
Hughes Hubbard & Reed

Firm Wins Confirmation of Arbitration Award for Executive

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Hughes Hubbard & Reed scored a courthouse win on the heels of its arbitration victory for California business executive Lynn Gorguze against her longtime investment advisor, NSB Advisors LLC.

On May 22, 2015, following months of briefing and oral argument, California Superior Court Judge Tamila Ipema rejected NSB's petition to vacate or correct the arbitration award and granted Hughes Hubbard's petition to confirm the arbitration award in its entirety.

In August 2014, American Arbitration Association (AAA) arbitrator Celeste Pinto McLain awarded Gorguze—the president and CEO of Cameron Holdings Corp., which acquires and operates privately held middle-market manufacturing companies—an award for over \$25 million in damages plus interest, costs and expenses. The arbitration award was in satisfaction of damages suffered by Gorguze and her family, including her husband—U.S. Rep. Scott Peters, D-Calif.— after NSB breached its investment advisory agreements and fiduciary duty by failing to follow Gorguze's repeated instructions in early 2012 to generate funds by selling three small-cap securities over a three-month period.

The AAA served the award on the parties on Sept. 15, 2014. That same day NSB filed a petition to vacate or correct the award. Hughes Hubbard cross-petitioned to confirm.

NSB asserted several unsuccessful arguments in its effort to escape the award. It claimed that the arbitrator had improperly excluded tape-recorded evidence; that she gave NSB insufficient time to present its case; that the damages were not substantiated by the evidence; and that the AAA had improperly served an upward award modification that Hughes Hubbard requested and the arbitrator granted.

Hughes Hubbard successfully refuted all of NSB's claims and Justice Ipema rejected NSB's arguments as meritless, finding that "the record belie[d NSB's] claim" and its "petition [was] unsupported." The Court determined that the arbitrator had exercised appropriate discretion and that NSB was improperly attempting to re-litigate the merits of the underlying proceeding. Justice Ipema entered judgment in Gorguze's favor and dismissed NSB's

petition in its entirety.

The Hughes Hubbard team on the dueling court petitions consisted of Dan Weiner and Rachel Bennek; Gabrielle Genauer assisted in obtaining the arbitration award.

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