

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

IN THE MATTER OF THE ARBITRATION BETWEEN

WILLIAM A. BALDWIN

CLAIMANT

COWEN & COMPANY, INC.
MAX ISAACMAN
SCHUYLER PULFORD
BARBARA PATTERSON
TODD ROGGEN

AWARD
87-00502

RESPONDENTS

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on April 24, 1987, Claimant William A. Baldwin ("Baldwin") alleged the Respondents Cowen & Company, Inc. ("Cowen"), Max Isaacman ("Isaacman"), Schuyler Pulford ("Pulford"), Barbara Patterson ("Patterson") and Todd Roggen ("Roggen") made misrepresentations to the Claimant, failed to give the Claimant full information on potential investments, breached the fiduciary duty owed to the Claimant, improperly charged commissions to the Claimant, failed to disclose certain information to the Claimant regarding employees of Respondent Cowen, alleged the Respondents Cowen and Isaacman failed to properly supervise employees, placed the Claimant in investments that were unsuitable for him and failed to disclose conflicts of interest. The Claimant Baldwin further alleged the Respondents engaged in fraudulent and negligent activity in handling Claimant's account to which he entrusted the Respondents. Respondents Cowen, Isaacman, Pulford, Patterson and Roggen maintained Claimant's alleged losses resulted from the unpredictable adverse movement of security prices rather than from any improper acts of any of the Respondents. Respondents further maintained the Claimant held himself out as a self-employed professional investor with substantial knowledge and sophistication about the securities markets and as someone whose investment objectives included long-term growth and short-term speculation and further maintained the Claimant actively monitored his account, was intimately and integrally involved in every decision about transactions in his account, and was strong-willed and independent minded in his opinions about his stocks. Respondents further maintained there were no misrepresentations or omissions of facts regarding employees of Respondent Cowen & Company or potential investments made to the Claimant and the

Claimant was given full information. The Respondents further maintained that no recommendations to the Claimant were made without a reasonable basis or reasonable investigation as to their suitability for Claimant and the Claimant was fully apprised of all risks associated with investments he was making and indicated he was willing to take risks. Respondents further maintained the Claimant was not improperly charged commissions on any trades with respect to which Respondent Cowen was a market maker and a proper system of supervision was maintained at all times and appropriate steps were taken at all times to monitor the Claimant's account.

RELIEF REQUESTED

Claimant requested actual damages exceeding \$100,000.00 or in the alternative, \$500,000.00 or less if rescission is ordered of those purchases Claimant presently owns. Claimant further requested attorneys fees of approximately \$40,000.00 and that all costs and fees of arbitration be assessed against Respondents.

Respondent Cowen & Company requested dismissal of Claimant's claim in its entirety and that it be awarded its reasonable costs and attorneys fees in defending this matter.

Respondent Todd Roggen requested dismissal of Claimant's claim in its entirety and that he be awarded his reasonable costs and attorneys fees in defending this matter.

Respondent Barbara Patterson requested dismissal of Claimant's claim in its entirety and that she be awarded her reasonable costs and attorneys fees in defending this matter and such other and further relief to which she may show herself to be justly entitled.

Respondent Schuyler Pulford requested dismissal of Claimant's claim in its entirety and that he be awarded his reasonable costs and attorneys fees in defending this matter.

Respondent Max Isaacman requested dismissal of Claimant's claim in its entirety and that he be awarded his reasonable costs and attorneys fees in defending this matter.

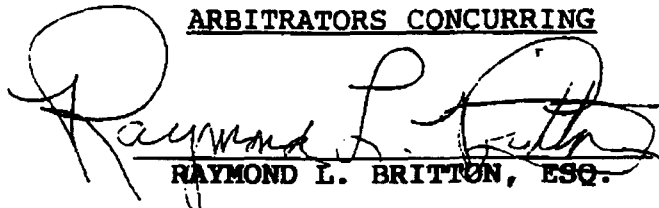
AWARD

On November 29 and November 30, 1989, January 22 & 23, March 1 and March 2, May 1 and May 2, July 24 and July 25, 1990 the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant William A. Baldwin on April 8, 1987 and by Respondent Cowen & Company, Inc. on June 25, 1987, by Respondent Max Isaacman on May 11, 1987, by Respondent Schuyler Pulford on June 11, 1987, by Respondent Barbara Patterson on July 31, 1987 and by Todd Roggen on May 11, 1987. The hearing was conducted in Houston, TX and consisted of ten (10) hearing sessions. The arbitration panel,

having considered the pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

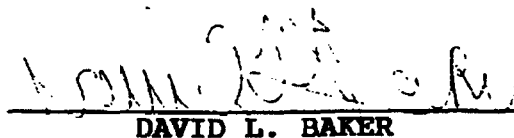
1. The arbitration panel made a determination that since Respondent Schuyler Pulford had been discharged in bankruptcy, all claims against him were dismissed.
2. The Respondents Cowen & Company, Inc., Max Isaacman, Barbara Patterson and Todd Roggen be and hereby are liable jointly and severally and shall pay to the Claimant William A. Baldwin the sum of Two Hundred Twenty Six Thousand Nine Hundred Seventy Eight Dollars and Fifty Cents (\$226,978.50), inclusive of interest.
3. The Respondents Cowen & Company, Inc., Max Isaacman, Barbara Patterson and Todd Roggen be and hereby are liable jointly and severally and shall pay to the Claimant the sum of Twenty Five Thousand Dollars and No Cents (\$25,000.00) in attorneys fees.
4. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$750.00 filing fee previously deposited by the Claimant. In addition, the Respondent Cowen & Company, Inc. be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of Six Thousand Seven Hundred Fifty Dollars and No Cents (\$6,750.00) to represent forum fees.

ARBITRATORS CONCURRING


RAYMOND L. BRITTON, ESQ.


FRED D. ORLEANS, ESQ.

DISSENTING ARBITRATOR


DAVID L. BAKER

DATED: December 4, 1990