

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of Arbitration Between

ERWIN and BERNICE L. COHN

Claimants

NASD NO. 88-02533

v.

L.F. ROTHSCHILD & CO.
and DAVID GROSS

Respondents

CASE SUMMARY

In a claim filed with the NASD on August 10, 1988, Claimants Erwin and Bernice Cohn (Claimants) alleged that Respondents L.F. Rothschild and Co. (Rothschild) and David Gross (Gross) sold on October 29, 1987, without authority or permission, 1600 shares of Brunswick Corp. and 500 shares of Gillette Co. in order to satisfy a margin call in Claimants account. Claimants allege this conduct was the result of an erroneous margin computation. Respondents maintain that they had contractual authority, pursuant to the terms of the customer's agreement signed by Claimants, to request additional margin at any time and in the event this condition was not satisfied, Rothschild was authorized to liquidate any portion of Claimants securities account.

RELIEF REQUESTED

Claimants requested reinstatement of the liquidated stock positions to their securities account. Respondents Rothschild and Gross requested that the claim be dismissed in its entirety, all costs of the arbitration to be assessed against Claimants and any other just and equitable relief awarded Respondents.

AWARD

On Thursday, June 15, 1989 in Chicago, Illinois during a hearing lasting one session, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on August 5, 1988 by Claimants Erwin and Bernice L. Cohn, on October 10, 1988 by Kevin T. Hoffman, Senior Vice President on behalf of Respondent L.F. Rothschild & Co., Incorporated and on December 16, 1988 by Respondent David B. Gross.

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

1. Respondents Rothschild and Gross, through counsel at the hearing, moved for a directed verdict at the close of Claimant's proofs. This motion was denied;

2. The claim asserted by Claimants against Respondents Rothschild and Gross shall be and is hereby dismissed in its entirety;

3. The parties shall each bear their respective costs and expenses including any attorney's fees incurred in this matter; and

4. Pursuant to Section 43(b) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain as forum fees, the \$400.00 filing fee previously deposited with the NASD by Claimants.

BY THE PANEL

s/s John W. Jerak, Esq.
Presiding Chair

s/s Mrs. Sharon A. Mehr

s/s Mr. Edward Dowling