

LP ARBITRATION *cont'd from page 2*

plicated investment vehicle and how these risks were suitable or not for the investor. For defense attorneys, an expert witness can be used to offset the negative press limited partnerships have received recently and to counteract the claimant's expert witness. An expert witness will also assist in formulating and defending against discovery requests.

For claimant's cases, the expert should carefully scrutinize what investments can be made by the limited partnership. Investors may be shocked to learn that their limited partnership was investing in other limited partnerships, not direct investments in real estate. An investor may have thus taken on additional risk and conflicts with no opportunity to assess same.

For both sides, the expert will also testify to the economics of the limited partnership; for example, he will calculate yield to date, current yield, as well as the current value and status of the limited partnership. Such testimony will be of benefit to the arbitration panel in reaching any conclusions on appropriate damages.

SAC AWARD DATABASE SURVEY

Limited Partnership Results By State

States	Award Figures		Damage Figures						Ratios		
	No. Awards	No. Of Cust. "Wins"	Total Claims (\$000's)	Total Comp. Claims (\$000's)	Total Awards (\$000's)	Total Comp. Awards (\$000's)	"Related" Total Claims (\$000's)	"Related" Total Comp. Claims (\$000's)	Cust. "Wins" (%)	TA TCC (%)	TA RCC (%)
All States	174	111	53,055	28,982	16,047	12,470	44,356	22,938	64	55	70
California	43	25	11,599	6,853	3,322	2,519	7,446	3,597	58	48	92
Florida	33	20	9,546	3,744	3,098	1,982	6,877	2,698	61	83	115
New York	24	20	2,862	1,825	893	775	2,804	1,767	83	49	51
Texas	9	8	4,778	3,371	1,483	1,127	4,763	3,356	89	44	44

(1) Statute of Limitation defenses were raised in 36 instances of the total 174 awards. We do not attempt here to analyze the arbitral rulings on those defenses.

(2) The difference between Total Compensatory Awards (TCA) and Total Awards (TA) equals almost \$3.6 million or 29% of TCA. Most of this amount is attributable to a fairly high incidence of punitive damage awards; attorney fees and other factors account for the rest.

(3) The Awards surveyed were issued by various securities arbitration forums during the approximate period from May 1989 to October 1990.

(4) Claim amounts in the "Related" columns pertain only to those Awards in which there was some recovery granted to the customer, i.e., customer "wins" only.