

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Lenore T. Mancini

Claimant

vs.

AWARD  
#88-02814

Blinder Robinson & Co., Inc.  
David A. Sabens  
Paul Roussell

Respondents

On January 22, 1990 and March 6, 1990 in three sessions in New York City the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimant, Leonore T. Mancini on August 24, 1988 and by Respondents, David A. Sabens on May 10, 1989; Paul Roussell on May 13, 1989 and Blinder Robinson & Co., Inc. on November 16, 1988;

The Claimant alleged against Respondents, jointly and/or severally, churning of her account, execution of trades that were unauthorized, breach of fiduciary duties, failure to safeguard her investment objectives, manipulation of the penny-stock market, and, in general, violations of Section 10-b(5) of the Securities and Exchange Act of 1934, and other Federal or State Law. Claimant requested an award in the sum of NINETY-FIVE THOUSAND AND NO/100 (\$95,000.00) DOLLARS, repurchase of securities still held in her stock portfolio, and all other damages for which she was compensable.

Respondent Blinder, Robinson & Co., Inc. disclaimed responsibility for any damages to Claimant, denied failure to supervise, denied churning; asserted, among others, defenses of contributory negligence, waiver, ratification and estoppel, and failure to mitigate damages, and crossclaimed against Respondents Paul D. Roussell and David A. Sabens, alleging they were independent contractors, raising issues of ultra vires conduct, breach of contract and fiduciary duties, and seeking indemnification.

Respondent David A. Sabens in his response to the claim and crossclaim, appearing pro se, admitted control over the account, unauthorized trading, and other breaches, but claimed that Respondent Blinder, Robinson & Co., Inc. encouraged and abetted his conduct, and should be held solely responsible for all damages, if any.

Respondent Paul D. Roussell denied Claimant's allegations insofar as they concerned his handling of her account and asserted she was a sophisticated investor. He denied the allegations of Respondent Blinder, Robinson & Co., Inc. in its crossclaim against him, and sought dismissal of the claim and crossclaim.

Prior to the session on March 6, 1990, the arbitrators were advised by the attorneys for Claimant and Respondent, Blinder Robinson & Co., Inc. that Respondent Blinder, Robinson & Co., Inc. had settled with Claimant and had withdrawn and discontinued its crossclaims against the individual Respondents. Claimant proceeded against the remaining parties, whose answers were in the record, but neither of whom appeared at the hearing, after disclosing to the panel on a confidential basis the terms of the settlement.

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:

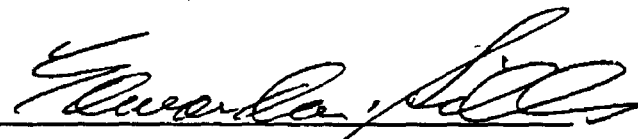
1. Respondent, David A. Sabens be and hereby is liable and shall pay to Claimant \$26,700.00 in addition to \$5,000.00 in legal fees;

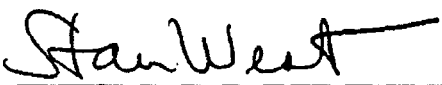
2. Respondent, Paul Roussell be and hereby is liable and shall pay to Claimant \$13,350.00 in addition to \$2,500.00 in legal fees;

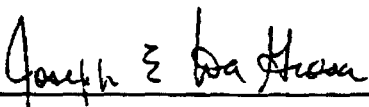
3. The parties shall each bear their respective costs, including attorneys' fees except as provided in "1" and "2" of this Award;

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 and split equally against Blinder Robinson & Co., Inc. and \$375.00 against Paul Roussell and \$375.00 against David A. Sabens.

CONCURRING ARBITRATORS

  
Edward M. Sills, Esq. #1 Chairman

  
Stan West #2

  
Joseph E. DaGrosa #3

Dated: April 30, 1990