman Brothers **Inc.**, and Smith Barney Shearson Inc. are awarded compensatory damages against Respondent Motti Essakow in the amount of

²Pursuant to PSE Rule 12.29(b), monetary awards shall be paid within thirty (30) days of receipt unless a motion to vacate has been filed with a court of competent jurisdiction. If the award is not paid within thirty (30) days, or if the award is the subject of a motion to vacate which is denied, interest shall accrue at the legal rate from the date of the award.

DECISION

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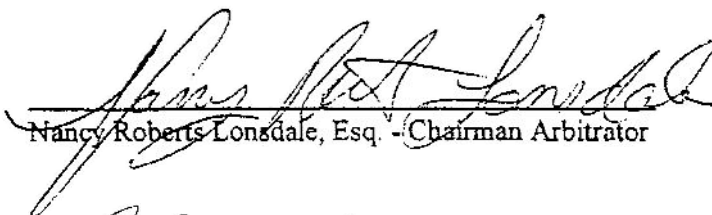
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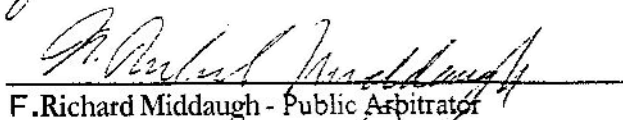
\$15,500.00, plus **costs incurred** in defending this matter.³ Cross-Claimants' claim for attorneys' fees is denied.

The parties shall bear their own other costs of arbitration, including any and all filing fees and hearing session deposits.

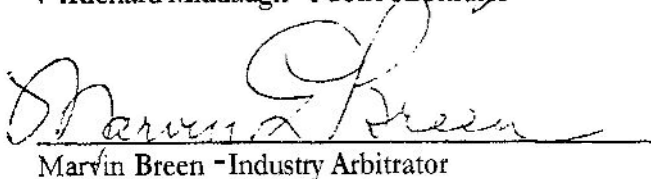
Date: 21 OCT 1995



Nancy Roberts Lonsdale, Esq. - Chairman Arbitrator



F. Richard Middaugh - Public Arbitrator



Marvin Breen - Industry Arbitrator

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³ Pursuant to PSE Rule 12.29(h), monetary awards shall be paid within thirty (30) days of receipt unless a motion to vacate has been filed with a court of competent jurisdiction. If the award is not paid within thirty (30) days, or if the award is the subject of a motion to vacate which is denied, interest shall accrue at the legal rate from the date of the award.