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**Award**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between:

Names of the Claimants

Pauline Rainone  
Gianni Matragrano (Minor)

Case Number: 04-04808

Names of the Respondents

Legg Mason Wood Walker, Incorporated  
Fred Kelleher  
Ladd Aliff

Hearing Site: Orlando, Florida

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Nature of the Dispute: Customer vs. Member and Associated Person.

**REPRESENTATION OF PARTIES**

Pauline Rainone ("PR") and Gianni Matragrano ("GM"), hereinafter collectively referred as "Claimants", appeared pro se.

For Legg Mason Wood Walker, Incorporated ("LMWW"), Fred Kelleher ("Kelleher") and Ladd Aliff ("Aliff"), hereinafter collectively referred to as "Respondents": Peter J. Ciliberti, Esq., Office of General Counsel, Legg Mason Wood Walker, Incorporated, Baltimore, Maryland.

**CASE INFORMATION**

Statement of Claim filed on or about: July 7, 2004.

Claimants signed the Uniform Submission Agreements: September 19, 2004.

Statement of Answer filed by Respondents on or about: November 24, 2004.

Respondent Aliff signed the Uniform Submission Agreement: October 29, 2004.

Respondent Kelleher signed the Uniform Submission Agreement: November 1, 2004.

Respondent LMWW signed the Uniform Submission Agreement: November 24, 2004.

Amended Statement of Claim filed by Claimants on or about: March 8, 2005.

Statement of Answer to Amended Statement of Claim filed by Respondents on or about: March 30, 2005.

**CASE SUMMARY**

Claimants asserted the following causes of action: unsuitability; failure to follow instructions; omission of facts; violation of Florida law; negligence; and, breach of contract. The causes of action relate to the purchase in Claimants' accounts of the following mutual funds: Legg Mason Focus Trust; Legg Mason Classic Valuation Fund; and, Legg Mason Opportunity Trust.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim, as amended, and asserted various defenses.

**RELIEF REQUESTED**

Claimant PR requested compensatory damages in the amount of \$10,000.00 and Claimant GM requested compensatory damages in the amount of \$10,000.00.

Respondents requested that Claimants' claims be denied and the Statement of Claim be dismissed, that Claimants take nothing by way of the claim, that Respondents be awarded costs and expenses incurred in defending this matter, and that Respondents be awarded such other relief as is just and proper.

**OTHER ISSUES CONSIDERED AND DECIDED**

On or about April 26, 2005, and prior to the initial pre-hearing conference, the parties requested that the undersigned arbitrator (the "Arbitrator") make a final determination of this matter on the papers in lieu of conducting an evidentiary hearing, to which the Arbitrator agreed.

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, the Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

Claimants' claims are denied in their entirety.

Any and all claims for relief not specifically addressed herein, including Respondents' request for costs and expenses, are denied.

**FEES**

Pursuant to the NASD Code of Arbitration Procedure (the "Code"), the following fees are assessed:

**Filing Fees**

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

Initial claim filing fee = \$150.00

The Arbitrator has determined to waive the initial claim filing fee in this matter.

**Member Fees**

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, Respondent LMWW is a member firm and a party.

**NASD Dispute Resolution**

**Arbitration No. 04-04808**

**Award Page 3**

<u>Pre-hearing process fee</u>	= \$750.00
<u>Total Member Fees</u>	= \$750.00

**Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed:

No adjournments were requested in this matter.

**Three-Day Cancellation Fees**

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session.

No three-day cancellation fees were assessed in this matter.

**Injunctive Relief Fees**

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the Arbitrator.

Injunctive relief fees were not assessed in this matter.

**Forum Fees and Assessments**

Forum fees are assessed by the Arbitrator for each session conducted. A 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.

There were no forum fees associated with these proceedings.

**Administrative Costs**

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

There were no administrative costs incurred in this matter.

**Fee Summary**

Claimants are jointly and severally liable for:

<u>Retained Paper Record Deposit</u>	= \$300.00
<u>Total Fees</u>	= \$300.00
<u>Less Payments</u>	= \$ 0.00
<u>Balance Due NASD Dispute Resolution</u>	= \$300.00

Respondent LMWW is solely liable for:

<u>Member Fees</u>	= \$750.00
<u>Total Fees</u>	= \$750.00
<u>Less Payments</u>	= \$750.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 0.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

**ARBITRATOR**

Maurice M. Feller, Esq.

Public Arbitrator

**Arbitrator's Signature**

/s/

Maurice M. Feller, Esq.  
Public Arbitrator

May 9, 2005

Signature Date

May 10, 2005

Date of Service (For NASD Dispute Resolution office use only)

NASD Dispute Resolution  
Arbitration No. 04-04808  
Award Page 4

Respondent LMWW is solely liable for:

Member Fees	= \$750.00
Total Fees	= \$750.00
Less Payments	= \$750.00
Balance Due NASD Dispute Resolution	= \$ 0.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(e) of the Code.

ARBITRATOR

Maurice M. Feller, Esq.

Public Arbitrator

Arbitrator's Signature



Maurice M. Feller, Esq.  
Public Arbitrator

5-9-05

Signature Date

Date of Service (For NASD Dispute Resolution office use only)